



LONDON CENTRE *of* MARKETING

***EFFECTIVE MANAGEMENT TECHNIQUES***

**MODULE 9**

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### 9.1 The Nature of Management

#### Managing People

You may have noticed that Fayol's framework does not give particular priority to the 'people' aspects of management. By including 'commanding', however, he does recognize the important fact that managers perform their functions and achieve their objectives (or not) with and through the efforts of other people.

You may feel that Fayol's term – 'commanding' barely does justice to this process. Later writers recognizing more fully the interpersonal (as opposed to purely administrative) dimensions of management, pointed out that management involves many complex human relations functions.

- a. Managers are also leaders. Team members may be willing to comply with the procedures and rules of the task, but they will (arguably) be more effective if they can be encouraged to commit themselves to its objectives.
- b. Managers are communicators. Managers are collectors, disseminators and users of information. Leadership requires communication skills such as the ability to inspire, influence, persuade or resolve conflict.
- c. Managers are human resources mobilisers. Managers are responsible for obtaining, retaining, developing, allocating and (where necessary) shedding labour resources: that is, staff members.
- d. Managers have superiors, peers and colleagues. Managers have to maintain cooperative relationships with other managers, and individuals not within their power to 'command', in order to obtain resources and achieve shared objectives.
- e. Managers represent the organization to other people, inside and outside the organization.

#### Managing Performances

Peter Drucker worked in the 1940s and 1950s as a business adviser to a number of US corporations. He argued that the manager of a business has another, overarching function: economic performance. In this respect, the business manager is different from the manager of any other type of organization. The managers of a business can only justify their authority by the economic results they produce, even though as a consequence of their actions significant non-economic results occur as well: employee satisfaction, for example, or an attractive image in the community.

Drucker described the jobs of management within this overarching function as:

Managing a business: creating customers, innovation

Managing managers: creating a sound culture and structure of management, setting objectives, developing future managers; and coming in third

Managing the workers and work

#### Managerial Roles

##### Henry Mintzberg

Henry Mintzberg carried out research into how managers actually do their work, and argued that: 'the classical view says that manager organises, co-ordinates, plans and controls; the facts suggest otherwise.' Managers do not spend scheduled chunks of time analyzing formal reports and systematically planning events: managerial work is disjointed and fragmented, and planning is often conducted on a day to day basis, in between more urgent tasks. Managers have to wear different 'hats', depending on what is going on at the time.

Mintzberg identified ten managerial roles, which may be taken on as appropriate to the personality of the manager and his subordinates, and to the nature of the task in hand.

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#### Interpersonal Roles

Mintzberg recognized that management is an interpersonal process, and outlined three basic roles, which managers adopt in relation to other people.

- a. Figurehead. Performing ceremonial and social duties as the organisation's representative, for example at conferences. This is mainly the role of senior figures.
- b. Leader. Selecting and training teams members, and uniting and inspiring the team to achieve its objectives.
- c. Liaison. Communicating with people outside the work (e.g. in inter-departmental meetings) or the organisation: building up an informal system of information exchange.

## Informational Roles

According to Mintzberg, 'the manager does not leave meetings or hang up the telephone in order to go back to work. In a large part, communication is his work.' A manager is likely to have a wider network of contacts within and outside the organisation than his subordinates, so he is the best person to gather and spread information.

- a. Monitor; receiving information from the environment and from within the organisation. Much of this may be obtained informally, say from chatting with contacts or subordinates: managers do not rely solely on formal reports.
- b. Disseminator; passing on information to subordinates.
- c. Spokesman; transmitting information to interested parties outside the work unit or organisation.

#### Decisional Roles

The manager's formal authority and access to information put him in a strong position to take decisions.

- a. Entrepreneur; being a 'fixer', mobilizing resources to get things done and to seize opportunities.
- b. Disturbance-handler; coping with the unexpected, rectifying mistakes and getting operations and relationships back on course when necessary.
- c. Resources allocator; distributing limited resources in the way that will most efficiently achieve defined objectives.
- d. Negotiator; bargaining for example, for resources and influence.

#### Many hats

The manager needs to have all these 'hats' putting on the right ones for each task and situation. A manager will wear some hats more than others: senior officials, for example, are more likely to be called upon to act as figureheads than team managers, who will be more concerned with resource allocation and disturbance handling. In modern management theories, particular emphasis has been placed on leadership and employees to achieving goals, and focusing on creative action and resource mobilization to get things done.

#### The Nature of Managerial Authority

##### Authority and Responsibility

Authority is the right to do something, or to get others to do it. Responsibility is the liability of a person to be called to account for the way he has exercised the authority given to him. It is an obligation to something, or get others to do it.

In an organisation, the authority or legal' right of managers to manage is given to them or bestowed on them, by the organisation or its owners or stakeholders. A manager is usually given authority from above, by virtue of the position in the organization hierarchy to which he has been appointed. On the

other hand, elected team leader, for example, is given authority from below. Either way, the scope and amount of authority being given to a person should be clearly defined.

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Authority is, in effect, 'passed' down the organization structure, by process called delegation.

Delegation is the process whereby superior subordinate gives authority over a defined area which falls within his/her scope to the junior subordinate.

Note from our definition that managers cannot bestow on the right to make decisions which are outside the scope of their own authority. Managers are sharing their own authority. They are also sharing their responsibility but not giving it away and remains responsible (and accountable to his own boss) for the results or tasks and decisions which have been delegated to junior subordinate

Accountability is the duty of the individual to report to his superior to account for how he has done his delegated authority and fulfilled his responsibilities.

The delegated authority of a manager to a subordinate is a direct line down the chain command and is sometimes called line authority.

#### **Delegation**

In any case or complex organisation, a manager will have to delegate some authority to subordinates because:

- a. There are physical and mental limitations to the work load of individual
- b. Routine or less important decisions can be passed 'down the line', freeing the superior to concentrate on more important aspects of the work (like planning) which only he has the authority to perform
- c. Employees in today's organizations have high expectations with regard to job satisfaction, including participation in decision-making
- d. The continuity of management depends on subordinates gaining some experience of management processes in order to be 'groomed' for promotion

However, in practice many managers are reluctant to delegate and attempt to perform routine task and decision-making, which could be handed down to subordinates. Among the reasons for this reluctance one can commonly identify are:

- a. Low confidence and trust in the abilities of the subordinates: the suspicion that 'if you want it done well, you have to do it yourself'
- b. The burden of responsibility and accountability for the mistakes of subordinates
- c. A desire to stay in touch with the department or team workload and people: particularly if the manager does not feel at home in a management role and/or misses aspects of the subordinates job, or camaraderie
- d. Unwillingness to admit that subordinates have developed to the extent that they could perform some of the manager's duties: the threat of redundancy
- e. Poor control and communication systems in the organisation, so that the manager feels he has to do everything personally, if he wants to keep track of what is going on
- f. Lack of understanding of what delegation involves: that is, not giving subordinates total control
- g. A desire to operate with one's personal 'comfort zone', doing familiar, easy jobs and thereby avoiding risky and difficult management task.

## **Power**

Power is the ability to do something, or get others to do it.

You may have noticed that there is a difference between authority and power. It is quite possible for a person to have the right to do something but not to be able to: to have the right to ask subordinates to perform a task but to lack the power to make them do so.

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Within organisations, there may be respect for the authority of a manager's position, power, but this need to be backed up by power. Any individual in the organisation may have power, of one or more of the following types.

- a. Physical power – the power of superior force. This is not usually used in organisations, but you might recognize elements of it, for example, in the harassment at work.
- b. Personal power – the personal charisma and popularity of a particular individual.
- c. Position power – the power associated with a particular job or position in the organisation. As well as delegated authority, this may include power from:
  - Access to information
  - Access to other powerful people and groups in the organization
  - Control over rules and procedures, conditions of working and other influential factors
- d. Resource power – control over resources, which are valued by others. Managers, for example, control promotions and pay; trade unions control the availability of labour. (Think of strike action). The amount of a person's power depends on how far he or she controls the resource, how much the resource is valued by others, and scarce it is.
- e. Expert power – possessing knowledge and expertise, which is recognized and needed by others. Many people in organizations have no direct line authority over operational functions, and have to rely on expert power influence operational managers in matters which fall within their specialist area. For example, a personnel manager has no direct authority over sales staff, but when disciplinary action is required in the sales department, the personnel manager may have more influence than the sales manager because of his or her training and experience in this area. This is sometimes called staff authority. If it is formalized in the organisation, so that the personnel manager is responsible for disciplinary action in all departments of the organisation, this is called functional authority.

### **Functions of Marketing Manager**

Under the total marketing concept the objectives is to manage the business in such a way as to make and sell what the customer wants at a reasonable price that they are willing to pay and with product characteristics that they want in the product. These products should be made available when and where the customer wants them to be made obtainable. In short all business must be consumer oriented. The marketing manager must perform all such functions which are necessary to this objective.

A systematic marketing management requires the crystallizing of the company's overall objectives and determining consistent marketing objectives. The following are considered the basic functions of a marketing manager:

**a. Integrated marketing.** The marketing manager has to take decisions in various elements of the marketing mix in an integrated way. The customer does not pay attention only to the price of a product but there are other factors also which affect his decision to purchase a particular product. He is influenced by the firm's advertising and promotional strategy and the convenience of the distribution arranged from the customer's viewpoint. The marketing manager has to keep his company's interests in mind. He tries to reduce the cost of marketing the products while at the same time winning the goodwill of the customers. He also strives to maximize the sales and profits for his company. The task is pretty difficult and requires constant control and evaluation resulting in improvements in planning of the marketing strategy. The marketing manager coordinates the activities of all the departments in a productive unit. The production department, finance departments etc. adjust their policies on the

direction and suggestion of the marketing executive. His task is therefore very important. Under integrated marketing some of the important activities of the marketing management are as follows:

Collection of necessary information regarding marketing

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- Analyzing the data and draw conclusions.
- Product development.
- Search and development of new marketing techniques.
- To check out detailed marketing programme.
- To implement that marketing programme.
- To coordinate between the wants of the customers and their satisfaction.

**b. Determining objectives.** The marketing objectives should be broad enough and should be based on situational analysis, i.e the position in which the company is operating and the nature of its customers. It is in the light of the overall company objectives that the overall marketing objective has to be fixed. The chief executive must know in specific terms whether he wants a return on investment of say 12 per cent after taxes or whether his company wants to be a price objectives distribution strategy objectives and his promotional objectives distribution. All these objectives should be integrated and directed towards his overall marketing objectives.

**c. Product policy.** The marketing executive should be very clear in his mind as to the type of customers for whom his products are intended. His product policy objectives must be in terms of customer orientation and are in conformity of the overall marketing objectives.

**d. Proper planning.** Planning is deciding in the present what to do in the future. All firms carry out some sort of planning. The marketing manager has to plan how the objectives that have been determined be implemented. For proper planning the marketing manager has to perform the following task:

- Marketing research, forecasting the demand and developing the marketing activities.
- Determining product line strategy and planning for product diversification.
- Planning sales policies and their implementation.
  - Planning the long-term marketing programme.
  - Coordinating the activities of production, finance and service department.

**e. Selling.** The marketing executive performs the following functions in regard to selling:

- To direct the sales manager to regulate sales.
- To organize sales territories and to fix their sales quota.
- To select and train personnel for the sales department and organize sales.
- To organize and develop distribution channels.
- To advertise and organize sales promotion and public relations.

**f. Service.** After-sales service is regarded as an essential part of modern marketing management. In fact all the functions of the management are integrated and it is realized that the company policies and operations should be customer oriented. The maximum satisfaction of the consumers should be the primary concern of marketing. Customer's satisfaction should be considered as the first motto. The complaints and the suggestions of the customers should be promptly attended to by the marketing management division.

We can summarize the functions of a marketing manager as:

- To work with top managements and set the marketing policies;
- To supervise and coordinate various activities;
- To find out new markets;
- To evaluate the products;

- Development of new products;
- To select the channels and methods of distribution;
- To formulation, coordinate and supervise the marketing programme;

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- To study economic and political conditions in context to their influences on the sale of the products.

#### **Managerial functions of marketing**

Marketing management is the specific functional area of general management. In olden days, the scope of marketing was very limited. 'Marketing' was used as synonymous of selling. But the concept of marketing has now changed. In modern times, all the activities of an organization start and end with the marketing activity, because marketing activity start much before the production is commenced and ends with the after-sale service to the customers or till the customer is fully satisfied with the product even after the sale is complete. So, the scope of marketing has been enlarged to include the activities like product planning, market research and development, pricing, advertising and sales promotions and channels of distribution decisions, etc. so that the marketing objectives may be achieved. In order to achieve the objectives of marketing, the marketing management has to perform the various managerial functions such as planning organization, directing, controlling and coordinating etc. in short, the marketing management has to perform the following managerial functions:

**1. Determining the marketing objectives.** The first primary function of marketing management is to determine the marketing objectives to goals. Marketing goals may be short term or long term. Long term objectives are not much clear such as capturing the market may be a long-term goal but they fail to guide the marketing manager in planning his programme. On the other hand, short-term objectives are definite and clear. For example, to double the sales volume in the next year may be a short-term objective. Short-term objectives may be the means to achieve long-term objectives. Marketing objectives must commensurate with the general objectives of the firm.

**2. Planning.** Having determined the objectives, one has to plan how to achieve those objectives. The marketing manager has to forecast the sales for the next session, prepare marketing programme, formulate policies regarding production, brand, price, credit, advertisement, channels of distribution etc. to achieve the objectives. Under planning, marketing management has to answer questions like what? Why? How? Where? And who? For taking a decision on a particular problem.

**3. Organizing.** Organizing is one of the important functions of management. Various activities are determined. It is also deciding how and who will perform those activities, various activities and persons assigned those activities are arranged in such a way so as to attain the marketing objectives efficiently. For this purpose, organization structure of the marketing department is determined. Power and duties and responsibilities of various authorities and their interrelations are also determined.

**4. Coordinating.** Coordinating is an essence of any management process. All activities of an enterprise should be coordinated in such a manner that they can present a picture of infield unit and the objectives of the organization may be attained in a better way. The activities of marketing management i.e sales forecast, product planning and development, market research, sales, advertising, sales promotion, transport, etc. should be integrated so that they all untidily can show the best results for the organization. A part from this, coordinating among activities of various departments should be maintained.

**5. Staffing.** People are the dynamic elements of management. Without them objectives and resources will remain unconnected and unutilized. So, marketing manager recruits and selects the efficient marketing force. He also arranges for their training and formulates policies regarding their remuneration. Marketing manager may seek the expert advice of personnel manager in making the recruitment and selection of the marketing staff.



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**6. Operating and directing.** Management is essentially the art and process of getting things done. Marketing manager is also responsible not only for planning and organizing the activities but also for guiding and supervising the subordinates through his leadership.

He should motivate the subordinates through his leadership so that subordinates work sincerely to attain the marketing goals. The function of direction has three essential components:

- Issuing of orders and instructions;
- Guiding and teaching the subordinates in the proper methods of work; and
- Supervising the subordinates to ensure that their performance confers to the plans.

**7. Analyzing and evaluating.** This is also an important function of marketing manager. The marketing manager should collect the data regarding sales and market activities in an explicit manner. He should also analyze and evaluates the performance of various plans and projects so that he may be sure how far the marketing goals have been accomplished. For this purpose he can analyse:

- The results of sales and marketing costs, area-wise, product-wise, product-line-wise, and customer-wise. A comparative study may be made of various areas, products and product lines and customers and important decisions may be taken in the light of such analysis. Uneconomic products-lines, markets or customers may be dropped or a new strategy should be developed to conform the marketing and the organization objectives. In this way he will be successful in increasing the profits of the concern by utilizing the resources to the maximum extent;
- The performance of individual salesman and evaluate their productivity or efficiency;
- Advertising programmes and evaluate their effects on the company's sales; and
- Evaluate the performance of various middlemen and he may be aware of the tastes, fashion, behaviour and nature of the customers.

**8. Controlling.** Controlling is the last but not the least important function of the management. There are four steps in controlling:

- a) Devising proper standards for measuring the processes of work;
- b) Measuring the actual performance and work in progress;
- c) Comparing the actual performance with the set standards and noting the deviations, variations and discrepancies, if any;
- d) Identifying the deviations, informing the concerned person and taking corrective actions so that the work may be brought back to the desired course. Marketing manager also performs all these controlling functions. He fixes the sales standards for each of the markets and for the individuals, analyses their actual performance, and compares actual performance wherever necessary. If deviation is positive, he tries to maintain it and if it is negative, he identifies the causes and removes them.

## The Development of Management Thought

### Scientific Management

#### Frederick Taylor

Frederick Taylor (185-1915) was among the first to argue that management should be based on 'well recognized, clearly defined and fixed principles, instead of depending on more or less hazy ideas'. He pioneered the 'scientific management' movement, which suggested that systematic investigation could indicate 'proper' methods, standards and timings for each operation in an organisation's activities. The responsibility of management was to select, train and help workers to perform their jobs 'properly'. The responsibility of worker was simply to accept the new methods and perform accordingly. The practical application of this approach was to break each job down into its smallest and simplest component parts or 'motion': each single motion in effect became a separate, specialised 'job' to be allocated to a separate worker. Workers were selected and trained to perform such jobs in the most efficient way possible, eliminating all wasted motions or unnecessary physical movement.

#### An Appraisal of Scientific Management

Alterations to poor work methods and inefficient movements are used today, both to increase productivity and to reduce physical strain on workers. However, it has now been recognized that performing only one 'motion' within a job is profoundly unsatisfying to workers: operations need to be re-integrated into whole jobs. It has also been recognized that workers can and should take more responsibility for planning and decision-making in connection with their work, as we will see later in this chapter. Looking back on scientific management as an approach. Hick's writes: 'by the end of the scientific management period, the worker had been reduced to the role of an impersonal cognition in the machine of production. His work become more and more narrowly specialized until he had little appreciation for his contribution to the total product. Although very significant technological advances made the serious weakness of the scientific approach to management, this was that it de-humanised the organisational member who became a person without emotion and capable of being scientifically manipulated, just like machines'.

#### Henri Fayol

Henri Fayol (1841-1925) was a French industrialist who put forward and popularized the concept of the 'universality of management principles': in other words, the idea that all organisations could be structured and managed according to certain rational principles. Fayol himself recognized that applying such principles in practice was not simple: 'seldom do we have to apply the same principles twice in identical conditions; allowance must be made of different changing circumstances. 'Among his principles of rational organisation, however, were the following influential ideas.

- a. Divisions of work, or specialization. The most effective performance could be obtained by organizing activities according to the expertise or resources required allowing people, in effect, to 'stick to what they do best'. This encouraged functional organisation structures, with separate departments responsible for production, marketing, distribution and so on.
- b. Matched authority and responsibility. Managers should be given the authority or official 'right' to carry out the tasks assigned to them. They should always be held responsible for the exercising of that authority.
- c. The scalar chain of command. This is a term used to describe a formal organisation structure with a hierarchy from the highest to the lowest rank. Authority passes down the chain, as superiors give orders and instructions to subordinates: subordinates report back up the chain to other superiors.
- d. Unity of command. For any given activity a subordinate should receive orders from only one boss. Overlap between departments, or missing out a link in the scalar chain causes uncertainty and wasted effort. Similarly, as far as the organisation is concerned, there should be unity of direction: one head and one plan for each area of activity, so that sub-units of the organisation are not pulling in different directions.
- e. Subordination of individual interest. The interest of one employee or group of employees should not prevail over the general interest of the organisation.

Fayol also emphasized the qualities of discipline (or outward signs of respect), equity (fairness, or justice towards employees), 'esprit de corps' (unity and a sense of belonging in the workforce) and initiative which he thought should be encouraged and developed to the full.

#### An Appraisal of Classical Administration

Many organisations continued to be managed on the 'rational' lines of classical theory. An organisation structured on classical lines is often identified as 'bureaucracy'. While its family, rationality and impersonality make it very stable and efficient in some respects, it has proved dysfunctional in other areas. A bureaucracy is stable partly because of its rigid adherence to its rules and procedures and the chain of command, but this rigidity also makes it:

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- a. Very slow to respond to customer/consumer demands
- b. Very slow to respond to change in its business environment, new technology, competitors, market trends
- c. Very slow to learn from its mistakes

The fast changing business environment of the late 20<sup>th</sup> century made it very difficult for classical organisations to compete. Flexibility and innovation began to challenge stability; diversity of 'universal', 'one size fits all' principles of management; multi-skilled project teams were seen to be more responsive to consumer demands than specialised, one-man-one-boss structures; the scalar chain of command was decimated by 'delaying' in response to economic recession and other forces. Nevertheless, classical thinking allowed practicing managers to step back and analyse their experience in order to produce principles and techniques for greater efficiency and effectiveness.

#### The Human Approach

##### Elton Mayo

The 'human relations' approach emphasised the importance of human attitudes, values and relationships for the effective and efficient functioning of work organisations. Its pioneer, Elton Mayo (1880-1949) wrote: 'we have thought that first-class technical training was sufficient in modern and mechanical age. As a consequence we are technically competent as no other age in history has been, and we combine this with utter social incompetence'. Early work focused the idea that people need companionship and belonging, and seek satisfaction in the social relationships they form at work.

This emphasis resulted from a famous set of experiment carried out by Mayo and his colleagues for the Western Electric in the USA. The company was using a group of girls as 'guinea pigs' to assess the effect of lighting. Their conclusion was that: management, by consultation with the girl workers, by clear explanation of the proposed experiments and the reasons for them, by accepting the workers' verdict in several instances, unwittingly scored a success in two most important human matters the girls became a self governing team, and a team that cooperated wholeheartedly with management.

##### Neo-Human Relations

Mayo's ideas were followed up by various social psychologists including Mellow, Herzberg and McGregor who emphasized that people have more than merely physical and social needs. Attention shifted towards their 'higher' psychological needs for growth, challenged, responsibility and self-fulfillment. Herzberg suggested that only these things could positively motivate employees to improved performance: work relationships and supervisory style, along with pay and conditions, merely ward off dissatisfaction (and then only temporarily). Only the itself could provide lasting satisfaction, and Herzberg, in particular, concentrated on ways to designing jobs for greater worker satisfaction.

#### An Appraisal of the Human Relations Approach

The human relations approaches contributed an important awareness of the influence of the human factor at work on organisational performance (and particularly in the work group) and the need to offer job satisfaction to employees. Most of its theorists attempted to offer guidelines to enable practicing managers to satisfy and motivate employees and so, theoretically, to obtain the benefits of improved productivity.

However, the approach tends to emphasise the importance of work to the workers without really addressing the financial issues: there is still no proven link between job satisfaction and motivation, or either of these and productivity, or the achievement of organisational goals. Employee counseling (prescribed by Mayo) and job enrichment (prescribed by Herzberg) have for example, both proved at best of unpredictable benefit to organisations applying them in practice.

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#### The Systems Approach

##### The Organisation as a System

The system approach to organisations was developed at the Tavistock Institute of Human Relations in the 1950s, although General Systems Theory was pioneered in the 1930s. There is no universally accepted definition of a system, but it can be described as 'an entity which consists of interdependent parts'. Every system has a boundary which defines what it is: what is 'inside' and what is 'outside' the system. Anything outside the system is said to be its environment'. In systems theory, it is possible to have a closed system, which is shut off from the environment and independent of it. An open system, however, is one, which is connected to and interacts with its environment. It takes in influences from the environment and itself influences the environment by its activities.

Organisations are open social systems. Why? They are social systems because they are comprised of people. They are open systems because those people participate in other social systems in the environment (such as the family or the class system) and bring with them all sorts of influences from the environment: advertising messages, family pressures, government demands (e.g. for tax), social attitudes and so on. In addition, the organisation itself takes in a wide variety of inputs, or resources, from the environment, and generates outputs to it as a result of its activities.

##### The Socio-Technical System

The systems approach also emphasizes the existence of sub-systems, or parts of the bigger system. Trist and Bamforth developed an approach which suggested that an organisation can be treated as an open 'socio-technical' system. That is, a system consisting of at least three sub-systems:

- a. A structure, (division of labour, authority relationships and communication channels)
- b. A technology system the work to be done, and the techniques and tools used to do it.
- c. A social system (the people within the organisation, the ways they think and interact with each other)

These sub-systems are linked and the system design and management must find a 'best fit' between the needs of the social and technical sub-systems. Technology does not determine organisation: decisions can and must still be made about job and task design, work place layout and other factors, so that the needs of people (not to be isolated from other workers, to find some meaning or satisfaction in the job) can be met. For example, telephone banking is a new way of banking but the technology does not define how to organize telephone-banking operation. If the use of telephone headsets, and the lack of person to person contact with customers, tends to isolate bank workers, other means of meeting their social needs such as team meeting or opportunities for social interaction during work breaks might be provided. Andrew Mayo argues that today's knowledge based organisations where 'products' are knowledge, communication and innovation, and whose chief asset is therefore the knowledge; experience and creativity of its members are supremely socio technical systems.

##### An Appraisal of the Systems Approach

Looking at the organisation as a system helps managers to remember that:

- a. The organisation is not a static structure as conventional organisation charts suggest: it is continuously reacting to internal and external changes
- b. Sub-systems of the organizations each have potentially conflicting competitor activity, technological change and customer needs) is vital if the organisation is to survive.

#### The Contingency Approach

##### Contingency Theory

The contingency approach to organisation developed as a reaction to the idea that there are 'universal principles' for designing organisations, motivating staff and so on.

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Newer research indicated that different forms of organisational structure could be equally successful, that there was no inevitable link between classical organisation structures and effectiveness, and that there were a number of variables to be considered in the design of organisations and their style of management. Essentially 'it all depends' on the total picture of the internal factors and external environment of each organisation. Managers have to find a 'best fit' between the demands of:

- a. The tasks
- b. The people
- c. The environment

#### **In their own Particular Situation.**

We will note contingency approaches to various aspects of management as we proceed through this module.

#### **An Appraisal of the Contingency Approach**

'It is of great practical significance whether one kind of managerial "style" or procedure for arriving at decisions, or one kind of organizational structure, is suitable for all organisations, or whether the managers in each organisation have to find that expedient that will best meet the particular circumstances of size, technology, competitive situation and so on'.

Awareness of the contingency approach will be of value in:

- a. Encouraging managers to identify and define the particular circumstances of the situation they need to manage, and to devise and evaluate appropriate ways of handling them.
- b. Encouraging responsiveness and flexibility to change

#### **Management Today**

##### **The New Organisation**

In the past, the adoption of classical management principles meant that organisations developed the following characteristics.

- a. Hierarchical control through the chain of command
- b. Tall structure with many layers of management and close supervisor at each level.
- c. Single function specialists like production and sales, with departments and careers concentrated in these single areas.
- d. Focus on tasks and responsibilities within well-defined jobs (as laid out in formal job descriptions) rather than on more flexible concepts such as customer service or using initiative.
- e. Systems which were reactive and procedure-bound ('sticking to the rules').

However, the economic downturn or recession, experienced across the world in the late 1980s and early 90s, reduced demand for many organisations, goods and services. This reduced the ability of organisations to carry superfluous staff (people who in Japan are known as; window watchers'), under developed and under utilised. It also created buyers' markets, where the power was on the side of the consumer, who could take their business elsewhere if their needs were not being met.

Meanwhile, the problems associated with the management and performance of large classical organisations were highlighted: such organisation were incapable of the kind of flexibility and responsiveness required in constantly changing, customer driven markets.

#### **Nowadays:**

- a. Everything is international thanks to travel and information technology, we work in what has been described as a 'global village, with a global economic and marketplace.
- b. Everything is new, organisations have come to appreciate that they are unlikely to survive unless they are responsive to the changing and more demanding expectations of their customers.

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- c. Everything is faster, you can order a tailor made Toyota from a Tokyo car showroom and have it delivered 24 hours later.
- d. Everything is turbulent; there is no going back to the peace and quite of organisational stability in world of slow social and technology change. Organisations must continue to cope with an essentially chaotic environment.

The new organisation involves structures and cultures which can adapt swiftly change and respond flexibly to customer demands.

#### Market-Driven Cultures

In the new organisation values and cultures have changed.

#### From 'protective' to 'productive'.

Workers are encouraged to believe that, ultimately, they work for their customer and their bosses. Instead of seeing themselves as performing functions, following procedures or holding down jobs, they are urged to focus on the task objectives, and issues such quality, innovation, customer care and 'added value'.

There is a focus on ends rather than means, so the means can be as flexible as the ends require.

#### From Competitive Individualism to Teamwork and Co-Operation

Individual's differences and self-interest are (theoretically) submerged in the focus on collective goals and objectives. This is partly possible because individuals' own needs are being satisfied by the increased challenge, responsibility and autonomy work. The basic units of organisations have traditionally been specialized functional departments.

In the new organisation, they are more likely to be small, flexible teams. 'Chucking' is a term coined to describe the breaking up of the organisation into smaller, more autonomous, more responsive units. Team working allows work to be shared among a number of individuals, so it gets done faster than by individuals working alone, without people:

- a. Losing sight of their 'whole' task, or
- b. Having to co-ordinate their efforts through lengthy channels of communication.

A team may be called together temporarily, to achieve specific task objectives (a project team), or may be more or less permanent, with responsibilities for a particular product, product group or stage of the production process (a product or process team).

#### From Security to Flexibility

Workers are being taught to thrive on loose job descriptions, career mobility, continuous learning, training and retraining and so on. Recognition of organisation's need for constant innovation and creativity in order to keep pace with change has led to the development of the concept of the learning organisation.

A learning organisation culture encourages:

- a. Continuous learning and knowledge generation at all levels
- b. The free exchange and movement of knowledge around the organisation
- c. The transformation of new knowledge into new action

This is not just about individual creativity, learning and development: it embraces the idea of groups and the organisation as a whole together. It also implies the involvement of all members, at all levels of the organisation, in the business of learning and developing in ways required by the market environment.

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#### Flexibility

##### Re-Integration of Jobs

In the new organisation, jobs are changing from simple, well-defined task (set out in job descriptions) to more flexible, multi-dimensional work. This new approach recognizes that:

- a. Performing a whole meaningful job is more satisfying to a worker than performing only one of its component tasks (as in 'scientific' job design)
- b. Allowing workers to see the big picture enables and encourages them to contribute information and ideas for improvements, which might not otherwise have come to light.
- c. The focus on the task and overall objectives reduces the need for tight managerial control and supervision over work processes and practices.

##### Multi-Skilling

Multi-skilling is the opposite of specialisation, with its tendency towards rigid job descriptions and demarcation lines between one job and another. It involves that development of versatility in the labour force, so that individuals can perform more than one task if required to do so: workers are being encouraged, trained and organized to work across the boundaries of traditional jobs and crafts. This has been difficult to achieve historically, because craft and occupational groups (such as trade unions) have supported demarcation in order to protect jobs and maintain special skills, standards and pay differentials. This situation is changing now that multi-skilled, flexible labour is highly prized in today's labour market.

The benefits of multi-skilling to the organisation are as follows.

- a. It is efficient use of manpower.  
It smoothes out fluctuations in demand for different skills or categories of worker. As a simple example, take a secretarial services department. If audio typing, say, was in high demand one week, while shorthand dictation was going through a slack period, you would have a problem with specialised staff: there would be a bottleneck in audio typing while shorthand staff were underutilized. If the secretaries could both type and take shorthand, the inefficiency would not arise. It may be possible to maintain a smaller staff, because you would not need specialists in each skill area.
- b. It puts an end to potentially costly demarcation disputes, where one-category of worker objects to others 'invading' their area of work, as defined by narrow job descriptions.
- c. On the other hand, it is less likely that a task will be undone because it does not explicitly appear on anybody's job description.

##### Flexible Working

In the new organization there is also increased flexibility in the deployment of the labour resource, or 'man hours'. With the shrinking demand for some categories of labour, ideas about full employment, full time employment, 'one man, one job' and the '9 to 5' working day have had to be revised. When the demand for labour drops (permanently, seasonally or at random), organizations may be faced either with over manning and idle time or with having to lay people off or make them redundant.

There are various ways of avoiding this.

- The employment of people on short or fixed term contracts, or annual hours contracts (an agreement of the number of hours to be worked per year instead of per day or week).
- The employment of non-permanent, non-career labour. This was a major growth sector in the 1980s and the trend seems to be continuing. Part-time work, casual labour, temporary working ('temping') freelancing and consultancy are popular options, both for the workers and for the organisation who benefit from their services without long-term contractual obligations.

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- **Flextime.** Typically, the working day is split into time zones: a 'core time', when employees must be at their job (commonly 10.00 to 16.00 hours) and a flexible time at the beginning or end of the day, when it is up to the employee to choose which hours to work. Employees may be asked to work a certain number of hours and term-time contracts (allowing parents time off during school holidays) are even flexible versions of the system.

#### **Empowerment**

This is the current term for making workers (and particularly work teams) responsible for achieving, and even setting, work targets, with the freedom to make decisions about how they are to be achieved. (In France, empowerment is called 'responsibilisation'.)

#### **Empowerment Goes Hand in Hand with:**

- a. **Delaying**, since responsibility previously held by middle managers it's in effect, being given to operational workers;
- b. **Flexibility**, since giving responsibility to the people closest to the product and customer encourages responsiveness and cutting out layers of communication, decision-making and reporting speeds up the process;
- c. **New technology**, since there are more 'knowledge workers' in the new organisation. Such people need less supervision, being better able to identify and control the means to clearly understood ends. Better information systems also remove the mystique and power of managers as possessors of knowledge and information in the organisation.

We described marketing as carrying out tasks to achieve desired exchanges with target markets. What philosophy should guide these marketing efforts? What weight should be given to the interests of the organization, customers and society? Very often these interest conflict. Invariably, the organizations marketing management philosophy influences the way it approaches its buyers.

There are five alternative concepts under which organizations conduct their marketing activities: the product, selling, marketing and societal marketing concepts.

#### **The Production Concept**

The production concept holds that consumers will favour products that are available and highly affordable, and that management should therefore focus on improving production and distribution efficiency. This concept is one of the oldest philosophies that guide sellers. The production concept is a useful philosophy in two types of situation. The first occurs when the demand for a product exceeds the supply. Here, management should look for ways to increase production. The second situation occurs when the products cost too high and improved productivity is needed to bring it down. For example, in the early years of the Ford Motors Company, Henry Ford's whole philosophy was to perfect the production of the Model T so that its cost could be reduced and more people could afford it. He joked about offering people a car of any colour as long as it was black. The company won a big share of the automobile market with this philosophy. However, companies operating under a production philosophy run a big risk of focusing too narrowly on their own operations. After some time, Ford's strategy failed. Although its cars were priced low, customers did not find them very attractive. In it's rive to bring down prices, the company lost sight of something else that its customers wanted – namely, attractive, affordable vehicles. The gap left by Ford gave rise to new market opportunities that rival General Motors was quick to exploit.



## The Product Concept

Another important concept guiding sellers, the product concept, holds that consumers will favour products that offer the most quality, performance and innovative features, and that an organization

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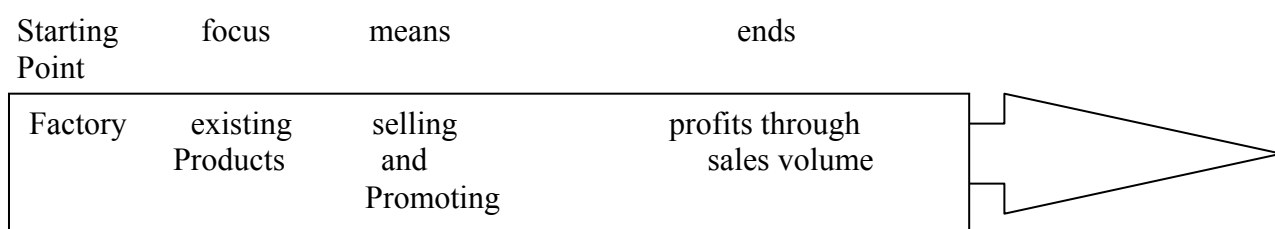
should thus devote energy to making continuous product improvements. Some manufacturers believe that if they can build a better mousetrap, the world will beat a path to their door. But they are often rudely shocked. Buyers may well be looking for a better solution to a mouse problem, but not necessarily for a better mousetrap. The solution might be a chemical spray, an exterminating service or something that works better than a mousetrap. Furthermore, a better mousetrap will not sell unless the manufacturers designs, package and prices it attractively, places it in convenient distribution channels, and brings it to the attention of people who need it and convinces them that it is a better product. A product orientation leads to obsession with technology because managers believe that technical superiority is the key to business success.

The product concept also can lead to 'marketing myopia'. For instance, railway management once thought that users wanted trains rather than transportation and overlooked the growing challenge of airlines, buses, trucks and cars. Building improved trains would not satisfy consumers' demand for transportation, but creating other forms of transportation and extending choice would.

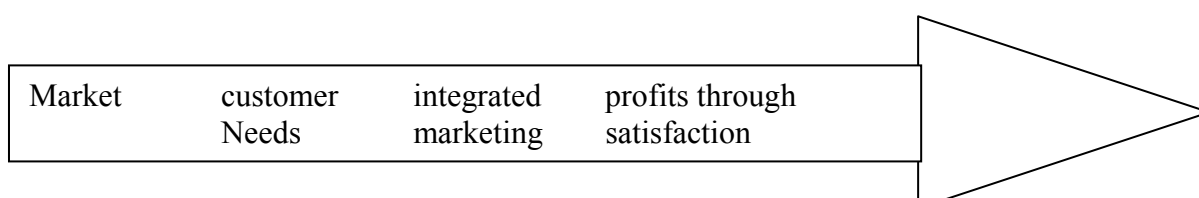
Many organizations follow the selling concept, which holds that consumers will not buy enough of the organization's products unless it undertakes a large scale selling and promotion effort. The concept is typically practiced with unsought goods- those that buyers do not normally think of buying, such as Readers Digest and double-glazing. These industries must be good at tracking down prospects and convincing them of product benefits. The selling concept is also practiced in the non-profit area. A political party, for example, will vigorously sell its candidate to voters as a fantastic person for the job. The candidate works hard at selling him or herself-shaking hands, kissing babies, meeting supporters and making speeches.

Much money also has to be spent on radio and television advertising, posters and mailings. Candidate flaws are often hidden from the public because the aim is to get the sale, not to worry about consumer satisfaction afterwards.

Most firms practice the selling concept when they make rather than make what the market wants. Such marketing carries high risks. It focuses on creating sales transactions in the short term, rather than on building long-term, profitable relationships with customers. It assumes that customers who are coaxed into disappointment and buy it again later. These are usually poor assumptions to make about buyers. Most studies show that dissatisfied customers do not buy again. Worse yet, while the average satisfied customer tells three others about good experiences, the average dissatisfied customer tells 10 others of his or her bad experiences.



**Figure 1: The selling concept**



# The marketing concept

**Figure 2: The marketing concept**

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#### **Responsibilities of the Marketing Manager**

Marketing manager is the executive head of the marketing department and is responsible for executing all production of the product and continues long after the sale is completed. In an organization, he acts as an administrator relating to that department, i.e personnel, financial, etc. he also acts as coordinator between activities of the marketing department and other department.

He is a communicator between the society and the company. He responsibilities to the society and the social needs, to provide consumer satisfaction, to reduce the cost production and distribution by establishing the coordination among various activities. In order to meet his responsibilities he performs various functions and has been in various authorities.

#### **The Total Marketing Concept**

The market manager must know all things about market. The total marketing concept means the integration of various elements of marketing mix into the most probable blend. Under this, corporate objective must be established first.

The business should be so arranged that the main objective is to make and sell. What the user wants, at the price he is ready to pay and with product characteristic that he holds to get of it. Again the places where he needs them and when he needs them count much for his satisfaction. All aspects of the business must be customer oriented. It must fulfill all the needs and services of the customer who make the market segments stand. He is the focus of marketing activities. The importance of customer must become the overall philosophy of the concern.

#### **Role of Marketing Manager in Marketing Management**

In the light of modern concept (customer-oriented) of marketing, the marketing manager is supposed to be aware of all the aspects and techniques of modern marketing. Marketing manager is mainly responsible for the performance of marketing activities yet his position in the concern is somewhat peculiar. He acts as an administrator; he is a link between the society and the organization; he serves as a coordinator of different activities of the concern as far as they are related to marketing activities. We shall discuss hereunder the different position of marketing manager in an organization:

## **Marketing Manager as an Administrator**

The marketing manager is supposed to be a technically qualified person in the field of marketing and therefore he must be aware of all the aspects and techniques of modern marketing. But he is an administrator also because he is the chief of the marketing department. He must also possess the traits of a leader or administrator. Though a combination of both the qualities are rarely found in a person, yet it is better in the interest of the concern, if he possesses the both.

Marketing manager, being the head of the marketing department, is an administrator and therefore he must apply the principles of general administration in the marketing function. As an administrator, he is responsible for the planning, coordinating, organizing, staffing, directing and controlling the marketing activities applying the various tools of management. He is at the top of line in the marketing department and takes all policy decisions for the smooth working of his department.

Marketing manager also performs the staff function, i.e he advises the top management in matters affecting or formulating the overall policy of the business as far as they are concerned with the

marketing activities. He also advises the other departmental heads in coordinating their activities according to the marketing policies. The marketing manager should be a good leader having the capability to lead the subordinates so that he may direct them in the right decision that is towards the attainment of overall objectives.

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He should evaluate the marketing efforts from the time to time in order to have a better control over them. In this way the role of the marketing manager as an administrator is very important.

## **Marketing Manager as a Link Between the Society and the Organization**

Marketing manager also acts as a communication link between the society and the organization. He puts forth the needs and nature of demand of the society before the organization. He gets the products and services produced according to their needs and requirements and arranges for their distribution through various channels. For this purpose, he studies and analyses the market reports and informs the organization about them in time, failing which, the organization will lose a lot and the needs of the society will also remain unfulfilled.

Marketing manager should make the necessary arrangement for the distribution of new and existing goods and services to the society and also educate the public regarding them. For this, he should consider the cost factor in marketing the goods and services otherwise, it will effect the standard of living of the society adversely, and in turn, the organization will lose a lot and the needs of the society will also remain unfulfilled.

### **Marketing Manager as a Coordinator**

Marketing manager, as a coordinator establishes the coordination between the various other activities of the organization such as personnel or finance and those of the marketing department. For this purpose, he takes the decisions within the framework of the objectives of the firm. He should, therefore, be in close touch with the policies, goals, and the working of other departments such as production or finance etc. so that he may formulate the policies, set the goals and standards and plan the working of the marketing department accordingly so that all the departments of the organization may work as a unit to achieve the organization goals.

## **Marketing, Production, Finance and Other Functions are Correlated**

Marketing, production, finance and other functions of the organization are closely correlated. The change in one function will bring the change in other functions in the same direction. One cannot spare the other. For example, marketing efforts increase the demand of the product of the organization and it will require the increased efforts on the production front. But if the required finance could not remain unachieved. So, these factors should be coordinated in an ideal form.

In a well-organised organization, their relations are in an ideal form. If one factor changes, the other is also bound to change. Suppose, if the productions of the firm is planned to increase, it is but natural that the efforts will also be made on marketing from to sell the product and for this purpose development of

marketing activities is necessary and to meet the production and sales targets, necessary finance will also be arranged. But this relation comes to and end as soon as the firm reaches at an optimum point.

This relation will also be served, when the activities could not be taken up because of the higher marketing cost. If the cost demands the product, and its increased production, makes the production process complicated, the firm will not chose to increase the production capacity in spite of its increased demand.

The all problems are to be tackled by the marketing manager as a coordinator. Thus, the position of the marketing manager in a concern is very crucial and important.

### **Area of Authority of a Marketing Manager**

The area of authority of marketing manager differs from organization to organization depending upon the nature and size of the concern. The area of concerns:

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1. Marketing research activities come under the direct supervision of marketing manager as the marketing research department collects the necessary facts and figures about the markets of company's product and the most of the marketing decisions depend upon such information.
2. Product planning and development activities are also directed by the marketing manager.
3. Marketing manager performs the activities of personnel department so far as they are concerned about the sales personnel.
4. Advertising and sales-promotion activities are also directed by the marketing manager.
5. Marketing manager is also responsible for taking decisions in respect of credit facilities to be provided to debtors in order to promote the sale of the product.
6. Decisions about the choice of channels of distribution are also under the jurisdiction of the marketing manager.
7. Marketing manager decides about after-sales-services to be provided to customers because the main aim of marketing the product is to satisfy the customers.

The marketing manager is responsible for the above activities. He directs and controls them to the satisfaction of customers and in the interest of the concern.

## **Marketing Executive's Responsibilities, Functions, Powers and Duties**

If the company is working in the seller's market, marketing functions are restricted to distribution only. In such cases position of market manager is quite negligible in the organizational set-up. In this case the productivity is to be negligible and concern will find in critical situation if the seller's market changes to buyer's market.

If the company is in a competitive situation, it will stress more on its marketing operation. The position of the chief marketing or sales executive increases. He will be furnished with exclusive powers and authority with status in the whole structure.

He will be endowed with higher authority as such he may not be consulting with the Board of Directors invested with him. In such situation he can discuss the members at the Board meeting on equal footing.

He is like a leader who does actual selling and advertising the potential customers are connected by the salesmen and sales executives. He must have constant contact with the market requirements and for this he keeps his base on the reports received. These reports supply his indications and nature of demand, the changes in the attitudes of the customers and their preferences, the type of service needs by the consumers and the extent and threat from the competitors. He must have continuous flow of the

information so that he can change his policies if needed. He must plan and organize his activities. He must motivate the personnel under him and incorporate an adequate system for controlling the performance in terms of objectives described by the Company and himself.

### **The Marketing Executives Functions**

The basic functions of the marketing of sales department are as follows:

- a. Creation of new market.
- b. Supervision of sales.
- c. Distribution.
- d. Advertising.
- e. Forecasting.

These functions are serially given with preference to importance. Though the above functions are ascribed to the marketing or the sales department, most managers were known by the name of Sales Manager and not by the name marketing manager though such a sales manager's functions included the marketing management activities.

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#### **Importance of Objectives**

On the basis of information gathered by situational analysis the marketing activities have to be directed towards the company's overall and marketing objectives. In the light of overall company's objectives, the overall marketing objectives have also to be fixed. The chief executive must know in specific times whether he wants a return on investment after taxes or whether his company wants to be a price leader. He must also crystallize the product objectives, pricing objectives, distribution strategy objectives and his promotional objectives.

- a. **Product policy.** The chief executives must be clear as to the type of customers for whom the product is meant. The company produces a single product or a series of products or goes on to diversities. In this way the product policy should be well grounded on customer orientation and as a result of the overall marketing objectives.
- b. **Pricing policy.** The pricing and product policy are interrelated. A concern desirous of improving the quality should increase the price to cover the increased cost. The marketing executive desires to fix the price in a profitable way to the company. But he may not fix it at the highest peak. His objective is to promote and widen the market for his goods. To widen the market to goods should reach the poor classes. According to different market segments based on incomes or locations, even he may price his goods differently. A different pricing strategy will be useful towards export markets. Thus pricing decision involves sales forecasting which is a tricky business. But it has to be done if marketing is to be on a more scientific or systematic footing.
- c. **Distributing strategy.** The chief marketing executive has also to be clear as to the nature of distribution that he wants for his product. He has to decide on the policy if he likes limited or widespread distribution of the product. Whether he wants intensive distribution i.e., maximum product exposure or distribution where he restricts the number of his distribution outlets. His decision in this area is materially affected by decisions in other areas.  
  
In this case of intensive distribution, he will also have to preside for intensive promotion or advertising that requires a higher amount to be spent on these activities.
- d. **Advertising and sales promotion.** His policy towards the price of the products and distribution channels must be decided whether the advertising will be done by a separate department in his organization or to give it to an advertising agency or use both the mediums.

- e. **Integrated marketing.** In this way we find that the role of marketing executive is a difficult one. He has to take decisions in various elements of the marketing mix in an integrated way. Decisions

about the product affect the decisions regarding pricing. The customer's decisions about the purchase of a product do not depend on the price of that product.

The executive must be able to develop an organization so that he gets the maximum result from his personnel and the organization must also result in coordination with the other departments like production finance and personnel. Responsibilities should be fixed on individuals who must all appreciate their relationship to get maximum coordination.

Coordinated marketing effect. Marketing executive should see that all departmental heads under him cooperate mutually, despite their different backgrounds and expertise.

Coordinated with other departments. There must be coordination with other department outside the controls of the chief marketing executive like the production department, purchasing department, finance department and the personnel department.

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#### Marketing Manager's Responsibilities to Society

Marketing manager is responsible to society. He serves as a link between the organization and the society. He puts the demand of the people in society before the concern and brings the company's product to the people in society. He owes great responsibility to the society at large. His main responsibilities to the society are:

1. **Marketing social needs.** He studies the actual wants of the people and organizes production accordingly. Goods are produced on a large scale at one place. He undertakes the important task of distribution of goods and looks to the total satisfaction of the consumers.
2. **Consumer satisfaction.** Consumer satisfaction is the fundamental principle of modern concept. The marketing manager studies the consumer's behaviours, their preferences, tastes, and fashions in relation to the products. He endeavors to modify the products according to the needs of the actual users.
3. **Providing employment.** A large number of persons are engaged in the marketing activities such as wholesalers, retailers, advertisers, insurance agents, transporters, bankers, clerks, salesmen, etc. thus marketing activities provide employment to large number of people.
4. **Reducing product costs.** Reducing product cost is another obligation of the marketing manager towards society. By making the various marketing activities efficient, economical and effective, he can reduce the costs of the products per unit. It will help the consumers to get goods at reasonable prices. If the company does not transfer the benefits of the reduced cost to the customers, and retains the whole of the profits itself, the society is still benefited.

In that case, the retained earnings are invested in the development of new products or they will be distributed to the shareholders as dividend. In both the cases, society will gain.

5. **Providing information.** One of the obligations of the marketing manager is to provide information about the qualities of the products of the company in a way the consumers may make up their minds to purchase the company's products. It helps making the image of the company and its products.

Thus it is evident from the above discussion that the marketing manager is responsible to the society in many respects which he should execute sincerely.

#### The Marketing Concept

In tracing the development of the **marketing concept** it is customary to chart three successive stages in the evolution of modern business practice:

1. Production orientation.
2. Sales orientation.
3. Marketing orientation.

### **Production Orientation**

This era was characterized by forcing company efforts on producing goods or services. More specifically, management efforts were aimed to achieving high production efficiency, often through the large-scale production of standard items. In such a situation other functions such as sales, finance and personnel were secondary to the main function of the business, which was to produce. More importantly, the underlying philosophy was that customers would purchase products, provided they were of a reasonable quality, available in sufficiently large quantities at a suitably low price.

Henry Ford initiated such a philosophy when he mass-produced the Model T Ford in Detroit in 1913. His idea was that if he could produce a standard model vehicle in large quantities using mass production techniques, then he could supply a potential demand for a relatively cheap private transport.

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At the time Ford was correct; there was such a demand and his products proved successful. A production orientation to business was thus suited to an economic climate where potential demand outstripped supply, as was the case in the USA at the time. However, times change, and such a philosophy is not conducive to doing business in today's economic climate, where potential supply outstrips demand.

### **Sales Orientation**

With the large-scale introduction of mass production techniques in the 1920s and 1930s, particularly in the USA and Western Europe, and the rapid worldwide increase in competition, which accompanied this, many firms adopted a sales orientation.

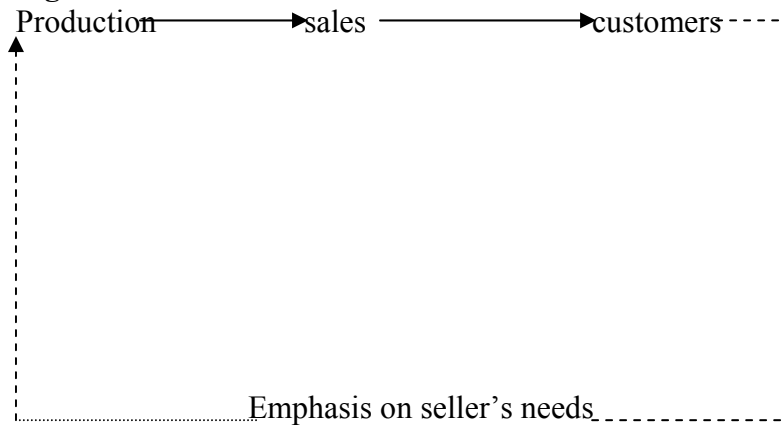
The sales-orientated company is one where the focus of company effort switches to the sales function. The main issue here is not how to produce but, having products, how to ensure that this production is sold. The underlying philosophy towards customers in a sales-oriented business is that, if left to their own devices, customers will be slow or reluctant to buy. In any case, even those customers who are seeking to purchase the type of product or service the company produces will have a wide range of potential suppliers. This situation is exacerbated when, in addition to sufficient capacity on the supply side, demand is depressed. Such was the case in many developed economies in the 1930s, and it was in this period that many 'hard sell' techniques developed. Many of these were dubious, even dishonest, and much of the tainted image accompanying selling derives from their use.

### **Marketing Orientation**

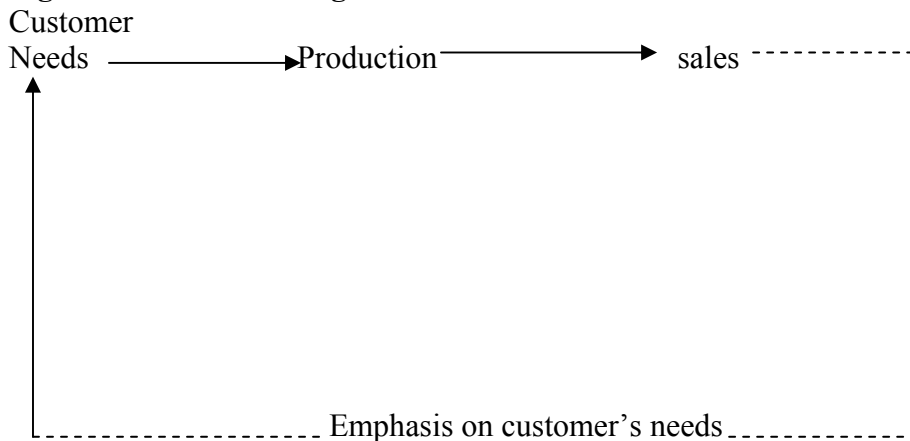
It is unclear exactly when the idea of marketing or customer orientation began to emerge; indeed in some ways the central importance of the customer has perhaps always been recognized in the long history of trading. Not until the 1950s, however, did the ideas associated with the marketing concept begin to emerge and take shape. The marketing concept- initially an American phenomenon – arose partly as a result of dissatisfaction with the production and sales orientations, partly as a result of changing environment, and partly as a result of fundamental business sense.

The marketing concept holds that the key to successful and profitable business rests with identifying the needs and wants of customers and providing products and services to satisfy them. On the surface such a concept does not appear to be a far-reaching and fundamentally different philosophy of business, but in fact the marketing concept requires a revolution in how a company thinks about, and practices, its business activities as compared with production or sales orientation.

**Figure 3: Sales orientation**





**Figure 4: Marketing orientation**

### Sales versus market orientation

This revolution in business thinking is the emphasis given to the needs and wants of the customer. The contrast between this approach and, for example, that of a sales-orientated company. Increasingly, companies have come to recognize that this different approach to doing business is essential in today's environment. Customers are now better educated and more sophisticated. Real incomes have increased steadily over the years and consumers now have considerable discretionary spending power to allocate between an increasingly diverse range of products and services. Too many companies have learned the hard way that having what they feel to be a superior product, efficient production and extensive promotion – laudable though these may be – are not sufficient to confer automatic success. To have any chance of success, customer needs must be placed at the very center of business planning. In parts, this stress on understanding the consumer explains the development of those concepts and techniques aimed at understanding buyer behaviours.

### Implementing the Marketing Concept

For a company to be marketing orientated, it requires that a number of organizational changes take place in practices and in attitudes. To become of value it requires that the discipline of marketing contribute what might be termed as technology of marketing. By this we mean that management requires the development of a set of tools (techniques and concepts) to implement the marketing concept. We have already mentioned that the behavioral sciences can lead to an understanding of buyer behaviours; another example is the development of quantitative and qualitative techniques of marketing research for analyzing and appraising markets.

Some of the more important and useful concepts in marketing are discussed.

### Market Segmentation and Targeting

Because marketing focuses on customer needs and wants, this requires companies to identify these needs and wants and then develop marketing programmes to satisfy them as a route to achieving company objectives. The diversity of customer need and wants, and the multiplicity of ways in which these may satisfy, means that few if any companies are in a position effectively to serve customers in a market in a standardized manner.

Market segmentation is the process of identifying those clusters or segments of customers in a market, which share similar needs and wants and will respond in a unique way to a given marketing effort. Having identified the various segments in a market, a company can then decide which of them are most attractive and to which segment it can market most effectively. Company marketing efforts can then be tailored specially to the needs of these segments on which the company has decided to its marketing.

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- A clear identification of market opportunities and particularly the analysis of gaps (where are no competitive products) in market.
- The design of product and market appeals that are more finely turned to the needs of the market

Focusing of marketing and sales efforts on those segments with the greatest potential. There are a number of bases for segmenting markets, which may be used singly in combination. For example, a manufacturer of toothpaste may decide that market segments based on the basis of age, i.e. the seller discovers that the different age groups in the market for the product have different wants and needs and in what they require from the product. The seller will find that the various segments will respond more favorably, in terms of sales, if the products and marketing programmes are more closely tailored to the needs of each segment. Alternatively, the seller find that the market for toothpaste segment on the basis of income – the different income groups in the market vary in their product requirements. Finally the seller may find that the segments on the basis of combination of both income and age characteristics. Among some of the more frequently used bases for segmentation are the following:

#### 2. Consumer products/markets

- Age
- Sex
- Income
- Social class
- Geographical location
- Type of residence (A Classification of Residential Neighborhoods – ACCORN)
- Personality
- Benefits sought
- Usage rate, e.g. heavy users versus light users

#### 3. Industrial products/markets

- End-use market/type of industry/product application
- Benefits sought
- Company size
- Geographical location
- Usage rate

Whatever the base(s) chosen to segment market, the application of the concepts of segmentation and targeting is a major step towards becoming marketing orientated.

#### The Marketing Mix

In discussing the notion of market programme. By far the most important decisions within this marketing programme, and indeed the essence of the marketing manager's task within a company, are decisions on the controllable marketing variables: decisions on what E. Jerome McCarthy termed the 'four Ps' price, product, promotion and place (or distribution).

Taken together, these four variables, plus the chosen market segments, comprises what Neil Borden termed the **marketing mix** – a concept which is central to modern marketing practice

1. Price: price levels, credit terms, price change discounts.
2. Product: features, packaging, quality, range.
3. Promotion: advertising, publicity, sales promotion, personal selling.
4. Place: inventory, channels of distribution, number of intermediaries.

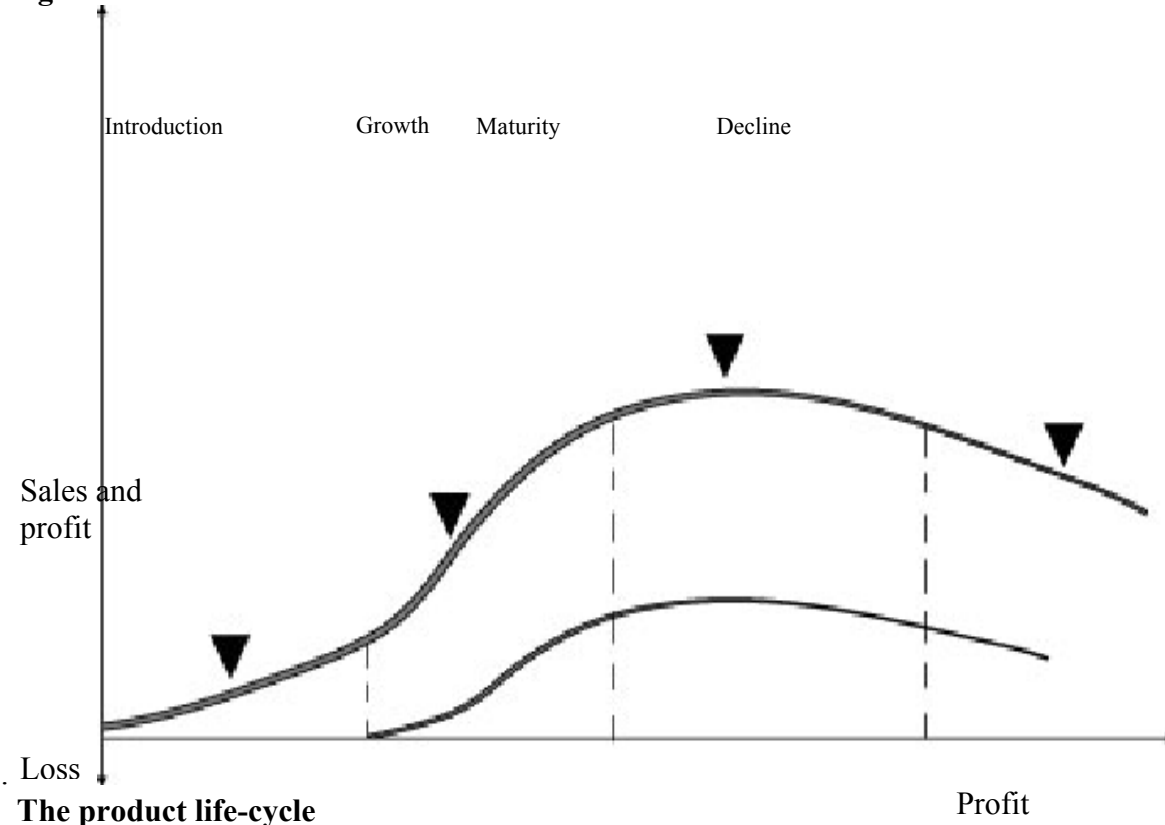
It will be seen that personal selling is considered to be one component of the promotional decision area of the marketing mix. At this stage we will consider in greater detail the other elements of the mix.

### Product

Many believe that product decisions represent the most important ingredients in the marketing mix. Decisions in this area, they argue, have the most direct and long-lasting influence on the degree of success, which a company enjoys. At first glance this may seem to constitute evidence of a production as opposed to marketing oriented stance. However, it does not. There is no doubt that product decisions are the most important of the marketing decisions, which a company makes. It is that unless there is a potential demand (a true market need) for a product, then no matter how good it is, it will not succeed. This is not to say that because of poor promotional, pricing and distribution decisions. In effect, product decisions determine the upper limit to a company's sales potential. The effect. Ness of decisions no other elements of the mix determine the extent to which this potential is realized.

The term product covers anything a company offers to customers to satisfy the needs. In addition to physical, tangible products offered for sale, there are also services and skills. Non-profit organizations also market their service to potential customers. Increasingly, charities, educational establishments, libraries, museums and political candidates make use of the technique of marketing. There are a number of ways of classifying products, depending upon the basis chosen for classification. For example, a broad distinction can be made between consumer and industrial products, the basis pf classification here being the end-user/buyer. Regardless of the basis of classification, one important factor to bear in mind that the customer is purchasing a package of benefits, not product features. The concept of a product is yet another example of a market-orientated approach to doing business. It looks at the product from the point of view of what the customer is actually purchasing, i.e. needs and wants. For example, when people purchase cosmetics they are purchasing attractiveness. Theodore Levitt provides us with a graphic example of this concept of a product when he states: 'purchasing agents not buy quarter inch drills', they buy quarter inch holes, Viewing the product in this way can be used to develop the sales presentation by emphasizing ways in which product or service provides to the customer's problems.

**Figure 5**



#### The product life-cycle

One of the most useful concepts in marketing derived from the most products tend to follow a particular pattern over time in terms of sales and profits. This pattern is shown in figure 2 and is known as the product life-cycle curve.

The product life- cycle is analogous to the life-cycle pattern of humans and has four distinct stages – introduction (birth), growth, maturity and eventually decline in its shape can be explained by outlining briefly the nature of each of the stages.

- 1. Introduction.** In this stage, sales growth is relatively slow. Dealers must be persuaded to stock and promote the product. Consumers must be aware of its existence, persuaded to be interested and convinced that it is a worthwhile purchase. They may have to be educated in how to use the product and their existing purchasing and lifestyle purchasing and lifestyle habits might change (e.g. microwave ovens and their associated convenience). There are few profits at this stage and heavy launch costs often means a financial deficit
- 2. Growth.** After initial slow acceptance, sales begin to escalate at a relatively rapid pace. There is a snowball effect as word-of-mouth communication and advertising begin to take effect. Dealers may request to stock the product. Profits begin to be made, especially if a newly introduced product can command high initial price (known as market skimming).
- 3. Maturity.** The growth of sales begins slow as the market becomes saturated. Few new buyers are attracted to the products and there is a high proportion of repeat sales. Attracted by the high profit and sales figures, competitors have now entered the market. Partly because of this increased competition, profit, having peaked, then begins to decline.
- 4. Decline.** Sales begin to fall and already slim profit margins are depressed even further. Customers might have become bored with the product and are attracted by newer, improved products. Dealers begin to de-stock the product in anticipation of reduced sales.

#### Implication of the Product Life-Cycle

Not all products exhibit such a typical cycle of sales and profits. Some products have hardly any life cycle at all (many new products are unsuccessful in the marketplace). Similarly, sales may be reduced abruptly even in a period of rapid sales growth as a result of, perhaps, the introduction of a new and better competitive product. Products vary too in the length of time they take to pass through the life cycle. Unlike the human lifespan, there is no average life expectation for products. Nevertheless, the fact that a great number of products do tend to follow the generalized life-cycle pattern has a number of implications for marketing and sales strategies. Two of the more important implications of the product life-cycle concept are considered now.

The first obvious implication of the concept is that even the most successful products have a finite life. Further, there is some evidence, which suggests that intensifying competition and rapid technological change are leading to a shortening of product life cycles. This explains the importance and emphasis now attached to the continued development of new products. The sales force has an important role to play in this process. Because of their often-daily contact with customers, they are usually the first to detect signs that products are about to embark upon the period of decline. Such detailed knowledge of customers, competitors and market requirement makes them potentially a valuable source of new product ideas.

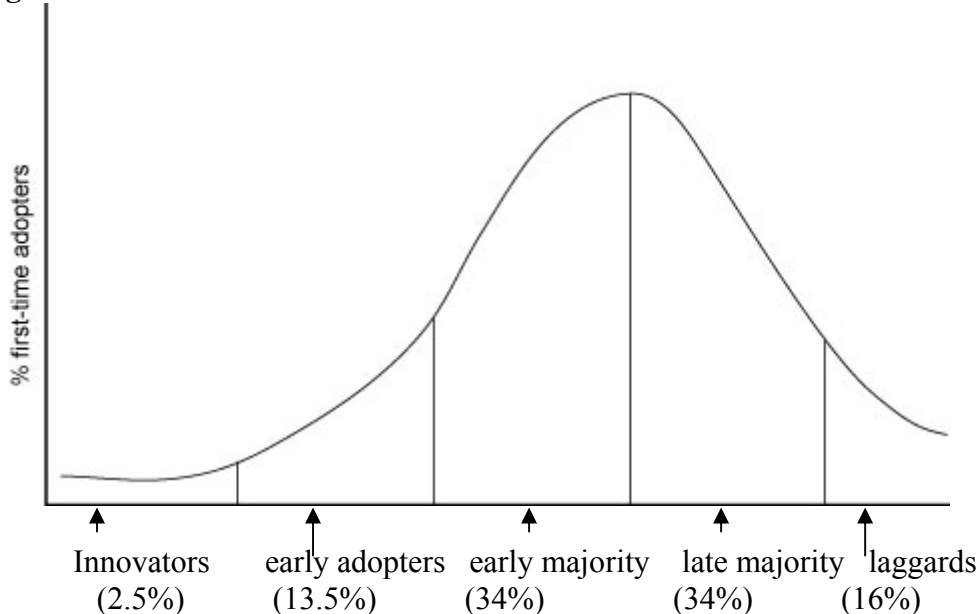
A second implication of the life-cycle concept is that different marketing and sales strategies may be appropriate to each stage.

For example, in the introduction stage the emphasis may be on locating potential prospects. In the growth stage, the sales force may find themselves having to deal with the delicate issue of rationing their customers as demand increasingly have to rely on competitive pricing and special offers in order to combat increasing competition and falling sales.

#### Product Adoption and Diffusion

This theory was first put forward by Everett Rogers in 1962 and is closely related to the product life cycle. It describes innovative behavior and holds that the characteristics of a new product can affect its rate of adoption. The figure below describes characteristics.

**Figure 6**



Consumers are placed into one of five 'adopter' categories, each with different behavioural characteristics. These adopter categories contain percentages of first time buyer (i.e. not repeat buyers) that fall into each category. What will attract first-time buyers to a product or service, and the length of time it will take for the diffusion process to be completed, will depend upon the nature of the product or service.

If we consider a new range of female fashions, then the time for the diffusion process to be completed might be less than one year. Here, the innovators (i.e. the first 2.5 per cent) are likely to be fashion-conscious rich people. However, if we consider a new type of computer software then innovators are more likely to be technically minded computer 'experts' and the time for diffusion will be over a longer period. Similarly, although microwave ovens were developed almost 30 years ago, they have not yet totally diffused through the marketplace as they now in the 'laggard' stage. Having said this, many potential consumers will never adopt for a variety of reasons (e.g. some people refuse to have a television because it destroys the art of conversation). A number of factors can be determine the rate at which the innovation is taken up:

- Its relative advantage over other products or services in the marketplace
- The extent to which it is compatible with the needs of customers
- Its complexity in terms of how it can be used and understood
- Its divisibility in terms of how it can tried beforehand on some kind of test basis before a commitment is made to purchase

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- Its communicability, which is the degree to which the innovation can be described or demonstrated prior to purchase (see below).

#### How to Protest your Dark Clothes

Is it annoying when after just a few washes your favorite dark cloths fade to a dull grey colour and have to be consigned to the back of your wardrobe? Now you can keep your dark clothes from fading for longer with Dreft Dark. It is a specially formulated liquid detergent with ingredients that will enable your darks to stay dark for longer whilst removing stains effectively. It is gentle enough to be used on your whole family's clothes and is the leader in its field. It is suitable for both machine and hand washing and is now available from Simsbury's and many other leading supermarkets.

**Pricing:** As with the product element of the mix, pricing decisions encompass a variety of decision areas. Pricing objectives must be determined, price levels set, decisions made as to credit and discount policies and a procedure established for making price changes. Here we consider some of the more important inputs to pricing decisions, in particular from the point of view of how they affect selling and sales management.

#### Inputs to Pricing Decisions

In the determination of price levels, a number of factors must be considered. The main factors include the following:

**-Company objectives.** In making pricing decisions, a company must first determine what objectives it wishes its pricing to achieve within the context of overall company financial and marketing objectives. For example, company objectives may specify a target rate of return on capital employed. Pricing levels for individual products should reflect this objective. Alternatively, or additionally, a company may couch its financial objectives in terms of early cash recovery or a specified payback period for the investment.

**-Marketing objectives.** These may shape the pricing decision. For example, a company may determine that the most appropriate marketing strategy for a new product. Which it has developed is to aim for a substantial market share as quickly as possible. Such a strategy is termed a **market penetration** strategy. It is based on stimulating and capturing demand backed by low prices and heavy promotion. At the other extreme, the company might determine that a **market skimming** strategy is appropriate. Here, high initial prices are set – again often backed by high levels of promotional spending – and the cream of the profits taken before eventually lowering the price. When the price is lowered, an additional, more price-sensitive band of purchasers then enters the market. Whatever the financial and marketing objectives set, these determine the framework within which pricing decisions are made. Such objectives should be communicated to sales management and to individual members of the sales team.

**-Demand considerations.** In most markets the upper limit to the prices a company can charge is determined by demand. Put simply, one is able to charge only what the market will bear. This tends to oversimplify the complexities of demand analysis and its relationship to pricing decisions. These complexities should not, however, deter pricing decision-makers from considering demand in their deliberations. One of the most straightforward notions about the relationship between demand and price is the concept of a demand product.

Although it is simple concept, the demand curve contains much useful information for the decision-maker. It shows that at lower prices, higher quantities are normally demanded. It is also possible to read off the curve the quantity demanded. It is also possible to read off the curve the quantity demanded at any given price. Finally, it is possible to assess how sensitive demand is to changes in price. In other words, we can calculate the percentage price increase or

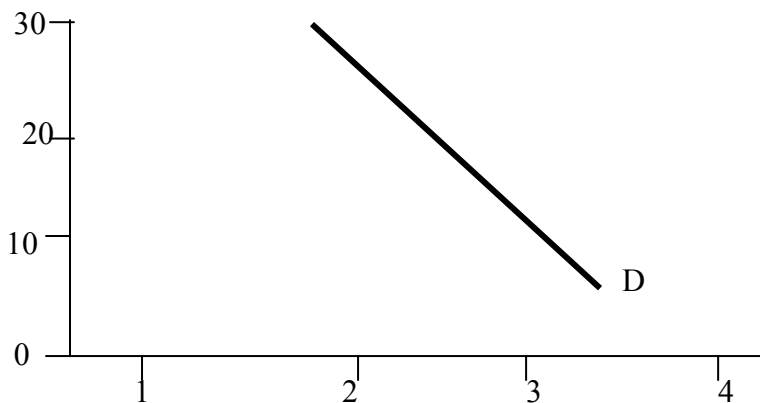
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decrease. Such information is useful for making pricing decisions, but obtaining information about the relationship between the price and demand is not easy. Factors other than price have an important effect on demand. Despite this, pricing Decisions must reflect demand considerations and some estimate should be made of the likely relationship between demand levels and price. Here again, the sale force can play a key role in the provision of such information and many companies make full of this resource with their products.

A final point to be concurred is the slope of the demand curve. Figure 4 is a 'conventional' curve, in that it slopes downwards to the right, which means that at lower price higher quantities are demanded. However, it is dangerous to assume that this is always the case. In some circumstances it is possible to charge too low a price for a product or service; far from increasing demand, such low a price actually reduce it. This can be the case for products that are bought because they are highly purchased what everyone knows some prestige is attached to having purchased what everyone knows is an expensive product. Similarly, low prices may cause the customer to suspect the quality of a product.

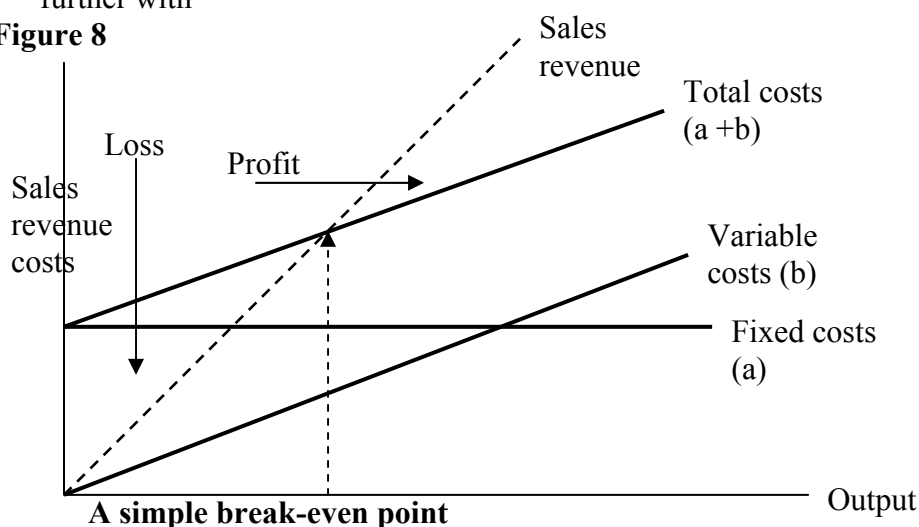
**Figure 7**



**The demand curve Quantity (thousands)**

**-Cost consideration.** If demand determines the upper threshold for price, then costs determine the lower one. In a profit-making organization, in the long run, prices charged need to cover the total of production and marketing costs, with some satisfactory residue for profit. In fact companies often begin of making decisions on price by considering their costs. Some techniques of pricing go further with

**Figure 8**



prices being determined solely on the basis of cost; for example, total costs per unit are calculated, a percentage added for profit and a final price computed. Such cost-plus approaches to pricing though straightforward, have a tendency to neglect some of the more subtle and important aspect of the cost input. As with demand, cost consideration s can be quite complex.

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One of the important distinctions that a cost-plus approach often neglects is the distinction between the fixed and variable costs of plant capacity – regardless of the level of output, e.g. rent and rates. Variable costs do differ with the level of output – as it increases, so do total variable costs, and vice versa, as production is decreased, e.g. direct labour cost, raw materials etc. This apparently simple distinction is very useful for making pricing decisions and gives rise to the technique of break-even analysis. Figure 5 illustrates this concept. Fixed, variable and total costs are plotted on the chart, together with a sales revenue curve. Where the revenue curve cuts the total cost curve is the break-even point. At this point the company is making neither profit nor loss. From the break-even point charging different prices and, when this is combined with information on demand, break-even analysis is quite a powerful aid to decision-making. Sales managers should understand the different costing concepts and procedures and, whilst they do not need details of accounting knowledge, they should be familiar with the procedures that go into the costing of products they are responsible for selling.

**-Competitor considerations.** Few companies are in the position of being able to make pricing decisions without considering the possible actions of competitors. Pricing decisions, particularly short-term tactical price changes, are often made as a direct response to the actions of competitors. Care should be taken in using this tactic, particularly when the movement of price is downwards. Once lowered, price can be very difficult to rise and where possible a company should consider a response other than price reduction to combat competition.

#### **Distribution**

The distribution (or price) element of the marketing mix, particularly the management of physical distribution, has long been felt to be one of the areas in business where substantial improvements and cost saving can be made. Representing, as it often does, a substantial portion of total costs in a company, the distribution has in recent years attracted considerable attention in terms of new concepts and techniques designed better to manage this important function.

The management of distribution is now recognized as a key part of the strategic management of a company and in larger organizations is often the responsibility of a specialist. Because of this we can do no more here than give a non-specialist overview of some of the more important aspects of this element of the mix.

In its broadest sense distribution is concerned with those activities required to move goods and materials into the factory, through the factory and to the final consumer. Examples of the decision areas encompassed in the distribution element of the marketing mix are as follows:

1. **The selection of distribution channels.** This involves determining in what manner, and through which distribution outlets, goods and services are available to the final consumer. Marketing channels may be very short, e.g. where goods and services are sold direct to the customers such as via mail order. Alternatively, the channel may include a whole set of intermediaries, including brokers, wholesalers and retailers. In addition to selecting the route through which products will reach consumers, decisions must also be made as to the extent of distribution coverage. For example, some companies have a policy of **exclusive distribution** where only a small number of selected intermediaries are used to distribute company products. In other cases, a company may decide that it requires as wide a distribution cover as possible (**intensive distribution**), and will seek a large number of distribution outlets.
2. **Determining the level of customer service.** In addition to selecting channels of distribution, decisions must also be made as to factors such as delivery periods and methods of transportation.



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Reduced delivery times can provide a significant advantage to a company in marketing its products. On the other hand, such a policy is often accompanied by necessity to increase inventory levels, thereby increasing costs. A policy decision must, therefore, be made as to the requisite level of customer service, after consideration of the benefits and costs involved.

**3. The terms and conditions of distribution.** Included under this heading would be conditions of sale on the part of distributors, minimum order/stocking quantities and the determination of credit, payment and discount terms for distributors.

At this point we should note that distribution decisions have a significant impact on sales activities, e.g. the extent of distribution directly influences territory design and route. Terms and conditions of distribution influence the framework within which sales are negotiated. The management of physical distribution influences the all-important delivery terms, which the Sale forces are able to offer their customers. Probably no other area of the marketing mix has such a far-ranging influence on the sales process.

#### Promotion

This final element of the marketing mix has the most direct influence on sales because personal selling itself is considered as one element of the total promotional mix of a company. Other elements of this promotional sub-mix includes advertising, sales promotion and publicity. All of these sub-elements are covered throughout in a variety of contexts and their relationships with selling are fully examined.

#### Law and Ethical Issues

Consumer protection by the law is very much a twentieth-century phenomenon. Before that the prevailing attitude can be described by the phrase caveat emptor - let the buyer beware. Much of the legislation has been drawn up since 1970 when there was recognition that sellers may have an unfair advantage compared with consumers when entering into a contract of sale. The major laws controlling selling activity in Britain include the following:

- Weights and Measures Act 1878, 1963, 1979
- Sales Of Goods Act 1893, 1997
- Resale Prices 1964, 1979
- Restrictive Trade Practices Acts 1956, 1968, 1976
- Misrepresentation Act 1967
- Trade Descriptions Act 1968, 1972
- Unsolicited Goods and Services Acts 1971, 1975
- Supply Of Goods (Implied Terms) Acts 1973, 1982
- Fair Trading Act 1973
- Hire Purchase Act 1973
- Consumer Credit Act 1977
- Consumer Safety Act 1978
- Consumer Protection Act 1987

In addition to these Acts, are protected by a range of codes of practice covering such activities as advertising, market research and direct selling. Trade associations such as the Association of British Travel Agents, Society of Motors Manufacturers and Traders, and Radio, Electrical and Television Retailers' Association have also drawn up codes of practice which have been approved by the office of fair trading. The consumers' interest is also protected by the Consumers' Association, which campaigns for consumers and provides information about products, often on a comparative basis, allowing consumers to make a more informed, rational choice between products and brands. This information is pushed in their magazine which?

The National Consumer Council was established in 1975 to represent the consumer interest at national level and to issue reports on various topics of consumer concern, e.g. consumer credit.

#### **The Contract**

All this activity is centred upon the contract entered into when a seller agrees to part with good or provide a service in exchange for monetary payment. A contract is made when a deal is agreed. This can be accomplished verbally or in writing. Once an offers £1,000 and this offer is accepted, the builder is obliged to carry out the work and the householder is under an obligation to pay the agreed sum upon completion. Although contracts do not have to be in writing – except, for example, house purchase – to place an offer and acceptance in writing can minimize the likelihood of misunderstanding over the nature of the action. Important in written contracts are the terms and conditions which apply. This aspect of the contract will now be considered, before an examination of some business practices and the way in which they are controlled by law is undertaken.

In a binding contract, one party should have made a firm offer and the offer should have received an unequivocal acceptance. An offer should be distinguished from ‘an invitation to treat’ an invitation to treat (negotiate) is not an offer. For example, the display of goods at a certain price in a shop is not an offer by the shopkeeper to sell. Rather it is an invitation to shoppers to make an offer to buy. Thus if a product is accidentally priced too low, the customer cannot demand to buy at that price.

## **Terms and Conditions**

As the name suggests, terms and conditions state the circumstances under which the buyer is prepared to purchase and the seller is prepared to sell. They define the limit of responsibility for both buyer and seller. Thus both buyer and seller are at liberty to state their terms and conditions. Usually the buyer will state them on the back of the order form and the seller will do so on the reverse of the quotation form. Often a note is typed on the front of the form in red ink:

‘your attention is drawn to our standard terms and conditions on the reverse of this order.’ Typical clauses incorporated into the conditions of a purchase order include the following:

1. Only orders issued on the company’s printed order form and signed on behalf of the company will be respected.
2. Alterations to orders must be confirmed by official amendment and signed.
3. Delivery must be within the specified time period. The right to cancel is reserved for late delivery.
4. Faulty goods will be returned and expenses charged to the supplier.
5. All insurance of goods in transit shall be paid for by the supplier.
6. This order is subject to a cash of 2.5 per cent, unless otherwise arranged, for payment within 28 days of receipt. Any payment made is without prejudice to our rights if the goods supplied prove to be unsatisfactory or not in accordance with our agreed specification or sample.
7. Tools supplied by us for the execution of this order must not be used in the service of any other firm without permission.

Careful drawing up of terms and conditions is essential in business since they provide protection against claims made the other party should problems arise in fulfillment of the contract.

## **Terms of Trade**

In addition to the tactical and strategic aspects of international, sellers and buyers need to be aware of the terms of trade which apply when trading overseas. Differences in the terms of trade can have serious profit consequences for the unwary. Terms of trade are used to define the following:

- a. Who is responsible for control over the transfer of goods between importer and exporter.
- b. Who is responsible for each part of the cost incurred in moving the goods between importer and exporter.

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A number of terms are used to cover these aspects of delivery and cost. Variations in definitions led to the international chamber of commerce drawing up formal definitions in 1936. These were published under the title of INCOTERMS and have since been subject to update. For example, in 1980 a new edition of INCOTERMS covered two new terms which were required because of the increasing importance of container transportation.

Terms of trade are useful in that they cover a range of situations extending from the case where exporters merely make their goods available for collection by importers or their agents at their factory (ex works) the case where the exporters agrees to deliver the goods to the importer's factory, thereby taking responsibility for the costs and administration of that delivery (free delivered). The following sections list the more commonly used terms.

#### **Bills of Lading**

A bill of lading is receipt for goods received on board a ship which is signed by the shipper (or gent) and states terms on which the goods were delivered to and received by the ship. The Bills of Lading Act 1855 laid down the following principles:

1. It maintained the right of the shipper to 'stoppage in transit'. Thus an unpaid exporter could reclaim the goods during shipping.
2. It set up the principle of transferability which allowed the transfer of the bill of lading from the holder to a third person who then assumed ownership of the goods as well as any rights and liabilities stated in the bill.
3. It stated that the bill of lading was prima facie evidence that the goods had been shipped.

The bill of lading thus acts as evidence that the goods have been received by the shipper. It can also act as part of the contract between the shipper and person or organization paying for the shipping. For example, if the goods are damaged upon arrival at the port of departure, a shipper can 'clause' the bill of lading to that effect. A bill of lading will usually cover the following details:

- Name of the shipper
- Ship's name
- Payment details, e.g. whether freight has been paid or is payable at destination
- Name of consignee
- Terms of the carriage contract
- Date when the goods were loaded in the ship
- Who is to be notified on arrival of the shipment at its destination
- Ports of departure and final destination

In summary, the bill of lading is a receipt for the goods shipped, a transferable document of title to the goods allowing the holder to claim his or her goods, and evidence of the terms of the contract of shipping.

#### **Ex Works**

An exporters may quote a price to an importer 'ex works'. This places the exporter's liability for loss or damage to the goods at a minimum and also means that the exporter's duties in delivering the goods are minimal. Ownership of the goods passes to the buyer once they have left the factory and the buyer pays all costs of exporting and accepts the risk once goods pass through the factory gates. Quoting ex works may make sense if the goods are to be combined with those of another organization to form a joint export cargo, or when the buyer has well-developed transportation facilities e.g. buyers of commodity

items such as tea and coffee beans. However, for other customers, quoting an ex works price may not meet their needs, since they cannot easily compare the actual cost of such goods against buying in their own country where prices are quoted with delivery.

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## **Free on Board (FOB)**

This extends the responsibility, liability and costs of delivery for the exporter until the goods have been loaded on to the ship ('passed the ship's rail'.) from this point, the importer pays the costs of insurance and freight. However, the exporter still has the fright of 'stoppage in transit' should the importer fail to pay for those goods. Variations for land transport are 'free on rail' (FOR) and 'free on wagon' (FOW) which mean that the seller has the responsibility and cost of delivering goods on board a railway transporter or wagon.

## **Free Alongside Ship (FAS)**

This extends the responsible, for and must pay all the costs of transport up to the point of placing the goods alongside the ship. A provision should be made covering who is responsible for any loss or damage before the goods are actually loaded on to the ship. The importer thus pays for the loading of the charge and the cost of insurance and freight to its destination.

## **Cost, Insurance and Freight (CIF)**

If a cost, insurance and freight agreement is reached, the exporter is responsible for the delivery of the goods onto the ship and pays the insurance on the part of the buyer against loss and damage while on ship. Should any loss or damage occur after the shipping company has received the goods and given the shipment a clean bill of lading, the buyer can take action against the ship owner or underwriter. Thus responsibility has passed from the exporter once the cargo ship, although it is the exporter who pays for the shipping to the importer's port.

The term cost and freight (C& F) is similar to CIF except, as its name suggests, the exporter is not responsible for insurance during shipping. Instead the importer incurs the cost of this insurance.

## **Free Delivered**

This places maximum responsibility and cost on the exporter since he undertakes to deliver the goods to the importer with all costs paid of the administrative duties (e.g. obtaining an import license) carried out by the exporter. From a marketing perspective, quoting a delivered price has the advantage that it minimizes customer uncertainty and workload since the costs of transport, obtaining documentation, arranging shipping, etc. are borne by the seller. Furthermore, it allows the customer to compare actual prices from a foreign source with local prices where delivery costs are included or are of minimal amount. However, customers who have an efficient importing system may prefer to pay, 'ex work' or 'free on board' and organise carriage themselves, rather than pay the higher 'free delivered' price.

## **Business Practices and Legal Controls**

### **False Descriptions**

Unscrupulous salespeople may be tempted to mislead potential buyers through inaccurate statements about the product or service they are selling. In the UK a consumer is protected from such practice by

the Trade Descriptions Act 1968. The Act covers descriptions of products, prices and services and includes both oral and written descriptions.

Businesses are prohibited from applying a false trade description to products and from supplying falsely described products. The false description must be false to a material degree, and the Act also covers 'misleading' statements. Not only would a salesperson be contravening the Act if s/he described a car as achieving 50 miles per gallon when in fact it only achieved 30 miles per gallon, he would also be guilty of putting a false trade description if s/he described a car as 'beautiful' if it proved to be unroadworthy. The Trade Description (Place of Production) (Marking) Order 1988 requires that where products are marked in such a way as to suggest they were made elsewhere than is the case, a clear statement of the actual place of manufacture must be made.

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Misleading price indications are covered by the Consumer Protection Act 1987. This Act states that it is an offence to give a misleading indication of the price at which goods, services, accommodation or facilities are available. Agents, publishers and advertisers are covered by the Act as well as the person or organization offering goods or services. Prices can be misleading when:

- It is suggested that a price is less than it actually is
- It is suggested that other charges are included in the price when in fact they are
- It is suggested that prices will increase, decrease or stay the same
- It is suggested that the price depends on certain circumstances or particular facts
- Consumers are encouraged to depend on the truth of the price indication by circumstances which do not apply

The Act covers both products and services.

Confusion over value for value money due to differing pack sizes can be reduced by unit pricing whereby packs are marked with a price per litre or kilogram, etc. an EU Directive which came fully into force in 1994 requires that many supermarkets products, for example, must be marked with a unit price unless packed in EU-approved pack sizes.

## **Faulty Goods**

The principal protection for the buyer against the sale of faulty goods is to be found within the Sale of Goods Act 1979. The Act states that a product must correspond to its description and must be of merchantable quality, i.e. 'fit for the purpose for which goods of that kind are commonly bought as it is reasonable to expect'. An example is a second-hand car which is found to be unroadworthy after purchase; it is clearly not of merchantable quality, unless bought for scrap.

Finally a product must be fit for a particular purpose which may be specified by the buyer and agreed by the seller. If, for example, a buyer bought a car in this country with the expressed desire to use it in Africa, a retailer may be committing an offence if s/he agrees that the car is fit to be used when in fact, because of the higher temperatures, it is not.

The condition that products must correspond to their description covers both private and business sales, whereas the merchantability and fitness for purpose conditions apply to sales in the course of a business only. The latter two conditions apply not only at the time of purchase but for a reasonable time afterwards. What exactly constitutes 'reasonable' is open to interpretation and will depend upon the nature of the product. In order to protect the consumer against faulty goods, some companies give guarantees in which they agree to replace or replace or repair those goods should the fault become apparent within a specified period. Unfortunately, before the passing of the Supply of Goods (Implied Terms) Act 1973, these so-called guarantees often removed more rights than they gave. However, since the passing of that Act it has been unlawful for seller to contract out of the conditions that goods should

be merchantable and fit for their purpose. Buyers can now be confident that signing a guarantee will not result in them signing away their rights under the Sales of Goods Act 1979.

The Consumer Protection Act 1987 came into operation in response to a EU Directive. This protects buyers if they suffer damage (e.g. death, personal injury or damage to goods for private use). They must be able to prove that the good was defective and that the damage was caused by the defect in the product. Usually liability falls on the manufacturers or importer of the finished product or of the defective component or raw material. A product is considered to be defective when it does not provide the safety, which a person is entitled to expect (including instruction for use). A major defence against claims is the 'development defence' where the manufacturer proves that the state of technical knowledge when the product was launched did not enable the existence of the defect to be discovered.

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Further consumer protection is provided by the Consumer Safety Act 1978, which prohibits the sale of dangerous products, and by various EU regulations. For example, the EU mark can only be used on aerosol containers if they conform to EU regulations regarding dimensions, strength, etc.

#### **Inertial Selling**

Inertia selling involves the sending of unsolicited goods or the provision of unsolicited services to people who, having received them, may feel an obligation to buy. For example, a book might be sent to people who would be told that they had been specially chosen to receive it. They would be asked to send money in payment or return the book within a given period, after which they would become liable for payment. Non-payment and failure to return the good would result in letters demanding payment, sometimes in quite threatening terms.

The growing use of this technique during the 1960s led to a campaign organized by the Consumers' Association demanding that legislation be enacted curbing the use of the technique. As a result the Unsolicited Goods and Services Act 1971 was passed, followed by the Unsolicited Goods and Services (Amendment) Act 1975.

These Acts have not prohibited the use of the technique but have created certain rights for consumers which make the use of the method ineffective. Unsolicited goods can be treated as a free gift after a period of six months from receipt if the sender has not reclaimed them. Further, if the recipient notifies the sender that they are unsolicited, the sender must collect them within 30 days or they become the property of the recipient and the rights of the sender who may be the subject of a false order placed by a third party.

The practice of sending threatening letters demanding payment has been outlawed, as have the threats of legal proceedings or placing of names on a published list of defaulters.

Unsolicited services have also been controlled by law. For example, the practice of placing unsolicited entries of names of firms in business directories and then demanding payment has been controlled. The law therefore gives sufficient rights to consumers effectively to deter the practice of inertia selling. Fortunately for the consumer, the trouble and costs involved in using this technique nowadays outweigh the benefits to be gained.

#### **Exclusion Clauses**

Another practice which some sellers employed in order to limit their liability is the use of an exclusion clause. For example, a restaurant or discotheque might display a sign stating that coats are left at the owner's risk, or a dry cleaners might display a sign excluding themselves from blame should clothes be damaged. This practice is controlled by the Unfair Contract Terms Act 1977. A seller is not permitted to limit liability or contract out his liability for death or injury arising from negligence or breach of contract or duty.

For other situations, where loss does not include death or injury, an exclusion clause is only valid if it satisfies the requirements of 'reasonableness'. This means that it is fair taking into account the circumstances prevailing when the sales was made. Relevant factors which are taken into account when making a judgment about 'reasonableness' include the following:

- The strength of the bargaining positions of the relevant parties
- Whether the customer received an inducement to agree to the exclusion clause
- Whether the customer knew or ought to have known of the existence of the exclusion clause
- Whether the goods were produced to the special order of the customer
- For an exclusion clause which applies when some condition is not complied with, whether it was practicable for the condition to be met

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## **Buying by Credit**

Before 1974 obtaining consumer credit through a hire-purchase agreement was treated differently, under the law, to consumer credit of bank loan. However, from the consumer's point of view little difference between paying for a good by installments (hire purchase) or paying in cash through a bank loan which is itself repayable by installments. The Consumer Credit Act 1974 effectively abolished this distinction. Almost all consumer credit agreements up to £15,000 are termed regulated agreements. A notable exception is a building society mortgage. Regulations concerned with 'truth in lending' provisions of the Act came into operation in 1985. The Act now replaces all former statutes concerning credit (e.g. hire purchase).

An important consumer protection measure which resulted from the Act was that all lender should disclose the true interest rate in advertisements and sales literature. This true rate now appears in advertisements as the annual percentage rate (APR) and enables consumers to compare rates of interest charged on a common basis. Prior to this Act, cleverly worded advertisements and sales literature could give the impression that the scale of charges was much lower than the true case.

Control of credit trading was achieved by a system of licensing which is placed in the hands of the Director General of Fair Trading. This system was designed to ensure that only people with a sound trading record are able to deal in credit. Not only finance companies but also retailers who arrange credit in order to sell their products must have a license. Exempt from the act, however, is weekly or monthly credit. Thus, many credit card agreements are exempted since total repayment is often required at the end of each month.

People entering credit agreements are entitled to receive at least a copy of the agreement so that they are informed of their rights and obligations. A 'cooling off' period is provided for in the Act when the agreement is preceded by 'oral representations' (sales talk) and the agreement was not signed on business premises. This provision was designed to control doorstep selling through credit arrangements. A consumer who wishes to cancel must serve notice of cancellation within five days of the date of receiving the copy of the signed agreement.

The Consumer Credit (Advertisements) Regulations 1989 laid down the minimum and maximum information which may be given in credit or hire advertisements. Advertisements are categorized as being simple, intermediate or full advertisements and the information content is regulated accordingly.

### **Collusion Between Sellers**

In certain circumstances it may be in the sellers' interests to collude with one another in order to restrict supply, agree upon prices (price fixing) or share out the market in some mutually beneficial way. The Restrictive Practices Act 1979 requires that any such trade agreement must be registered with the Director-General of Fair Trading, a post established under their Fair Trading Act 1973. If the Director-

General of Fair Trading considers that the registered agreement is contrary to the public interest, he is empowered to refer it to the Restrictive Court. If the Court agrees, the agreement may be declared void. The EU Commission also has powers over collusion and has had notable successes in breaking down prices cartels, for example, in plastics.

### **Ethical Issues**

Salespeople face many ethical issues including bribery, deception, the hard sell and reciprocal buying.

## **Bribery**

This is the act of giving payments, gifts or other inducements to secure a sale. Such actions are thought to be unethical because they violate the principle of fairness in commercial negotiations. A problem is that in some countries bribes are necessary simply to compete for business.

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Organizations need to decide if they are to market in such countries. Taking an ethical stance may cause difficulties in the short term but over a longer period the positive publicity (or lack of exposure to the risk of bad publicity) that can follow may be of greater benefit.

### **Deception**

A problem which many salespeople face is the temptation to mislead the customer in order to secure an order. The deception may take the form of exaggeration, lying or withholding important information that would significantly lessen the appeal of the product. Such behaviour should be discouraged by training, sales management promoting ethical actions by their own words and behaviour and by establishing codes of conduct for their salespeople. Nevertheless, occasionally reports of mal-practice in selling reach the media. For example, in the UK it was alleged that some expected returns. The scandal resulted in millions of pounds of compensation being paid by the companies to their clients.

### **The Hard Sell**

A criticism that I sometimes made of personal selling behaviour is the use of high pressure (hard sell) sales tactics to secure a sale. Some car dealerships have been accused of such tactics to pressure customers into making hasty decisions on a complicated purchase that may involve expensive credit facilities. Such actions encouraged Daewoo to sell cars using non-commission customer advisors whose job it is to help customers choose the car which best meet their needs rather than pressure them into all ill-considered purchase.

### **Reciprocal Buying**

Reciprocal buying occurs when a customer only agrees to buy from a supplier if that supplier agrees to purchase something from the customer. This may be considered unethical if the action is unfair to other competing suppliers who may not agree to such an arrangement or not be in a position to buy from the customer. Proponents of reciprocal buying claim that it is reasonable for a customer to extract the best terms of agreement from a supplier, even if this means reaching agreement to sell to the supplier. Indeed, they argue, counter-trade where goods may be included as part payment for supplies has been a feature of international selling for many years and can benefit poorer countries and companies that can not afford to pay in cash.



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### Written Presentation Skills – Putting Pen to Paper

#### Getting Started

So where did you start when writing story? The hardest part is getting started and there are a number of barriers to deal with before you even begin: you may think you cannot write or that writing is difficult. You may find it difficult to believe in what you have done or that anyone would be interested. It is also likely that you do not have time; Getting started is a big hurdle of any writer. Where to begin?

Begin by thinking of your audience. There are four questions you needed to ask yourself: what is the story, who are your readers, what is it from them, what is the message for them?

## Knowing your Audience

For example your story may have begun by you getting out of bed. To a child, a bed is a piece of furniture to sleep in, be read stories in and kissed goodnight in or woken in the morning, a place for dreams and nightmares, a place to keep teddies, even a den. To your friend it may represent a figure in their credit card statement, or a stylish addition to an interior design. To a newspaper it may be the venue for celebrity romps, and for a technical journal or catalogue or a hospital performance measure it may be:

A device or arrangement that may be used to permit a patient to lie down when they need to do so is a consequence of the patient's condition rather than a need for active intervention – such as examination, diagnostic investigation, manipulative treatment, obstetric delivery or transport.

It is quite likely that you will have to write for many different audiences in your life. Think of the range of different types of writing:

- E-mail
- Letters
- Reports and executive summaries
- Meeting minutes and reports
- Essays and assessed assignments
- Papers for conferences
- Articles
- Editorials
- Reviews, book reviews
- Viewpoints

They all require very different styles of writing.

## Knowing your Purpose, Angle and Message

You cannot do everything in one piece of writing, so you need to work out what is your angle or your distinct contribution, and what is the piece for? What is your principle message, is the message worth saying, is it generalisable and interesting? What is the story?

If you are writing a management report, is to provide information, to provoke discussion, to persuade others of the wisdom of a decision? If it is an assessed piece of work for a course, what are the criteria for assessment? Critical analysis, application of appropriate theory to practice, evidence of knowledge of the literature, intelligent answering of the question? Moreover, have you provided a clear rationale for any conclusions you have come to?

If you are writing up research for publication, is it a report, a review, a 'how to do' piece or opinion viewpoint? What is the angle or contribution: is it new methodology, a new application, a gap in

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existing work, or new ideas or conceptual framework?

For any piece of writing for presentation do check by using 'the message test', read it and check you can summarise the message in a few sentences. You could even show it to a friend and see if they can see the same message: is it conveyed from your head to that of the reader or listener? Where many novice writers go wrong is that the key message is buried under a mass of data, red herrings, and superfluous information. If the writing is a tapestry of ideas, fact and information, there should be an overall picture, not just a jumble of stitches that can be seen when you look at the complete tapestry. This can be a matter of confidence' hesitant writers may try and demonstrate their worth by throwing in too much data, too much information. Go back to being the reader: what will the reader remember of this report, assignment or article in a few week's time? Very little, and it is better that, if they only remember one thing, it is your key message, rather than one of your asides.

## **Intelligibility and Jargon**

Whatever the audience, intelligibility is important; no one is impressed by a surfeit of jargon. It is more likely you included jargon in the report to the committee, and sometimes when you are writing technical documents or reports, a certain amount of jargon is necessary, but that is not an excuse to become incomprehensible. Clarity is always important.

If you are writing for journals and professional publications you do need to understand the discourse that is employed in that field, the abbreviations, and the ways in which ideas are conveyed. So if you are submitting a paper to a journal you need to check the format and writing style, as well as the referencing system and readership.

There are three types of writing that particularly worry managers and students: effective report writing, writing assessment, and writing for publication. These we will take in turn below.

Effective report writing

Table 1. Identifies the key components of an executive report

It is always preferable to put the executive summary at the beginning of a report (although it is written last) so that a busy reader can focus on the important parts first and then decide whether to read the whole document.

Reports are usually requested by others and should have agreed 'terms of reference' indicating the subject to be examined and the reason for the report. Even if you decide to prepare a report on your own initiative, it is necessary to set your terms of reference and purpose. Reports should be directed to a particular reader or group of readers.

**Table 1. Key components of an executive report.**

<b>Title</b>	A few words indicating the subject of the report
<b>Executive summary or abstract</b>	Outline of key points from main body, conclusions and recommendations. Or abstract – usually one paragraph including aims, method and findings
<b>Table of contents</b>	List of main headings of report and page numbers
<b>Glossary</b>	If necessary and explanation of key terms and abbreviations
<b>Introduction</b>	Introduces the topic of the report more fully, its remit, aims and objectives, and explains the report's structure and value
<b>Aims/terms of reference</b>	Often included in introduction, but may separately outline the purpose and area of investigation
<b>Main body</b>	The main content of information, analysis and discussion
<b>Conclusions</b>	Indicating main issues, finding and decisions required
<b>Recommendations</b>	Points of further action suggested (if required by terms of reference)
<b>Appendices</b>	Detailed information referred to in main body
<b>Bibliography of references</b>	Bibliography is the list of books, articles, etc. used in research References are all the sources actually referred to in the text

**Language, Headings and Style**

The language used in a report may be determined by your organization's 'house style'. This indicates whether you write directly and in the first person ('I suggest you do this...') or in the third person ('it is suggested that these actions are appropriate'). Whatever style is favoured, the writing should be clear.

As a report may be a lengthy document, it is important to have headings and subheadings that guide the reader through a logical structure. These headings need to be numbered and highlighted (underlined, capital letters, italic, etc). There are several conventions used to number headings and subheadings can be numbered 1, 2, 3, etc with subheadings as 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, etc. alternatively headings can be 1, 2, 3, etc, with i), ii), iii), or a), b), indicating subheadings. It is important to be consistent in numbering throughout a document.

Standardisation and navigation are important issues, which enable reports to be read and digested quickly. Increasingly reports are produced and sent electronically, and therefore familiarizing yourself with the electronic formatting and templates available on your word processing package is essential. Using these can enable you to format your document headings and subheadings more easily and also help the reader navigate through the document, for example enabling the reader to click on a section in the contents to move straight to the section in the text is very useful.

Diagrams, tables and graphs will help in presenting detailed information and indicating significant points in your analysis, but you must refer to them in the text, and label them effectively. Most report

benefit from revision and editing. The principles of having a clear structure to follow is important. One approach to report writing is to begin with the structure as a series of subheadings and then build up each section in turn, trying to complete, if not a whole report, at least discrete sections in one sitting.

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This approach prevents you from going off at tangents, and keeps the writing on the focus of the report.

Probably the most widely used book on structuring presentations is Barbara Minto's 'the pyramid Principles' (2002), which has been used to train many management consultants in firms such as McKinsey's. The reason it is so popular is its logic and clarity – a good role model for any business presentation. The guiding principle is that the mind automatically sorts information into distinctive pyramidal groupings in order to comprehend complex information. Ideas are easier to follow if they are presented in this logical pyramid structure under a single summary thought. The structure of the pyramid is reader focused, following the questions that the reader is likely to raise in the order they arise.

Even if you feel you have managed to settle on a way of structuring your presentation in dead you have accomplished a good format it is wise to go through more than one draft, especially if it is a report. The first should be put aside for a day or two then a second and final draft prepared by:

- Checking that conclusions and recommendations stem logically from the main report
- Editing and improving the style
- Checking spelling and grammar
- Checking the numbering of headings and that they agree with the table of contents page
- Pruning out irrelevant sections.

This moves us on to 'bullet points'. If you are merely writing an executive summary, then reducing the report down to bullet points may be appropriate. However, if it is a longer report, and particularly if it is for assessment for your course, then it is likely to require more-depth analysis than just a few words.

# Writing for Assignments and Assessment

There are some very basic things you need to check even before you start:

- Check the deadline and work back to the present to plan your time in a sensible schedule, allowing for redrafting.
- Check the word length requirements, many tutors penalize you for not keeping to these.
- Check the referencing style.

Don't forget when you are reading your material for the assignment to take down the full reference of all materials used. There is nothing more irritating than finding these incomplete when actually writing your assignment and then having to spend hours tracking them down.

**Table 2. Prescription, description and analysis**

Prescription	Description	Analysis
Advocating a position Prescribing a course of action Normative and persuasive	Clearly explaining or expounding a theory or position. Summarizing or précising a theory or idea Giving a definition	Classifying approaches Evaluating strengths and weaknesses Comparing and contrasting theories or viewpoints Providing a commentary

For people who have moved from managerial roles back into formal training and education, writing an academic assignment can seem daunting. There is a difference between a management report and an

academic report. This is usually concerned with the extent to which prescription, description and analysis are required, and these terms are summarized in table 2.

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A work-based report may require some analysis, but often the point highlighted is the prescription, the course of action to be taken: for example which new IT system to adopt, and how this should be handled. Some reports are evaluative, with more analysis, for example evaluating the impact of a new performance management system on staff morale. Academic reports take analysis to another realm. They may also require practical application, but there is usually a requirement for an analytical theoretical discussion of the literature. Here a body of knowledge referred to as 'the literature' is searched, surveyed and drawn upon. Often academic assignment require a topic to be evaluated from the view of classifying different literatures about the topic, evaluating the strengths and weaknesses of key writers and theories, comparing and contrasting these to develop an argument with relation to a question. This argument may be in terms of the value of the theory one even its application to an area of practice. For many students, the grading of their assignment reflects the extent to which they have been analytical in the discussion of the topic. A student may spend hours of hard work on an assignment, reading the literature, identifying key points and writing an assignment, only to find their grades poor because they have been descriptive with the literature rather than analytical: summarizing it but without providing evaluation. Evaluation based on uniformed opinion is also unacceptable. Instead the views expressed should be backed up with evidence: quotes, ideas, theories from the literature, statistics and factual information, case study information – all fully referenced to avoid plagiarism.

Plagiarism is passing off the ideas or writing of another as your own, and is severely penalized. Many academic institutions have software to check for plagiarism and will identify many passages that replicate those textbooks and articles. If in doubt, cite the author in the text, and fully reference the author in the list at the end of the assignment.

## **Writing for Publication**

Publishing a presentation, particularly in the academic context requires a number of extra considerations. Writing for academic journals these days is a minefield.

## **Format, Style and Audience**

The first consideration is the choice of journal has a different style, format and target audience. Most journals produce notes on their web pages the kind of articles they seek to publish. For example, if a student wanted to publish their project in a human resource management journal they may consider Human Resource Management journal which is for both academics and practitioners, tackles current issues in employment and expects excellent data tied to theory and previous research, usually of 4,000-8,000 words. This is very different to the requirements of People Management, which focuses on relevance for practitioners, short pieces of less 2,000 words with topical updates and key practical points. Therefore it is important to know the requirements of the journal before you waste time submitting your work to the wrong place.

## **Reputation and Impact Value**

Reputation of the journal is also important and increasingly journals are ranked according to their impact value, which is a formula based on the citations made to articles from the journal over a set period of time. Many publish their impact values. Alternatively a search through when of knowledge can identify these. Increasingly academic departments publish their own lists and rankings of the most prestigious journals in which to publish, usually ranked from 1-5, with representing journals of international and highest reputation.

# The Process

Some articles submitted by invitation, which is gratifying, but many more are submitted on spec or in response to a call for papers around a theme, or deriving from a conference. Surprisingly articles have a higher acceptance rate sent on spec than in call for papers.

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Submitting an article is not the end of the process. Initially the editor will view. For some journals only a fraction of articles get this far. Many academic journals have this peer review process, where typically two, but maybe three, academic review the article 'blind' and anonymously: neither they nor you know each other's identity. This review process rarely takes less than three months, and again many articles are rejected at this stage, and seldom is an article accepted without minor or major amendments. This can be an eye-opener to the initiated; as reviewers' comments can sometimes be contradictory and you should seek the editor's advice in how to deal with these.

It is worth checking with the editor which suggestion from explains how you have responded to the reviewers' comments. After that comes copy editing and proof reading. All in all then process can take up to a year, and for some journals there is even a subsequent delay and can take up two years to publish in the journal. Resilience and non-defensiveness are important to survive this process. Many good papers get rewritten and submitted successfully elsewhere and if the reviewers' comments are handled positively and proactively the review process can raise the quality of the paper.

# The Art of Verbal Presentation

There is a presentation paradox when we give verbal presentations.

The presentation paradox is:

We deliver presentations verbally, but we prepare presentations by writing them. Yet the written and the spoken word are different.

To illustrate this difference pick up a piece of work you have written, such as an essay or executive summary, or even just pick up an article in the newspaper, and read out the first few lines as if you were giving a verbal presentation. It doesn't sound quite right does it? The written word when spoken can be dry, rambling and lifeless. We therefore have to put a lot of thought into two key components to convert our ideas into speech:

- Preparation and support
- Delivery.

By addressing these areas, it is possible to transform what could be a turgid, rambling, incoherent presenting into one that is stimulating, clear and relevant.

## Preparation

Good preparation means that you do not have to worry about what you are saying, and can focus on the how of the next section. A lack of preparation can result in a rambling presentation, due to unclear objectives and focus. Worse still, you can dry up as you lose yourself in the structure, or forget what you are going to say next. The presentation can come across as unstructured with an unclear message.

## Preparation Objectives

Begin by asking yourself 'why am I giving this presentation?', 'who is the audience, what are their expectations and knowledge?', 'where will I be giving my presentation, how many people will be there, when will it be, how long will it taken?' most importantly you need to ask 'what are its objectives?' ask yourself 'as a result of this presentation the audience will...?' what? Work harder, learn, be connived, be inspired, buy, sell, join, leave, and see it my way? Now try and summarise the objectives in one line. From this, identify what are your key messages.

# Key Messages

Recall the last presentation you attended: how much of it do remember? Very little people forget most of what hear in a presentation, so keep your messages short, sharp and few in numbers. Don't confuse volume of information with value of information.

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It is often tempting to demonstrate how much you know on a subject, but remember you are usually building a case, not proving you have done a lot of work.

Key message are going to be the skeleton of your message, so use them as a framework to structure it. If you are having a trouble identifying them, try brainstorming them by putting everything you can think of down on a piece of paper, and then go back and select some from this list.

# Organising the Structure

Now review the content of your presentation, isolate all the key points you want to make. You could put these onto cards or cut and paste them in a document, by sorting them into themes. It may help to summarise the presentation in five sentences, and out the information into sections relating to they messages. Find a way of ordering these logically. Do not hold back on parts of the puzzle. A bit of history and context can help. Review your structure and metaphorically return to that seat in the audience. What questions might go through your mind as you view the presentation that could get in the way of your understanding? An alternative method is to follow the Pyramid Principle mentioned in the previous section.

## Support

There are now an amazing number of ways in which you can support your presentation: slides, overheads, PowerPoint and other IT-based presentation equipment, video, CD or DVD clips, pictures, artifacts, handouts, flipcharts the list is endless. It is important not to use too many different forms of illustration, as this will just confuse your audience and distract them further from your points. Beware too many distractions, and don't hide behind them. They should be an aid only, don't let the message get lost.

However, most people do expect you to use either slides or PowerPoint'. These enable you present your message visually as well as verbally, and can convey complex information and data, as well as adding interest and directing attention away from you.

In preparing slides:

- Avoid small font
- Use a clear layout, and choose an appropriate one
- Don't place too much information on it
- Use whole numbers
- Use lower case after the heading
- Use the T-shirt or billboard rule.

The T-shirt or billboard rule suggests that less is more – and you use phrases and words, not complete sentences. What you put on the slide should be no more than you would put on a T-shirt or a billboard: it should be the highlights, not the detail.

One problem with slides and PowerPoint is that can make the presentation very inflexible and static. Sometimes in a presentation you want to be able to add lib, recap, explore a point in more detail and respond to the audience in a more of-the-cuff way. In these cases it can be more useful to use a

flipchart, a whiteboard (whether electronic or manual) or notes that can be written or visualise as you go along. All of these methods enable you to stop mid-presentation and involve the audience, for example through capturing points they may make about an issue, or through visually explaining an illustration. The act of producing the material in front of the audience can be captivating and energise a presentation, although if you take too long with your back to the audience, scribbling indecipherable scrawl on the flipchart, it can appear amateur and over casual.

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#### **Delivery**

There are three main sections of your presentation:

- The introduction: where you tell them what you are going to tell them, and you capture their attention
- The main body: where you tell them, you deliver your key messages
- The conclusion: where you tell them what you have told them, and restate your message.

## **Introduction**

Beginning with the introduction, think about your audience needs to know. They want you to introduce yourself, explain your purpose. They want indication of length and format of the presentation: how long are you going to take messages. This takes care of the formalities, but underneath, the main consequence you are developing is ‘attachment’: you are getting their attention and interest and building a rapport, so try and engage their mind. For example, you could pose them or puzzle, so they are motivated to find the answer. You don’t want a passive audience, sitting back as if they are watching TV. ‘Entertain me’. You want them to be actively engaged, so find a way to motivate their mind to listen actively to the presentation with all their senses.

#### **The Main Body**

Each section of the main body of the presentation needs to be signposted, related to the key message, and summarized. Just as attention is drawn through posing the audience a puzzle at the beginning, so in the middle they need reassuring that they are following what is being said, they are competent listeners. Its builds up confidence in your audience – you don’t want them ‘tuning out’, thinking the presentation is going over their heads, or feeling inadequate because they cannot follow what is said, or worse still, bored stiff.

#### **Posture and Breathing**

To maximize your impact and projection, it is beneficial to consider how the body and our breathing can work for rather than against us. Matthias Alexander was an actor who kept losing his voice, but he discovered that by making changes this posture, and in particular the relationship between his head, neck and spine, he could make significant positive improvements to his voice, and this become known as ‘the Alexander Technique’. Consider how you stand when you give a presentation. An alternative is to consider the mountain pose in yoga. You should be standing in a relaxing way, feet hip width apart, arms, shoulders, hips, jaw-line relaxed, the backbone lengthened. It can help to go round the body clenching and relaxing each muscle group; this way you can find out if there is any tension anywhere you can let go. If it helps you can do some basic warm-up exercises like half-neck rotations, shoulder circles, hip rotations.

Breathing is equally as important. Concentrate on breathing from the lower belly rather than high up in the throat or upper abdomen. It is not just your breathing that should come from deep in your belly, but also your centre of concentration. Many people, when they panic, move their focus up to their heads where the thoughts are buzzing around. In fact you will feel much more confident and grounded if you



move your focus and centre down to the centre of your – that is where the presentation should issue from.

### **Body Language and Gestures**

An audience focuses mostly on how you speak and how you look, rather than on what you say, so your attention should be on your voice, gestures and body language. It is worrying, but we all have personal ticks and habits, such as putting our hands in our pockets, waving our arms around, jangling keys in our pockets, playing with an earring pacing up and down like a lion in a cage. What are yours? You could get yourself video recorder and watch yourself to find out.

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It is not just your own body language that you be paying attention to, but the audience's also. Noticing whether they are attentive or yawning and falling asleep can help you change the tempo or adapt what you are doing to meet their needs. For example, if they are looking puzzled you could slow down and provide more examples.

## **Voice Tone and Variation**

One key to making a presentation is likely to vary the tone, speed and pitch of your voice.

### **Eye Contact**

Why is eye contact so important to communication and for giving presentations? Because it is the medium through which we make a connection with our audience, and once this connection has been made it is the way we can check their reaction to our presentation – are they nodding in agreement, or looking puzzled, fascinated or bored? Eye contact shouldn't be a fixed stare on one person in the audience, as that will make them feel really uncomfortable. Instead you should slowly scan round the room, noticing everybody. It is surprising how often a speaker focuses on a few people in the middle of the room, leaving many at the side out of audience, however briefly, but in a relaxed and interested way – don't rove your eyes round like a lecher viewing attractive talent at a nightclub.

### **Handling Nerves and Worst Fears**

Even just reading this chapter is likely to have awakened some fears in giving presentations, and you may already be feeling nervous about your next presentation. It is unusual not to at least feel some butterflies in the stomach or anxiety before a presentation. Examine what your fears are. Common fears are of:

- Drying up
- Losing your place
- Dropping your notes
- Having your slides in the wrong place
- Boring your audience
- Handling the difficult question
- Speaking in English as foreign language

Much of this can be prevented by good preparation and practice: maybe have a practice run through. Also the breathing and posture exercises mentioned above should help. However, some nervousness is advantageous to a presentation: like a good racehorse, to perform really well it is helpful to have some adrenaline rushing through your veins. The difference between good and poor speakers is not whether they feel nervous or not, it is how they view these nerves: fear is very similar to excitement, and so if you view it as a form of stimulation to get all your senses working, then it is something you can harness to your benefit.

However, there are two specific issues about which speakers worry: if the audience gets bored how can they keep their attention; and if someone in the audience ask a difficult question?

# Getting and Keeping the Audience's Attention

We listen at 500 words per minute; we speak at 125-250 words per minute, so clearly the average listener's thoughts have time to wander off, however interesting the speaker. Although attention curves vary, there is also a natural attention curve where the listener tunes in at the beginning, drifts off in the middle, and then returns at the end. You need strategies to capture and recapture attention. You could make some dramatic gestures, change your voice pitch, tone and modulation, inject humour and make a joke, or give signposts. Think about what strategy you would be comfortable using.

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Knowing your audience is vital for keeping their attention – speak to the audience you have not the one you wish you had. That means you need to stress FAB: the features and benefits, of your presentation or whatever issue you are dealing with for them. For example if you are talking to an audience of GPs about a new form of treatment, stress what features and benefits the GPs need to be aware of and the ways the new treatment can help their patients and carers. In knowing your audience you have to emphasise with them, step into their shoes; provide examples that will mean something to them personally. If you are an expert on a particular subject, remember the facts don't always speak for themselves, you may need to simplify what you say for the audience, and explain. However, beware of patronizing them, nobody likes to be spoken down to.

## The Difficult Question

One of the worst fears is being thrown a question you can't answer. Handling the difficult question is tricky – imagine what the difficult questions. There are at least six responses you can make, other than stunned silence and stuttering, that are perfectly effective and reasonable. You can:

**Throw it back to the questioner.** What do they think? It is interesting that a lot of people dress up a point they want to make as a question. Therefore you can convert it back to the point and get them to state it. For example, if in your presentation on competences the question is 'aren't competences just a bureaucratic waste of time?' it is quite likely, you say to them blankly, you could ask them 'what makes you think that is the case?' it quite likely they will go on to make a point such as 'well at my last company the list of competences were put in the filing cabinet after the consultants left and it was never opened again'. This has then given you more material to go on and time to think, so you could answer 'yes, if competences stay in the ownership of the consultants left, and it was a danger, to counter that you need to make sure that people in the organisation are more actively involved in drawing them up, putting them in their own language, piloting them, etc.

**Invite others to respond.** Usually people get quite bored just sitting and listening, and presentations come alive once there is more debate, so it is perfectly acceptable to open up an idea and ask 'what do others of you think?' most people in your audience will have a perspective on what is being said, and some will be itching to show they are on the ball.

**Ask for clarification.** If you don't understand the question, rather than bluffing, you could ask them to expand and explain their point further. So in answer to the first question above you could say 'are you suggesting that sometimes bureaucracy can make them less useful, or that shouldn't be used at all? Sometimes when people rephrase the question this gives you more 'anchors' to go on, so they may respond with 'well actually they do seem to take up so much managerial time that could be utilised better elsewhere,' which may lead you to say 'yes the start-up time can be costly, but with the right system, you may end up by saving time when they become second nature.

I will deal with that later. Some questions are really a diversion from your main messages, and it would be damaging to pursue them. They may relate to a very narrow area of interest of the questioner

in which case you could say ‘perhaps we could pursue that at the end of the presentation, or over coffee’. Other questions require you to have information at your finger tips that you just don’t have available such as ‘what percentage of companies are using competences in recruitment?’ to this you could say ‘I haven’t the information with me right now, but give me your e-mail address and I will send you the data tomorrow’, there is always the classic ‘I don’t know but I know a man who does’ or in the phrase from ‘who wants to be a millionaire’, I will phone a friend’. All these responses buys you time to go and seek out the information you need.

**Bridging.** Some questions move you away from the focus of what you are trying to say. In this case an alternative to ‘dealing with it later’ is to use a technique called ‘bridging.’

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In this case you acknowledge the point that has been made, such as ‘yes, that is good point’, or No, I don’t believe that’, and then use the bridge phrase such as ‘but more importantly’ or ‘we believe’ and then move on to communicate your original key message.

**I don’t know.** Better than blustering and drawing attention to your nerves, it sometimes is just better to give a straight ‘I don’t know’ and move on ‘next question please’, an audience will respect the fact that you haven’t wasted their time with waffle, and that you are honest and open. Nobody really likes a know-it-all anyway, and they may even like you the better for it.

## **Cultural issue: English as a foreign language**

Many of these worst fears may be magnified if English is not your first language. Some publications are particularly oriented to giving presentations in your second (Powell 1996 and Comfort 1995 are particularly good for this).

Here are some options you may like to consider.

- Find out difference between your own culture and the norms of the culture to which you are presenting. In particular pay attention to the level of formality expected, forms of greeting, expectations to do with audience participation, style of dress expected. One way of checking this is to find a friend or course-mate that is more familiar with the culture and ask them for some guidance.
- Prepare well: you may need to give some extra time to preparation and also to rehearsing and practicing your presentations. Again if you can find a friend who is willing to hear you run through your presentation this can help.
- Use a graphic package such PowerPoint: having a structured slide show can help your structure the presentation and makes it easier for you not to get lost within it.
- Introduce your status as and English as a second language’ speaker. You could say something like ‘you may find it difficult to follow some of my presentation, please bear with me as English is my second, I’m from.’ sometimes bringing the fear into the room and out into the open can dispel anxiety.
- You could also focus on relaxing the audience and yourself by saying ‘if there is anything you can’t follow, I will come back to it at the end’. Give them a clear message that shows you understand they may have difficulties following you talk, but also that you intend to do what you can to address any problems they may have in understanding you.

## **Presentation Pitfalls**

By now, you should have a firm grasp of what to do in your presentation, but before you start, just beware a few common pitfalls:

# The Walking Telephone Directory

This occurs when you write what you are going to say in longhand and read it out: IT IS SO BORING. What is more, you cannot even make eye contact. So why do people do it? Because they are nervous and worried that they will forget everything.

**Hint:** list topics with key issues only on your cards, one for each topic as this helps you structure your notes. Or do the same using the PowerPoint notes to accompany each slide, or write your notes on hard copy of your slide. Never read your presentation.

## The Mouse

The mouse avoids eye contact with the audience and hides behind the equipment. Why? Because he or she is scared.

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**Hint:** take a deep breath and relax and look at them and smile (but not with a fixed grimace). The worst thing they can do is turn off, and they will definitely do that if you don't look at them.

## The Fidget

Have you jiggle about like a cat on a hot tin roof. We all have some mannerisms, but some are more distracting than others.

## The Station Announcer

Here you mumble in a boring monotone: 'the next train from platform 4 mumble mumble' we can't hear you, and if you speak fast we can't follow you.

**Hint:** vary your pitch, speed, and volume for effect. Sue a pause. Before speaking s-l-o-w-l-y in a clear voice for important points. Practice projecting your voice. Use breathing exercises and breathe from the diaphragm.

## The Encyclopedia

A font of knowledge – do you think we will really remember all 172 points? And what about the detail? Did they go on, and on, and on?

**Hint:** limit your presentation to a few key points and highlight these points and summarise them in the conclusion.

## The Anarchist

No structure, no introduction, no conclusion. Why are you here, what are you talking about?

**Hint:** introduce yourself, state for how long you will be talking, when people can ask questions, give them signposts on what to expect.

## The Spider

Great slide show – if only we could see what was on the slides. Teensy-weensy writing covering it. This is so frustrating.

**Hint:** limit yourself to 10 words per slide; use large letter typeface and font.

# The Five-Minute Comic

Do you know one about the new comedian who was given a five minute slot at the comedy club to try out some new material? Body! did she fall flat, it was so embarrassing.

**Hint:** try and inject some humour and entertainment into your presentation – remember you are going to get your point across if you engage their interest, but: don't try humour that is unnatural to you. If you can't tell jokes, try an anecdote or a visual cartoon, or illustrations but don't try to be something that you are not.

## The Purpose of Evaluation

The prime reason for evaluation is to attempt to attain company objectives. By measuring actual performance against objectives shortfalls can be identified and appropriate action taken to improve performance. However, evaluation has other benefits. Evaluation can help improve an individual's motivation and skills. Motivation is affected since an evaluation programme will identify what is expected and what is considered good performance. Second, it provides the opportunity for confidence and motivation. Skills are affected since carefully constructed evaluation allows areas of weakness to be identified and effort to be directed to the improvement of skills in those areas.

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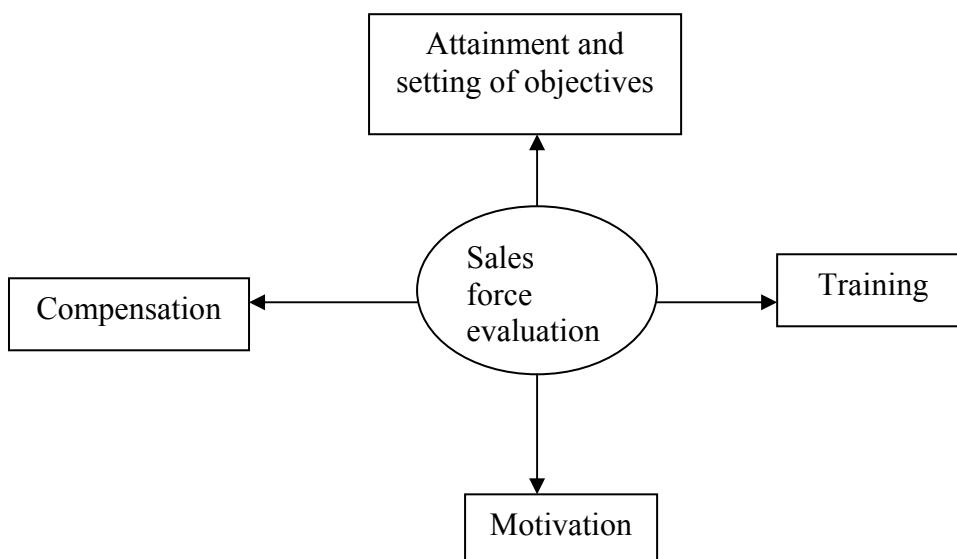
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Thus, evaluation is an important ingredient in an effective training programme. Further, evaluation may show weakness, perhaps in not devoting enough attention to selling certain products lines, which span most or all of the sales team. This information may lead to the development of a compensation plan designed to encourage salespeople to sell those products by means of higher commission rates.

Evaluation provides information, which affects key decision areas within the sales management function. Training, compensation, motivation and objective setting are dependent on the information derived from evaluation. It is important, then, that sales management develops a system of information collection which allows fair and accurate evaluation to occur.

The level and type of control exercised over international sales forces will depend upon the culture of the company and its host nations. The boxed case discussion highlights some important points.

**Figure 9: The central role of evaluation in sales management**



# Setting Standards of Performance

Evaluation implies the setting of standards of performance along certain lines which are believed to be important for sales success. The control process is based upon the collection of information on performance so that actual results can be compared against those standards. For the sales team as a whole the sales budget will be used to evaluate sales management as well as individual salespeople. For each salesperson, his or her sales quota will be a prime standard of sales success.

Standard provide a method of fairly assessing and comparing individual salespeople. Simply comparing levels of sales achieved by individual salespeople is unlikely to be fair territories often have differing levels of sales potential and varying degrees of workload.

## Gathering Information

The individual salesperson will provide much of the information upon which evaluation will take place. S/he provide head office with data relating to sales achieved by product/brand and customer, a daily or weekly report of the names of customers called on and problems and opportunities revealed, together with expenses claims. Such information will be supplemented by sales management during field visits. These are important in providing more qualitative information on how the salesperson performs in front of customers as well as giving indications of general attitudes, work habits and degree of organizational ability, all of which supplement the more quantitative information provided by the salesperson.

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Market Research projects can also provide information on the sales team from customers themselves. A specific project, or a more general one which focuses on the full range of customer-seller relationships e.g. delivery, product reliability, etc., can provide information on salespeople's performance.

A market research study commissioned by Perkins Engines found that salespeople with technical backgrounds were basing their sales presentation on features, which were not properly understood by their audience. This led Perkins Engines to retrain their sales force so that their sales presentation focused upon a simple presentation of features and the customer benefits which arose from those features.

Finally, company records provide a rich source of information for evaluation. Records of past sales levels, calls achieved, expense levels, etc. can provide bases for comparison and indications of trends which can be used both for evaluation and objective setting

### Measures of Performance

#### Quantitative Measures of Performance

There are two fundamental groups of performance measure. For both groups, management may wish to set targets for their sales team. One group is a set of input measures which are essentially diagnostic in nature – they help to provide indications of why performance is below standard. Key output measures relate to sales and profit performance. Specific output measures for individual salespeople include the following:

- Sales revenue achieved
- Profits generated
- Percentage gross profit margin achieved
- Sales per potential account
- Sales revenue as a percentage of sales potential
- Number of orders

- Sales to new customers
- Number of new customers

All of these measures relate to output.

The second group of measures relates to input and includes:

- Number of calls made
- Calls per potential account
- Calls per active account
- Number of quotations (in part, an output measure also)
- Number of calls on prospects

By combining output and input measures a number of hybrid ratios can be determined. For example:

1. Strike rate =  $\frac{\text{number of orders}}{\text{Number of quotations}}$
2. Sales revenue per call ratio
3. Profit per call ratio (call effectiveness)
4. Order per call ratio
5. Average order value =  $\frac{\text{sales revenue}}{\text{Numbers of orders}}$
6. Prospecting success ratio =  $\frac{\text{number of new customers}}{\text{Number of prospects visited}}$
7. Average profit contribution per order =  $\frac{\text{profits generated}}{\text{Number of orders}}$

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All of these ratios can be applied to individual product and customer types and help to answer the following questions:

- a. Is the salesperson achieving a satisfactory level of sales?
- b. Is sales success reflected in profit achievement?
- c. Is the salesperson 'buying' sales by giving excessive discounts?
- d. Is the salesperson devoting sufficient time to prospecting?
- e. Is time spent prospecting being rewarded by orders?
- f. Does the salesperson appear to be making a satisfactory number of call per week?
- g. Is s/he making enough repeat calls on different customer categories?
- h. Is s/he making too many calls on low-potential customers?
- i. Are calls being reflected in sales success?
- j. Are the number of quotations being made reflected in orders taken?
- k. How are sales being achieved a large number of small orders or a few large orders?
- l. Are the profits generated per order sufficient to justify upon the account?

Many of these measures are clearly diagnostic. They provide pointers to possible reasons why a salesperson may not be reaching his or her sales quota. Perhaps s/he is lazy – not making enough calls. Perhaps call rate is satisfactory but effectiveness, e.g. sales per call, is low, indicating a lack of sales skill. Maybe the salesperson is calling on too many established accounts and not enough new prospects.

Ratios also provide clues to problem areas, which require further investigation. A low strike rate (order to quotations) suggests the need for an analysis of why orders are not following quotations. Poor call effectiveness suggests a close examination of sales technique to identify specific areas of weakness so that training can be applied more effectively.

A further group of quantitative will explore the remuneration which each salesperson receives. The focus will be on expenses and compensation. With repeat to expenses, comparisons will be made

between salespeople and between current and last year. Ratios which may be used include the following:

- Expenses/sales revenue generated
- Expenses/profit generated
- Expenses per call
- Expenses per square mile of territory



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**Table 3. A comparison of the usage evaluation output criteria between small and large organisations**

Evaluative criteria	Small firms %	Large firms %	Statistically significant difference
<b>Sales</b>			
Sales volume	87.2	93.1	
Sales volume by product or product line	61.2	80.3	*
Sales volume by customer or customer type	48.2	59.5	
Sales volume per order	22.4	26.7	
Sales volume by outlet or outlet type			
Sales per call	22.4	38.9	*
Market share	12.9	24.4	*
	32.9	57.3	*
<b>Accounts</b>			
Number of new accounts gained	58.8	55.7	
Number of accounts lost			
Amount of new account sales	44.7	42.7	
Number of accounts on which payment overdue	57.6	54.2	
Proportion/number of accounts buying full product line	41.2	38.2	
	14.1	16.0	
<b>Profit</b>			
Gross profit generated	58.8	48.9	
Net profit generated	38.8	42.7	
Gross profit as a percentage of sales volume	47.1	45.0	
Return on investment	28.2	26.7	
Profit per call ratio	112.9	12.2	
<b>Orders</b>			
Number of orders taken	48.2	38.2	
Number of orders cancelled	14.1	13.7	
Order per call ratio	25.9	29.0	
Strike rate = $\frac{\text{number of orders}}{\text{Number of quotations}}$	37.9	40.5	
Average order value	28.2	26.0	
Average profit contribution per order	21.2	16.8	
Value of orders to value of quotations ratio	29.4	21.4	
<b>Other output criteria</b>			
Number of customer complaints	23.5	22.3	

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Such measures should give an indication of when the level of expenses is becoming excessive. Compensation analysis is particularly valuable when:

- A large part of salary is fixed
- Salespeople are on different levels of fixed salary

The latter situation will be found in companies which pay according to the number of years at the firm according to age. Unfairness, in terms of sales results, can be exposed by calculating for each salesperson the following two ratios:

- Total salary (including commission)/ sales revenue
- Total salary (including commission)/profits

These ratios will reveal when a compensation plan has gone out of control and allow changes to be made before lower paid higher achievers leave for jobs which more closely relate pay to sales success.

A study by Jobber, et al. surveyed a sample of 450 industrial products organizations (i.e. forms manufacturing and selling repeat industrial goods such as components and capital goods such as machinery). The objective was to discover the extent of usage of sales evaluation criteria amount small (less than £3 million sales turnover) firms table 1 shows that there is a wide variation in the usage of output criteria among sample of firms and that large firms tend to use more output criteria than small organisations.

**Table 4. A comparison of the usage of sales force evaluation input criteria between small and large organizations**

Evaluation criteria	Small firms %	Large firms %	Statistically significant difference
<b>Calls</b>			
Number of calls per period	49.4	69.7	*
Number of calls per customer or customer type	15.3	37.4	*
Calls on potential new accounts	56.3	53.8	
Calls on existing accounts			
Prospecting success ratio: (Number of new customers) (Number of potential new customers visited)	55.3 28.2	61.8 32.8	
<b>Expenses</b>			
Ratio of sales expense to sales volume	38.8	45.4	
Average cost per call	21.2	30.8	
<b>Other input criteria</b>			
Number of required reports sent in	42.0	42.0	
Number of demonstration conducted	23.5	22.3	
Number of service calls made	21.2	23.1	
Number of letters/telephone calls to prospects	14.1	7.7	

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Table 4 shows that the use of input criteria is quite variable, with statistics relating to calls and the most frequently used by both large and small firms. Again, there is a tendency for large firms to use more input criteria when evaluating their sales forces.

The growth in the penetration of personal computers is mirrored by the development of software packages that provides the facilities for the simple compilation and analysis of sales force evaluation measures. The creation of a databank of quantitative measures over time allows a rich source of information about how the sales force is performing.

These quantitative measures cannot solely produce a complete evaluation of salespeople. In order to provide a wider perspective, qualitative measures will also be employed.

#### **Qualitative measures of performance**

Assessment along qualitative lines will necessarily be more subjective and take place mainly during field visits. The usual dimensions which are applied are given in the following list:

1. Sales skills. These may be rated using a number of sub-factors:
  - Handling the opening and developing rapport.
  - Identification of customer needs, questioning ability.
  - Quality of sales presentation.
  - Use of visual aids.
  - Ability to overcome objections
  - Ability to close the sale
2. Customer relationships.
  - How well received is the salesperson?
  - Are customers well satisfied with the services, advice, reliability of the salesperson, or are there frequent grumbles and complaints?
3. Self-organization. How well does the salesperson carry out the following?
  - Prepare calls
  - Organize routing to minimize unproductive traveling.
  - Keep customer records up to date
  - Provide market information to headquarters.
  - Conduct self-analysis of performance in order to improve weaknesses.
4. Product knowledge. How well informed is the salesperson regarding the following:
  - His /her own products and their customer benefits and applications
  - Competitive products and their benefits and applications
  - Relative strengths and weakness between his/her own and competitive offerings
  - Use his/her own initiative.

What are his/her attitudes towards the following:

- The company and its products
- Hard work

The study by Jobber et al. (1993) also investigated the use of qualitative evaluate measures by industrial goods companies. Table 2 shows the results, with most criteria being used by the majority of sales managers in the sample. Although differences between small and large firms were not so distinct as for quantitative measures, more detailed analysis of the results how managers of small firms tended to hold qualitative opinions 'in the head', whereas managers of large firms tended to produce more formal assessments, e.g. in an evaluation report.

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As mentioned earlier, the of quantitative and qualitative measures is interrelated. A poor sales per call ratio will inevitably result in close scrutiny of sales skills, customers relationships and degree of product knowledge in order to discover why performance is poor.

Sales management response to the results of carrying out sale forces evaluation is shown in figure 2. Lynch suggests four scenarios with varying implications:

1. Good quantitative/good qualitative evaluation. The appropriate response would be praise and monetary reward. For suitable candidates promotion would follow.
2. Good quantitative/poor qualitative evaluation. The good quantitative results suggest that performance in front of customers is good, but certain aspects of qualitative evaluation, e.g. attitudes, report writing and market feedback may warrant advice and education regarding company standards and requirements.
3. Poor quantitative/good qualitative evaluation. Good qualitative input is failing to be reflected in quantitative success. The specific causes need to be identified and training and guidance provided. Lack of persistence, poor closing technique or too many/too few calls might be possible causes of poor sales results.
4. Poor quantitative/poor qualitative evaluation. Critical discussion is required to agree problem areas. Training is required to improve standards. In other situations, punishment may be required or even dismissal.

For an evaluation and control system to work efficiently, it is important for the sales team to understand its purpose. For them to view it simply as a means for management to catch them out and criticize performance is likely to breed resentment. It should be used, and be perceived, as a means of assisting salespeople in improving performance. Indeed, the quantitative output measures can be used as a basis for rewarding performance when targets are met. In essence, controls should be viewed in a positive manner, not a negative one.

**Table 5. A comparison of the usage of qualitative sales force evaluation criteria between small and large organisations**

Evaluative criteria	Small firms %	Large firms %	Statically significant difference
<b>Skills</b> Selling skills Communication skills	81.9 77.1	86.9 85.4	
<b>Knowledge</b> <b>Product</b> <b>Knowledge</b> Knowledge of competition knowledge of company policies	94.0 80.7 56.6	90.8 83.1 68.5	
<b>Self-management</b> Planning ability Time management Judgment/decision-making ability Report preparation and submission	77.1 54.2 74.7 63.9	76.2 61.5 68.5 77.7	
<b>Personal</b> <b>characteristic</b> <b>S</b> Attitudes Initiative Appearance and manner Aggressiveness Creativity	91.6 92.8 90.4 45.8 49.4	88.5 83.1 86.9 50.8 56.9	

**Table 6. Salesperson evaluation matrix**  
**Quantitatively**  
**measured results**

	Good	Average	Bad	
Good	<ul style="list-style-type: none"> <li>• Praise</li> <li>• Reward</li> <li>• Promote</li> </ul>	<ul style="list-style-type: none"> <li>- Limited</li> <li>- Guide</li> <li>- Train</li> </ul>		<b>Qualitatively</b> <b>measured results</b>
Average				
Bad	<ul style="list-style-type: none"> <li>- Limited praise</li> <li>- Advise</li> <li>- Educate</li> </ul>		<ul style="list-style-type: none"> <li>• Discuss</li> <li>• Train</li> <li>• Punish</li> <li>• Remove</li> </ul>	

## 9 Effective Management Techniques

## 9.2 Personal Effectiveness

### Winning or losing major orders

A key qualitative evaluation question that sales managers have to ask is: ‘does it appear that we are going to win or lose this order?’ this is particularly important for major sales. For example, a sale manager may be asked by the managing director: ‘will you find out whether the Saudis are really going to place that new big aero engine order? I have to tell the board next week so that we can decide whether we will have to expand our plant.’

The obvious response would be to ask the salesperson in charge of the sales directly. The problem is that many salespeople delude themselves into believing they are going to be successful. How do you come to terms with the fact that you are going to lose an order worth £5 million? Asking the direct questions ‘Bill, are we going to win this one? Is likely to get the answer ‘yes, the customer loves us.’ what the salesperson really means is that the customer likes the salesperson, not necessarily the product.

Consequently the sales manager needs to probe much more deeply in order to assess the situation more accurately. This involves asking a series of who, when, where, why and how questions. It also means that the sales manager needs to work thought of as unacceptable (losing) responses. Table 4 gives an example of the use of this procedure in connection with a £10 million computer sale. The losing answers are thin and unconvincing (e.g. the director of MIS would have the power to authorize an order of this size).

The salesperson is deluding him or herself and misleading the sales manager. The winning answer is much more assured and provides clear, credible answers to all of the questions (e.g. an executive director is likely to have the power to authorize a purchase of this magnitude).

If the outcome is a losing answer, the sales manager has to decide how important the sale is and how important the salesperson is. If they both have high potential, the sales manager, sales trainer or top salesperson should work with him/her. S/he should be counseled so that they will learn. In the process, they will also realize that management cares about their development and the success it can bring to both parties.

If the salesperson is viewed as having high potential but the situation has low potential, only a counseling session is needed. Usually it is best done at the end of the day, driving back from a call, using an 'oh, by the way' introducing, and avoiding serious eye contact. By these means the salesperson's ego is not offended.

When the salesperson does not have high potential but the does, the alternatives are a little nastier. Perhaps the salesperson would be a candidate for redeployment to a more suitable post. When neither the salesperson nor the sale has much potential, the basic question is whether the salesperson is redeployed before or after the sales is lost.

**Table 7. Winning and losing orders**

<b>Question</b>	<b>Poor (losing answer)</b>	<b>Good (winning answer)</b>
Who will authorize the purchase?	The director of MIS.	The director of MIS but it requires an executive director's authorization, and we've talked it over with him/her.
When will they buy?	Right away. They love the new model.	Before the peak processing load at the year-end.
Where wills/he be when the decision is made – in the office alone, in his/her boss's office, in a meeting?	What difference does that make? I think s/he has already decided.	At a board meeting. But don't worry, the in-supplier has no one on their board and we have two good customers on it.
Why will they buy from us? Why not their usual supplier?	S/he and I go way back. They love our new model.	The next upgrade from the in-supplier is a big price increase, and ours fits right between their models. They are quite unhappy with the in-supplier about that.
How will the purchase be funded?	They've lots of money, haven't they?	The payback period on reduced costs will be about 14 months and we've a leasing company willing to take part of the deal.

## Appraisal interviewing

Appraisal interviewing can be provide the opportunity to identify a salesperson's weaknesses and to give praise when it is deserved. One method is to ask the salesperson to write down 5-10 expectations that they hope to achieve during the next year, e.g. to go on a presentation skills course, to go on a time management course, to have monthly sales visits from their sales manager, to meet targets, to move into marketing, etc. the sales manager then sits down with the salesperson and goes through this list, breaking it down into quarterly (three-month) sections. At the end of each quarter they have another meeting to see if expectations have been met or shifted in any way. These meetings also provide an opportunity to give or withdraw recognition and acceptance.

## Delegation

In an organisation structures its work into jobs which are undertaken by employees who formally assigns responsibility and delegates authority. The jobholder is accountable for his or her actions and his or her results.

Sisk defines the delegation of authority as 'an organisational process that permits the transfer of authority from superior to subordinate. Thus whilst managers can delegate authority (so subordinates can work with derived authority) they must assign responsibility.

## Responsibility, Authority and Accountability

There are three generally agreed steps to the process of delegation, but note that there is considerable variation in the terms used by management theorists to describe each of the three steps. The three aspects of delegation, as used by Sisk, are:

- The assignment of responsibility



- The delegation of authority
- The creation of accountability

It is essential that delegation be carried out effectively, and we shall return to this in a moment.

## **9 Effective Management Techniques**

### **9.2 Personal Effectiveness**

#### **a. Responsibility**

Koontz defines responsibility as “the obligation to accomplish assignments”. “Responsibility” in management terms refers only to duties, or work, that is specifically assigned. Once a person accepts responsibility for a task, or range of task, it is totally for him or her to achieve the task in the way that appears most effective and efficient. It follows that responsibility should only be assigned to trusted members of staff, in line with their proven or believed capabilities. It is axiomatic that responsibility without is of no value since the “responsible” person will have no ability to initiate the actions necessary for task achievement.

#### **b. Authority**

When a manager delegates authority to a person, he or she empowers that person to act for the delegator. In other words, to work with derived authority. It is therefore essential to ensure that those to whom one delegates have a clear understanding of what they are required to do, to achieve, and the limits of the authority that is delegated to them. If a manager does not, or cannot, delegate sufficient authority for the subordinate to carry through the task then accountability for the level of success rests with the delegator, not with the subordinate.

#### **c. Accountability**

Accountability is created immediately responsibility and the necessary authority have been accepted. Acceptance of responsibility (assigned) and authority (delegated) means that an obligation is incurred. Thus no subordinate should accept responsibility without sufficient delegated authority.

The principles are quite clear, but the practice is not.

- It is unfortunately an everyday fact of real management life that responsibility is assigned, and subordinates held accountable, whilst the manager holds back the necessary authority. This is particularly true within theory X organisations, and is normally a sign of a manager’s lack of self-confidence. Certainly it indicates a lack of trust in the subordinates, which will be noticed by them and which will affect their behaviour.
- It is not easy for a subordinate to insist on the delegation of sufficient authority, especially in the face of a direct order, and therefore many subordinates are frustrated, and many managers overworked.
- It can be extremely difficult to create and maintain a climate of trust within an organisation, yet without such a climate effective delegation is unlikely to take place.

### **Conditions for Effective Delegation**

Virtually all organisations delegate, but not all delegate effectively. It is extremely difficult to achieve effective delegation Sisk establishes three conditions that must be met:

- Parity of authority and responsibility
- Absoluteness of accountability
- Unity of command

#### **a. Parity of Authority and Responsibility**

For effective delegation the authority granted to a subordinate must equal the assigned responsibility. Too little, and the subordinate must consult the manager to often, and in some cases a decision cannot be implemented until the manager signs the necessary authority. If a manager has several subordinates, all suffering from a lack of authority, he or she may find each day occupied by a queue of staff, all needing to secure the manager’s approval. This can be very ego satisfying, and a certain

type of person will feel very secure in the knowledge that without him or her place “would grind to a halt”. They are likely to use the phrases such as: “if I’m not there to hold their hands nothing gets done”.

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Robert Townsend, in “up the organization”, gives an example of how to delegate effectively. An important contract with a supplier is coming up for renewal. This is Townsend’s recommendation:

1. Find the person in your organisation to whom a good contract will mean the most. (Can’t be more than two levels below you, there’s organisation chart getting in the way.)
2. Take the paints to write on one sheet of paper the optimum and the minimum that you expect from each area of the contract.
3. Give your organisation (including Jean the person you’ve picked to negotiate) a couple of days to discuss your outline, edit, subtract, add and modify. Then rewrite it, call Jean into the office (with her boss if there is one between you and her, I assume he’s in favour of this, or forget it).
4. With Jean on an extension phone, with the top person involved at each supplier, you say: “this is Jean. I have asked her to negotiate the contract. Whatever she recommends we will do. There is no appeal over her head. I want a signed contract in 30 days”.

Now, I know that 99 out of 100 managers won’t take the risk. But is it a risk? Jean is closer to the point of use. She knows how much the company gains or losses by a concession in each area (and they know that she knows). And she will spend full time on it for the next 30 days. Would you? I maintain the company will get a more favourable contract every time. Note that you have given maximum authority and accountability to Jean. And you have been fair to (and put great pressure on) your suppliers by telling them the rules in advance.”

Note the following about this example.

- Nothing can be learned unless a junior is allowed to work alone. Not unaided, but without overt interference. Managers make mistakes, every one of them. They have to because they are working into an uncertain future, without perfect information. So it becomes a question of how many mistakes are reasonable, of what magnitude, and how fast the manager notices and responds with a revised decision.

In Townsend’s example the situation was carefully prepared for the manager, and she would feel she could turn to her boss if she was in need of advice. She would not feel that she could shift the accountability off to somebody else. In taking the assignment she accepted the accountability. But she had been carefully chosen as the most suitable, and would be unlikely to fail. Townsend was taking a risk but a carefully calculated one. When all goes well he gets a good contract and, more importantly, a high-motivated manager. The worst scenario would be a contract at minimum terms (Jean was not empowered to authorize except at minimum or above), and perhaps a manager who would require some TLC (tender loving care) but who had learned a valuable lesson.

- Although full authority may be granted, it is not always possible for a manager to achieve the specified task. It is only reasonable to hold someone accountable for matters that are within his or her control. If interest rates forced up by government, for example, a property developer is unlikely to be able to achieve the targets set whilst interest rates were low and forecast to remain so. (Witness Canary Wharf in London’s Docklands, which is one of the biggest and most publicized developments yet it came to a halt during the period of the UK recession of the early 1990s.)

### **b. Absoluteness of Accountability**

Although responsibility may be assigned to subordinates and authority may be delegated to them, accountability to a superior can neither be assigned nor delegated. Within a typical organization will be divisions, departments, and sections, each dealing with matters that are successively more tactical. Nevertheless the chief executive is accountable to the shareholders for every action the organization

takes. Whilst he or she will assign responsibility for each function to a director, who will assign responsibility for parts of the function to managers, and whilst full authority will be delegated commensurate with responsibility, it is still a fact that the paint shop manager is accountable to the

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factory manager who is accountable to the chief executive, who is accountable to the shareholders. (And every shareholder will be accountable to someone for their choice of organization as an investment).

#### **c. Unity of Command**

Each subordinate should be accountable to one, and only one, superior. We all know that nobody can serve two masters well; and the converse is that each of two managers cannot take responsibility for half a subordinate. A clever junior, who wants an easy life, can easily play two bosses off against each other so that think the junior is working hard for the other!

Of course there is need for flexibility as within a matrix organisation but flexibility should never be allowed to disguise or diminish the clear line of accountability for day-to-day activity that must be to one, defined, superior.

#### **What is it that Superior Delegate?**

We have given a general definition of delegation within an organizational structure, where a superior delegates certain activities to a subordinate, but we need to look in closer detail at just what it is that is being delegated. We can identify three types of delegation:

- Entrusting tasks to subordinates. When a superior allocates a job they normally undertake themselves to a person at a lower level in the organisational structure. Such jobs will usually be of some importance as they have formed part of the superior's duties.
- Allocating authority to issue orders. Trusting a subordinate to issue orders to those who would previously have received such orders directly from top management.
- Allocating decision-making in defined areas. A superior delegates decisions which previously she/he had made.

#### **The Process of Delegation**

They key steps in delegation are:

##### **a. Planning**

There are number of aspects to this.

- Deciding on the task and functions which could usefully be delegated;
- Specifying the type of delegation task, issuing orders and or decision making and then making it more specific by listing the exact requirements and standards expected form the delegate;
- Selecting suitable delegates by an assessment and appraisal of their competence in the light of what is expected. Skills, experience, attitude, workload, all have to be taken into account.

As a general rule a superior should delegate whenever a subordinate shows the ability and enthusiasm to undertake a function being carried out by the superior. In practice delegation may be a "drip process", i.e the superior gives increments of authority to a subordinate. Once the subordinate shows him/herself capable of one part of a task or function, another part is fed to him/her. This incremental delegation allows potential to be developed in the delegatee.

##### **b. Action**

Assign the duties and delegate commensurate authority. The delegatee will be informed of the above decisions and given exact details of objectives and standards expected, in writing. The process of accountability will also be explained.

The delegator must be already commensurate authority. The delegatee will be informed of the above decisions and given exact detailed of objectives and standards expected, in writing. The process of accountability will also be explained.

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#### **c. Control**

Establish the necessary controls delegation is not synonymous with abdication. It is essential that the delegator retains the right to recall responsibility and authority, and that periodic reports on progress are made by the junior.

The delegator does not wash his/her hands of the function when it is delegated (accountability demands that the delegator is him/herself accountable to superiors). However, the delegator does not want to give such close control that it undermines the confidence for the delegatee. A careful balance must be drawn between control, and freedom to get on with job. Well-constructed and thoughtful controls give assurance to the delegator that the job is being much of a disaster if things go wrong.

#### **d. Feedback**

The degree of success of delegation should be kept under review. The yardstick should be results. Has the delegatee achieved the objectives and standards set by the delegator? Not all delegation will be successful; if it fails, delegation should be rescinded.

### **Barriers to Effective Delegation**

Problems can arise both in delegators and delegates. Some managers may:

- Be reluctant to delegate due to lack confidence in the subordinates or just wish to do everything themselves.
- Worry that subordinates may fail and that this will rebound onto them as they hold ultimate responsibility.
- Fear that subordinates will do the job better than they were doing it themselves, so showing them up in a bad light.

In the case of delegates, they may find their new authority a cause for stress and worry. Delegated authority can sometimes cause confusion and bad feeling in the organization.

### **Techniques of Delegation**

There are a number of techniques, which can be deployed to help achieve effective delegation. Important among these are:

#### **a. Coaching**

The delegator helping and guiding the delegatee with the delegated function. Coaching can be intensive when the function is new and then gradually reduced as the delegatee grasps the situation.

#### **b. Management by exception**

This technique aims to avoid an overload of functions on top management. MBE acts as a sieve; the manager establishes standards of performance and levels decision-making and it is only when standards are not reached or decision are of greater importance that the manager swings into action. So long as things are going along well and the decisions required are not of major importance, these functions are delegated to subordinates.

Computers can assist MBE by taking over routine matters. The advantage of MBE is that it divides functions into the less important which are delegated, and the more important, which have the attention of top management. The result in a smooth running of organisation. However, MBE requires careful planning and sensitive operation.

### c. Cost/benefits analysis of delegation

In order to decide on the level of delegation to be deployed, it is useful to analyse the costs, e.g. possible lowering of performance, against the benefits or advantages, which may include the

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following:

- Delegation allows top managers to be more productive because they can get subordinates to assist them in achieving the objectives of the organisation.
- The time gained by managers allows them to improve the quality of their work.
- Delegation and particularly MBE filters out the more trivial issues that arise in the organisation.
- Delegation develops potential, skills and abilities in subordinates and increases their morale by making their work more challenging.

### Advantages and Disadvantages of Delegation

#### a. Advantages

- Those who delegate well regard it as an opportunity to plan work systematically, at the same time as developing the team and individuals within it. Delegation helps each team member to release his or her potential by gaining knowledge and developing skills. It is an essential part of the training process.
- Delegation provides the most significant test of manager versus leader. The traditional manager retains a high degree of control, requires the subordinate to report back on matters of detail. The leader maintains sufficient control for a particular subordinate at a particular time in order to help him or her through any difficulties a leader does not take back control; he or she helps the subordinate and, between them, they solve the problem.
- As we saw in the study unit on motivation, building more responsibility into a job or given employees greater autonomy or control of their work can be a powerful motivator, increasing both productivity and quality. People feel more involved in the job if they are given responsibility. Delegation helps to increase job satisfaction.
- By delegating work it is possible to make use of individual and specialist skills that team members possess.
- Delegation is essential if managers are to be freed up to manage. Their time should be taken up by managerial responsibilities planning, forecasting, controlling, organizing and so on.

#### b. Disadvantages

- It is sometimes tempting to retain those jobs, which are varied and interesting, and to delegate those jobs, which are less desirable.
- Delegation involves people, and all people are different. They respond differently when placed in positions of responsibility.
- To delegate properly, it is necessary to communicate clearly, but not always desirable to state exactly how the task has to be carried out. People need space to function.
- Delegation involves risk. The person asked to carry out the task will not normally be as technically proficient as the manager, so the standard of work may drop, or the work may take longer. The person carrying out the task may also have to refer back frequently for instructions, disrupting other tasks.
- Delegation creates fear that the job may not be completed properly. It can sometimes cause the manager to fear the subordinate as a “rising star”. This can cause substantial problems if the organisation is restricting or delaying.

In conclusion, we can say that delegation helps a manager or supervisor to do the job in a better, more efficient and often more effective way. It also helps others to fulfill their potential. The success of a

manager's work can often be measured in terms of work performed for him by others. Delegation enables the manager to multiply himself, divide his load and share his responsibilities. Delegation involves entrusting the care of management to another.

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## **The Training and Development of the Salesman**

### **Training**

The training is related to some specific work or programme. It is special efficiency in relation to some job. Induction is the process of orientation of employee towards the company.

### **Development**

Development is broad and general term and it is essential for the growth of an employee. Generally, training is imparted to bring efficiency and competence in the work of the salesman. Well-balanced training programmes help to increase the sale. The main aim of training is to give knowledge of the historical background of the company, knowledge of the product, the advantages of the product to the consumers, the principles of salesmanship and consumer behaviour, etc. the training can be imparted by discussions about the job and how the work is to be properly done. When salesmen are given training only about the art of selling, this training is called 'horizontal training' but it has been experienced that the salesmen are not promoted to higher posts even after they been in service for a long time.

The management argues that salesmen are not suitable or qualified for promotions. Motivation and higher training should be given to the salesman after they have acquired sufficient experience so that senior salesmen do not get frustrated. The deserving salesmen may be trained for, and promoted to higher posts.

### **Needs for Training**

It was believed that "salesmen are not made". This has now been proved false. It is possible that some salesmen have in-born qualities of salesmanship but for the all round development of the qualities, training is very necessary. It is only through training that a salesman can be successful. In the field of commerce, if is necessary to give training, because a salesman who does not have enough knowledge of the art of sales cannot be a good salesman. Training is necessary for both new and old salesmen because in the present age the process of production, the policy of sales of the rival producers, etc. are some of the problems with which the salesman must be familiar. If he is not familiar with the new i.e changed circumstances and he uses the old methods of salesmanship, he will be a complete failure. The new appointees are given vigorous training before they are sent to their areas of work. A refresher course is prepared for the old salesman to keep them up-to-date with the changing technology.

Harry R. Tosdal has stated, "The need of training is because a newly appointed salesman has no knowledge of the products which he has to sell. Moreover, he does not know his customers too. It is just possible that he may not know the technique of the sale or how to present the products to the possible consumer".

Harold H. Maynard and James H. Davis have stated. "It is necessary to give training to an old salesman because of rivalry, to make him acquainted with the products of the firm, to make him understand the advanced techniques of sales or for a refresher course".

Bertrand R. Canfield states, “Good salesmen are not born but are produced by a properly organized and guided teaching programme.

## Object of Training

The following are the aims for the training of the salesman: -

1. To educate the salesman in the art of scientific and technical sales.
2. To acquaint him with the kinds of products, production methods and the specialty of the products.

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3. To educate him about the policies of the industry (business) methods of distribution and the policy of credit.
4. To acquaint him with about the distributors and dealers of the products and with the knowledge related to the consumers.
5. To give knowledge about the government laws and regulations and the sales of the products related to these laws and regulations.
6. To let him get acquainted with the technique of sales canvassing.
7. To educate the salesman regarding competition and to teach him how to face it in the market.
8. To increasing the efficiency of the new and old salesmen and to make them more competent.
9. To increase the per capita sales of the salesman.
10. To increase the competency of the salesman regarding the presentation of the product and in relation to exhibited produce.

#### Subject Matter Training

What type of training should be given to the salesman depends upon the different businesses, their nature and needs. Generally, the following subject matter is included in the training:

1. **Knowledge of the job-** firstly, the salesman should be imparted knowledge of his job. His job depends upon the art of salesmanship while the salesman is under training, he should be taught the principle of salesmanship first. The work of salesman is not limited to handing over the product and in return taking the money. The salesman has to create a desire in the hearts of the consumers and to change this desire into wants. He must also learn to answer the objections raised by the consumers. In brief, during the training period, the salesman is taught the art of complete salesmanship.
2. **Knowledge of the company-** the sales man must possess knowledge of the history of the institution. A salesman who is aware of the importance of his work, of the his work, of the important persons of the firm, the specific services of the firm, its policies and achievement, he will have faith in the institution. It becomes necessary to impart knowledge about the institution in the course of training.
3. **Knowledge of the product-** the salesman must have complete knowledge of the product he is going to sell. Then will be able to talk about the quality of the article, method of its use and its utility. The salesman should also have knowledge about the qualities and defects, both visible and invisible, of the product. The salesman can persuade and come to an agreement with the consumers for the sale of the product, if he has complete knowledge of the production process of the product, the raw material with which the product is made and the different uses of the products. If a salesman has no knowledge of his product he cannot sell it, therefore, it is essential to impart complete knowledge of the product which he has to sell.
4. **Knowledge of customer-** the salesman must be familiar with the nature, interests and preferences of the customers. He must know what particular product a cunning or angry customer, etc. will



purchase if the salesman can understand the customers, then he can be successful in selling to different types of customers.

5. **Knowledge of advertisement-** an advertisement of any commercial institution gives notice of the product to the customers. Along with this, human tendencies and feelings are considered as the basis of advertisements and this creates a desire in the consumers to purchase the products. If a salesman, during the period of his training, is taught the main constituents of advertising, it will help him to talk about the products and also minimize the labour work of the sale. Not only should he study the advertisements of his firm but also those of the rivals.

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6. **Knowledge of competitors-** the salesman should be imparted knowledge of products of the firms and it is also necessary to provide him with the information of market, the interests of the consumers and about the competitors. When he enters the field, he must have full knowledge of the competitors' policies, then only can he discuss the important matters of the products with the consumers and can face the competitors boldly in the work of salesmanship.
7. **Knowledge of day-to-day work-** during the training period, a salesman must be taught the day-to-day job which is very important in his routine work. These things include-how to write reports, to receive letters and answer them, to get orders and make bills, to keep the accounts and to exhibit the products, etc.

### Method of Training

The following methods are used to give training to the training salesman:-

1. **Apprenticeship method-** the salesman who is to be given training under the supervision of the sales management is trained under an experienced salesman. Such a person who works for some time under an experienced salesman is called an apprentice. Personal attention is given for time under an experienced salesman is called an apprentice. He is informed about the productions, sales, competition, market, consumers, etc. generally, these things should be remembered as a formula during the period of training.
2. **Universities and colleges-** there are many universities and colleges where the subject of salesmanship is regularly taught. But in universities and colleges only theoretical training is for some time under given. Practical training can be given only in a business firm.
3. **Sales conference-** the sales department organizes conference from time-to-time in which sales personnel discuss their problems. Senior officers also address such conferences and also participate in the deliberations.

### Methods of Instructions

Different methods are used to impart instructions to the salesmen during the period of training. The training is given to a group of 20-25 trainees.

**-Lectures-** a class of 20-25 salesman, like students sitting in a class, listen to the lecture of the instructor, make notes, ask questions and if there are any doubts, the instructor will try to remove them. The instructor makes the subjects interesting and easily understood by the trainees. The success of this method mainly lies in the knowledge and communication ability of the instructor.

**-Discussion method-** a subject is selected for discussion, and the different salesmen present their viewpoints for and against the subject. When any salesman speaks on the topic, other salesmen listen.

The instructor takes the chair and conducts the debate. He closes the discussion with a short speech giving the main points of the debate. The salesmen get the opportunity to stand on the stage and speak on the subject but this method is not very useful in the preliminary stage. It can be used when the salesmen have already learnt about salesmanship, product, institution, and customers, advertisement, etc through the lecture method.

**-Laboratory method-** like a science teacher, having given the students information before an experiment, helps them aim at a certain result through experiment, similarly in the laboratory method, the instructor, after describing the symptoms of the products, asks the trainees to make a list of the merits and demerits of the products and to write down the important points that will help the sale of the products. The trainees analyse the different qualities of the products and also

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compare these with the products of competitors. They also study the sales literature and after preparing the report, hand it over to the instructor for amendment. The instructor makes the necessary amendment.

**-Sales demonstration-** the instructor demonstrates before the sales trainees the methods of presenting the product before customers. In this method, the instructor tells the students about the qualities of the products and the policy of the firms. The students are also told that they must listen to the objections of the customers and provide solutions. They are also taught about the ways of closing the work of the sales.

**-Sales drama-** an artificial drama is staged for the salesmen. All types of customers some are quite and unassuming, etc. how the salesman will show the products, listen to objections and problems and solve them, keep the customers satisfied and sell the products, these things are presented in the form of a drama.

The trainees observe the drama very carefully. Each trainee is asked to act the role of salesman. The instructor notes down his mistakes and later explains to him about them.

**-Films, charts, and demonstration of pictures-** the training is imparted through films, charts and demonstration. The information of the discussion is given to the trainees. Many audio and video programmes have been prepared by professional managers and by the Indira Gandhi Open University and are used by universities and business firms for training purposes.

**-Sales literature-** the professional institutions publish sales literature. These are edited by eminent salesmen, expert in the art of salesmanship. The sales literature provides all the policies methods and rules of the company. Sometimes magazines are also issued and the salesmen from time-to-time should learn circumstances.

#### Methods of Remuneration

The important methods of paying remuneration to the salesmen are discussed below:

**Straight salary method:** this is the most simple method of paying the remuneration for the job. The salesmen are paid a fixed salary. At the time of appointment, the scale of pay is clearly written in the appointment letter e.g., Rs. 2500-150-500.

**Merits-** this method has the following merits-

1. An assured salary of definite amount at the end of each month.
2. This method is very easy and simple.

**Demerits-** the following are the demerits of this method:

1. This method does not differentiate between efficient and inefficient salesman. The former gets the same salary as the latter although he might be working harder, more honestly and with great interest.
2. The receipt of the salary is definite. Therefore, the salesman does not get an incentive to work hard.

**Straight commission plan-** the defect in the first method is that it lacks incentive. The commission method of remuneration removes this defect. The salesman is given a commission on sales. This method of remuneration is based purely on the efforts and labour of the salesman. The more he sells, the more commission he is entitled to. The commission may be fixed or progressive.

**Merits-** the following are the merits of this method:

1. Remuneration is based on the ability and efficiency of the salesman.

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2. The salesman has an incentive for the promotion of sales. Therefore, he is always willing to work more. Not only is the salesman benefited financially but the employer too gets the advantage of increased sale.
3. The employer is free from the payment of monthly salaries to the salesmen, especially in times of depression when it becomes very difficult to pay salaries to the employees who are sitting at the home. At the peak period of the profession, more commission is paid but during times of depression, less payment is given.
4. There is no difference of opinion between the salesman and the employer and there is no chance for complaints, because the method provides clear rules and regulations.

**Demerits-** the following are the demerits of this method:

1. The remuneration of the salesman is not definite. Therefore, he is always worried about the upkeep of his family, especially in times of depression when his livelihood is at stake.
2. The remuneration is paid according to the efforts of the salesman because this depends not only on the ability of the salesman but also on the other factors influencing the market.
3. The system is not proper for a new salesman. It takes time to find consumers. In the beginning, sales are negligible. Therefore, the salesman will get less commission. He will be disheartened and disappointed and may leave the job because of the lower sales in the early years.
4. There are certain areas or segments where the sales are very difficult and it cannot be increased at any cost. Therefore, the salesmen of those areas or segments are at a loss in comparison with the salesmen of those areas or segments where the sale of the products is comparatively easier.
5. The remuneration depends upon the salesman's labour and efforts. Therefore, he tries to sell the products by hook or by crook and applies any method to fulfill his aims. Sometimes, money is paid on credit and the employer may have incurred a loss because it becomes difficult to get back the credit given.
6. The salesman considers himself a free man because he realises that he does not get a salary from his employer, whatever remuneration he gets is in exchange for his efforts and labour. There is little control over the salesman in this method.

**Salary and commission plan-** this method combines the salary and commission methods. It includes the qualities of both methods. In the salary system, while there is a regular salary there is no incentive and encouragement. On the other hand in the commission method, the salesman gets paid according to his efforts and labour but there is no surety of the salary. The defects of both the methods are removed in this system. The salesman not only receives a definite salary but also gets a commission on the sales.

There is provision for a minimum salary and incentive to work with new zeal and encouragement for the commission.

**Merits-** the following are the merits of this system:

1. There is the surety of a definite salary and the salesman gets incentive to work with great encouragement and zeal for the commission.
2. He is free from the worries of his family affairs because he gets a fixed amount of salary every month.
3. The new and the old salesmen are satisfied in this method, because everyone receives the reward according to his efforts and labour. Because there is satisfaction among the salesmen, they work in cooperation and there is no possibility of any tension among themselves.
4. The salesman is satisfied because the total sum of both the systems is enough for his livelihood, and he gets the incentive to work with great zeal and encouragement.

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**Demerits**

1. The salary is low and the rate of commission is high. Therefore, the work of development is negligible. The salesman spends more time on the promotion of sale of the products than on the other kinds of development programme.
2. When the salary is high, the commission is low. The salesman has the surety of his monthly pay. Therefore, he becomes idle and neglects his duties.
3. The employer has to incur loss at the time of depression, because there is no sale of the products. But the employer still has to pay the fixed salary. Especially when the salary is more than the commission, it becomes a burden on the employer.

Although this system has many demerits, it is still considered to be the best system, because it contains the merits of both systems and is free from the demerits of both. Therefore, this system is popular and useful.

**Drawing account and commission method-** the salesman requires some expenses for the work of sale e.g. railway fare, lodging and boarding expenses, etc. if the salesman does not have any money he cannot carry out his business smoothly. The drawing account pays some money to the salesman before he starts his journey. This amount is a prepaid commission, which is given to him as an advance. When the real commission is earned, the prepaid commission is adjusted in favour of his account. What should be the rate of commission and what facilities of drawing account are given to him?

**Example-**if the salesman is authorized to draw Rs. 300 and is paid 10 per cent commission, and then from the sale of Rs. 2,000, his commission will be Rs. 200. Thus  $\text{Rs. } 300 - 200 = \text{Rs. } 100$ , will be credited to his account. If in the next month he sells Rs. 3,500 worth of products, his commission increases e.g. in the first month, the drawing account is Rs. 150, but the rate of commission is 5 per cent, in the next month, the drawing account is Rs. 150, but the rate of commission is  $7\frac{1}{2}$  per cent and so on. Some firms keep the drawing account at the maximum rate and it cannot exceed this. If the drawing account is more than the salesman's earned commission and an overdraft comes into force, the employers ask the salesman for a promissory note.

**Merits**

1. The salesman can do his work easily because he gets money for his future expenses through the scheme of drawing account. This scheme is a boon for the new salesman because he has no money for his expenses.

2. When the season is slack for the sale of the product this scheme is advantageous to the salesman because the amount of commission is very low. The drawing account system gives encouragement to him and he can confidently plan for the future sale on the solid base of the drawing account.
3. The employer keeps a control over the salesman by fixing a definite amount through the drawing account.
4. The salesman has freedom in his job but at the same time he is also free from family worries. His morale is high.

#### **Demerits**

1. When the salesman gets the facility of the drawing account, in practice his expenses increase and there is no economy.
2. In many, cases, the amount, which is kept for the drawing account, is not sufficient for the salesman's full expenses.
3. The employer has limited control over the salesman. If the earned commission is too little to be adjusted in the drawing account, it becomes difficult to realize the money from the salesman.

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**Quota plan-** under this system, a quota is fixed for each salesman. The area of sale is called a 'quota'. When the salesman completes this quota and on the sale of over and above this quota, bonuses and commission are paid. The monthly salary remains the same in this system.

A sales territory and a definite limit is set for the salesman. If particular salesman of a particular area, in a definite time shows or gives a sale, more than the quota, then he is awarded a commission and bonus at a definite rate.

**Example-** if a quota of Rs. 25,000 is fixed for Mr. A for the month of May, he will not get any commission on the sale of Rs. 25,000. He will be given only his salary but if the sale exceeds the quota of Rs. 25,000, then he will get a commission at the specific rate on the excess amount of the quota of Rs. 25,000 i.e if the rate of commission is 5 per cent and the sales of A is Rs. 26, 000, then he will get a commission on Rs.  $26,000 - 25,00 = 1,000$  at the rate of 5 per cent from Rs. 35,000 to Rs. 40,000. The salesman, therefore, has to work more.

If the salesman cannot complete the fixed quota, then the remaining quota is added to the quota of the next month e.g. If A is unable to complete his quota of Rs. 25,000 in the month of May and the sale is of Rs. 24, 000 then he will be asked to complete the remaining quota of Rs. 1,000 in the month of June, plus the fixed quota of the month of June.

The fixation of 'quota' in this method is the most important for the employer. Therefore, he must be very careful. While fixing the quota, the employer should keep in mind the efficiency of the salesman, the nature of the area of sale, the nature of the product, and the season of the sale, etc.

#### **Merits**

1. The salesman not only receives a definite salary but also gets incentive to work more for the sale. As the increase, he gets more profit.
2. The salesman has a definite aim because a quota has been fixed for him. He labours hard to reach that goal.
3. The employer is very definite about the sale and there is an increase in the sale. Therefore, the company gains.
4. The commissions and bonus are given on the sale above the quota which has been fixed. Therefore, the salesman is not only busy with the old customers, but also takes interest to find out new customers.
5. Since the rate of commission is progressive, the salesman makes effort to increase the sales. As the sales increase, the commission also increases at the progressive rate.

6. The salesman does his job with great responsibility because if he does not complete the fixed quota, the remaining amount is added to the quota of the next month. Therefore, he tries to complete it at any cost in the same month.

#### **Demerits**

1. In this method, the problem is that of fixing the quota. It should not be too little or too much.
2. If an employer fixes a very high quota in order to save on commission and bonus, it becomes difficult to reach that level.
3. In order to complete the quota, the salesman tries to complete, if by hook or crook. He sells the products in cash or on credit. Sometimes, the whole amount of credit is not returned. As a result of this there is great loss to the company.

This method is good provided the fixation of quota has been done after careful thought and there is a check on the credit system.

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**Special task method**-in this method, remuneration is decided upon for a specific task. The commission or bonus is given on that rate, after the completion of the definite task e.g. the remuneration is decided for every new customer. Sometimes if the old customers lose interest in the products, they are again given incentives to purchase the products. Thus, bring back the old customers; the salesman is given commission or bonus at a fixed rate per customer. This method is used only for special types of assignments.

**Profit sharing plan**- in the profit-sharing plan the salesman has a share in the profits of the company. At the end of the year, the profits are distributed to the salesman on the basis of definite percentage, the sale of the whole year or on some profit, etc.

The salesman is an important person in a company. He gets a share in the profit of the company and thereby, in a way, becomes a shareholder or proprietor of the company.

### **Merits**

1. The salesman gets an important position.
2. The salesman receives a share of the profits and he considers himself a shareholder of the company.
3. The salesman will gain by this method only when the company makes a profit. Therefore, the salesman does his job honestly and sincerely.

### **Demerits**

1. The amount of profit every year is not the same. Therefore, the salesman has no idea to assurance about the amount of profit that he may get in a particular year.
2. The amount of profit does not depend upon the efforts of all the salesman only there may be a number of reasons for the increase or decrease in the profit.
3. The profit is earned with the co-operative efforts of all the salesman. Some salesmen are not sincere and hard working and some work very efficiently and honestly. The profit is attained due to the joint efforts of both. This is not equitable. Therefore, it can be said that the basis of remuneration ought to be personal and not co-operative.

# **Supervision of Sales Personnel**

The activities of every person who works on others need to be supervised. The employer's natural and continuous interest in the activities of his employees is known as supervision. Supervision help the employers in controlling, directing and motivating the activities of the employees. An important purpose of supervision is to help the sales representatives use their time efficiently and effectively. The method and extent of supervision depend upon the nature of the selling job. Sales persons who work on a commission basis and whoa re expected to find their own customer, need on supervision. But sales staffs who get a salary and are allocated an area or a definite number of customers need to be supervised.

If the sales staff work sincerely and effectively, there is increase in sales. If on the other had, the salesman do not work efficiently, the sales decline. Therefore, it is necessary to have a strict control and supervision over the sales personnel.

## **Methods of Supervision**

The following are the methods of supervision and control over the salesmen:

1. Personal invigilation or supervision or contact.
2. Letter-writing (correspondence).
3. Printed aids, such as bulletins.
4. Discussion.
5. Competition, and
6. Reports of the salesman.

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Personal supervision is done by the sales managers, sales supervisors or area sales managers. Correspondence work is done by the head office or area or branch offices. In practice, many kinds of forms are utilised:

- a.Daily discussion.
- b.Expenditure report.
- c.Complaints of customers.
- d.Relations of the customers.
- e.Displays.
- f.Credit or unification.
- g.Lost business, and
- h.Possible business or trade.

## **Evaluation of the Work of Sales Personnel**

The evaluation of the work of the salesman is done to know how he is performing the task and what his weaknesses and strengths are. The evaluation of the work of the salesman can be done by the following methods:

- a. Personal contact by the supervisors.
- b. Through letter-writing.
- c. Competitions.
- d. Conferences, and
- e. Reports of the salesman.

The evaluation of the work of the salesman, and the actual work being done can be assessed by the personnel supervisors by going to the sales areas.

## **Performance Appraisal**

Performance appraisal means evaluating the performance of person within their jobs in order to make reasoned personnel decisions. These decisions cover salary, giving general advice, development and training, promotion opportunities and human resource planning. While formal systems are gradually being extended to cover more managers and supervisors, they are little used for those employees for whom the relationship with the organization is treated much more in terms of a temporary economic link. These include many shop floor workers, sales staff and so on. In such cases, performance is measured, where possible, in output terms and rewarded under a bonus scheme.

Within a formal appraisal system, there will be an appraisal interview. This raises many of the difficulties of fairness and consistency that were discussed in the previous section. The interview, then, should be set within a framework of planning and control to counter these problems. An effective and equitable appraisal system should contain:

- Analysis of the range and number of jobs to be appraised and the organizational context in which they system is to be established
- Clarification of and agreement over the purpose of the appraisal
- Training of appraisers in the necessary skills
- A statement of the procedures to be followed and the outcomes expected
- Regular review of the process to ensure improvement.

Three general orientations for appraisal have been noted – trait outcome and behaviour. Of these, the last is the least common yet is the most strongly recommended.

- Trait-orientated appraisal is widely used yet, since it concretes on personality traits, is one of the weakest and most susceptible to prejudice. Traits such as ‘charm’, ambition’ or initiative’ have been found irrelevant or inconsistently held in different job situations. They do not account for achievement of job outcomes.

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Outcome-orientation appraisal focuses on outcomes. Management by objectives assesses how well employees meet previously agreed goals. Yet, since goals are individualized in this way, there is no consistent basis for comparing one person with another. Outcome-oriented approaches are, therefore, unsuitable for systems primarily designed to rank employees for merit pay or promotion.

- Behaviour-orientated appraisal highlights behaviour relevant to the job. In principle, this is the most effective, for behaviour is the root of success or failure. Discovering reliable dimensions is difficult and likely to be worthwhile only when there are many staff with similar roles.

Whatever system of performance appraisal is used, the manager should be aware of its limitations and its basic contradictions. For example, appraisal systems frequently seek to combine evaluation of an employee’s performance with advising and agreeing upon routes to improving that performance. Each is a laudable purpose yet, in combination, they create problems. The manager is to be seen as both an evaluator, being prepared to note underperformance and, simultaneously, an advisor. In the latter role, the manager appears as supporter or trusted friend who can arrange to have development opportunities made available.

## **Managing the Sales Force**

We define sales management as the analysis, planning, implementation and control of sales force activities. It includes setting sales force objectives; designing sales force strategy and structure, recruiting, selecting, training, compensating, supervising and evaluating the firm’s salespeople. The primary sales force management decisions are shown in the figure below. Let us take a look at each of these decisions next.

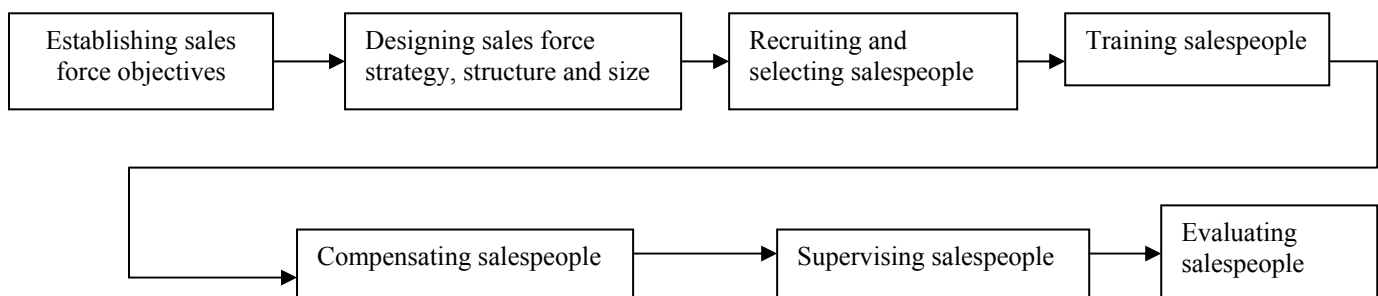


# Setting Sales Force Objectives

Companies set different objectives for their sales forces. Salespeople usually perform one or more of the following tasks:

- Prospecting. Finding and developing new customers.
- Communicating. Communicating information about the company's products and services.
- Selling. Selling products by approaching customers, presenting their products, answering objections and closing sales.
- Servicing. Providing services to customers
- Information gathering. Carrying out market research and intelligence work, and filling out sales call reports.

## Figure10: Major steps in sales force management



Some companies are very specific about their sales force objectives and activities. For example, a company may advise its salespeople to spend 80 per cent of their time with current customers and 20 per cent with prospects and 85 per cent of their time on current products and 15 per cent on new

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products. The company believes that if such norms are not set, salespeople tend to spend almost all of their time selling current products to current accounts and neglect new products and new prospects.

## Designing Sales Force Strategy and Structure

Marketing managers face several sales force strategy and design questions. How should salespeople and their tasks be structured? How big should the sales force be? Should salespeople sell alone or work in teams with other people in the company? Should they sell in the field or by telephone? How should salespeople be compensated? And how should performance be rewarded where selling tasks are shared across members within the sales team? We address these issues below.

## Sales Force Strategy

Every company competes with other firms to get orders from customers. Thus it must base its strategy on an understanding of the customer buying process. A company can use one or more of several sales approaches to contact customers. An individual salesperson can talk to a prospect or customer in person

or over the phone, or make a sales presentation to a buying group. Similarly, a sales team can make a sales presentation to a buying group. In conference selling, a salesperson brings resource people from the company to meet with one or more buyers to discuss problems and opportunities. In seminar selling, a company team conducts an educational seminar about state-of-art developments for a customer's technical people.

Often, the salesperson has to act as an account manager who arranges contacts between people in the buying and selling companies. Because salespeople need help from others in the company, selling calls for teamwork. Others who might assist salespeople include top management, especially when big are at stake; technical people who provide technical information to customers; customer service representative who provide installation, maintenance and others services to customers; and office staff, such as sales analysts, order processors and secretaries.

Once the company decides on a desirable selling approach, it can use either a direct or a contractual sales force. A direct sales force consists of full- or part-time employees who work exclusively for the company. This sales force includes inside salespeople, who conduct business from their offices via telephone or visits from prospective buyers, and field salespeople, who travel to call on customers. A contractual sales force consists of manufacturer's reps, sales agents or brokers who are brokers who are paid a commission based on their sales.

## **Sales Forces Structure**

Sales force strategy influences the structure of the sales force. A company can divide up sales responsibilities along any of several lines. The decision is simple if the company sells only one product line to one industry with customers in many locations. In that case the company would use a territorial sales force structure. If the company sells many products to many types of customer, it might need either a product sales force structure, a customer sales force structure, or a combination of the two.

## **Territorial Sales Force Structure**

In the territorial sales force structure, each salesperson is assigned to an exclusive geographic area and sells the company's full line of products or services to all customers in that territory. This organization clearly defines the salesperson's job and fixes accountability. It also increases the salesperson's desire to build local business relationships that, in turn, improve selling effectiveness. Finally, because each salesperson travels within a small geographic area, travel expenses are relatively small.

**Product Sales Force Structure**  
Salespeople must know their products, a task that is not easy if the company's products are numerous, unrelated and technically complex.

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This, together with the growth of product management, has led many companies to adopt a product sales force structure, in which the sales force sells along product lines. For example, Kodak uses different sales force for its film products and its industrial products. The film products sales force deals with simple products that are distributed intensively, whereas the industrial products sales force deals with complex products that require technical understanding.

The product structure can lead to problems, however, if a given customer buys many of the company's products. For example, a hospital supply company may have several product divisions, each with a separate sales force. Several salespeople might end up calling on the same hospital on the same day. This means that they travel over the same routes and wait to see the same customer's purchasing

agents. These extra costs must be measured against the benefits of better product knowledge and attention to individual products.

## **Customer Sales Force Structure**

More and more companies are using a customer sales force structure, whereby they organize the sales force along customer or industry lines. Separate sales forces may be set up for different industries, for serving current customers versus finding new ones, and for large accounts versus regular accounts.

Organizing its sales force around customers can help a company to become more customer focused. For example, giant ABB, the Swiss-based industrial equipment maker, changed from a product-based to a customer-based sales force. The new structure resulted in a stronger customer orientation and improved service to clients.

## **Complex Sales Force Structure**

When a company sells a wide variety of products to many types of customer over a broad geographical area, it often combines several types of sales force structure. Salespeople can be specialized by customer and territory, by product and territory, by product and customer, or by territory, product and customer. A salesperson might then report to one or more line and staff managers. No single structure is best for all companies' ad situations. Each organization should select a structure that best serves the needs of its customers and fits its overall marketing strategy.

## **Sales Force Size**

Once the company has set its strategy and structure, it is ready to consider sales force size. Salespeople constitute one of the company's most productive – and most expensive – assets therefore, increasing their number will increase both sales and costs.

The past few years have seen a reduction in sales force size. Advances in selling technology, such as selling on the internet or the use of account management software, make salespeople more efficient in handling customers and can even replace salespeople altogether.

Many companies use some form of workload approach to set sales force size. The company groups accounts according to size, account, status or other factors related to the amount of effort required to maintain them. It then determines the number of salespeople needed to call on them the desired number of times.

The logic is as follows. Suppose we have 1,000 Type-A accounts each requiring 36 calls per year, and 2,000 Type-B accounts each requiring 12 calls per year. In this case, the sales force's workload, as defined by the number of calls it must make per year, is 60,000 calls ( $36,000 + 24,000$ ). Suppose our average salesperson can make 1,000 calls a year. The company thus needs 60 salespeople ( $60,000/1,000$ ).

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### **Other Sales Force Strategy and Structure Issues**

Sales management also have to decide who will be involved in the selling effort and how various sales and sales support people will work together.

### **Outside and Inside Sales Forces**

The company may have an outside sales force, an inside sales force or both. Outside salespeople travel to call on customers, whereas inside salespeople conduct business from their offices via telephone or visits from prospective buyers.

To reduce time demands on their outside sales forces, many firms have increased the size of their inside sales team, which includes technical support people, sales assistants and telemarketers. Technical support people provide technical information and answers to customers' questions. Sales assistants provide clerical back up for outside salespeople. They call ahead and confirm appointments, conduct credit checks, follow up on deliveries and answer customers' queries when salespeople cannot be reached. Telemarketers use the phone to find new leads and qualify prospects for the field sales force or to sell and service accounts directly.

The inside sales force frees salespeople to spend more time selling to major accounts and finding major new prospects. Depending on the complexity of the product and customer, a telemarketer can make 20-30 decision-maker contacts a day, compared to the average of four that an outside salesperson can make. For many types of product and selling situation, telemarketing can be as effective as a personal sales call, but much less expensive. For example, whereas a typical personal sales call can cost well over £200 depending on the complexity of the call.

Just as telemarketing is changing the way that many companies go to market, the Internet offers explosive potential for restructuring sales forces and conducting sales operations. More and more companies are now using the Internet to support their personal selling efforts, ranging from selling and training salespeople to conducting sales meetings and servicing accounts. Electronic negotiations are also taking root, with more and more organizations using the web to conduct sales negotiations.

E-negotiation has its merits. For a start, the emails last forever. The durability of emails enables negotiators with each of the half-dozen or more companies involved at the same time. A second advantage is the instant record-keeping that e-negotiations entail. Although the telephone is cheaper and faster and can convey more information than a quick email, there are distinct advantages for negotiators using email or electronic sites. The negotiations can be done at lower cost and at a time that is convenient for the parties involved.

Sceptics, not surprisingly, argue that negotiations are more likely to go well if conducted face to face. There is only so much that one can accomplish in an exchange through keyboards and screens. Proponents, however, note that e-negotiations can be facilitated by the brief getting-to-know-you telephone call. And there is nothing to stop before negotiations commence. Moreover, not all electronic negotiations take place between strangers, and e-negotiations can go well when the parties already know each other.

However, the durability and immediacy of emails mean that each piece of correspondence must be re-read and double-checked to minimize confusion, misunderstanding and embarrassment. It is much

more difficult for the negotiator to retract information or ‘emotions’ once he or she has ‘hit the send button’. Experts urge e-negotiators to heed the lessons learnt by every Victorian letter-writer – the best policy is: ‘when in doubt, leave it overnight’. There is no better filter to apply to an angry note than a good night’s sleep.

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#### **Team Selling**

As products become more complex, and as customers grow larger and more demanding, a single salesperson simply can’t handle all of a large customer’s needs. Instead, most companies are now using team selling to service large complex accounts. Companies are finding that sales teams can unearth problems, solutions and sales opportunities that no individual salesperson could. Such teams might include people from any area or level of the selling firm – sales, marketing, technical and support services, R&D, engineering, operations, finance and others. In team selling situations, the salesperson shifts from ‘soloist’ to ‘orchestrator’ who helps coordinate a whole-company effort to build profitable relationships with key customers.

Team selling does have its pitfalls. Selling teams can confuse and overwhelm customers who are used to working with only one salesperson. Salespeople who are used to having customers all to themselves may have trouble learning to work with and trust others on a team. Finally, difficulties in evaluating individual contributions to the team selling effort can create some sticky compensation issues.

#### **Key Account Management**

Continuing relationships with large customers dominate the activities of many sales organizations. For makers of fast-moving consumer goods such as Procter & Gamble, Unilever and Danone, the relationship is with major retailers such as Tengelmann, Carrefour, Tesco or Ahold. The importance of these retailers has changed the way marketing as a whole is being organized. Account managers often orchestrate the relationship with a single retailer, although some will manage several smaller retailers or a group of independent outlets. Any major retailer will probably always be carrying major manufacturer’s brands, so the account manager’s role is one of increasing the profitability of sales through the channel. In this arrangement a great deal of sales promotion effort and advertising is customized for arrangement a great deal of sales promotions efforts and advertising is customized for retailers that want exclusive lines or restrict the sort of promotions that they accept.

The situation is very similar in industrial sales organizations when a supplier has to sell components, raw materials, supplier or capital equipment in the concentrated markets. Even when a prospect is not a client, there are regular contacts at all levels between the organizations. When the client or prospect is particularly important, key account managers are responsible. These aims for mutually beneficial relationships between the seller and buyer. The buyer benefits from trace ability of supplies smart purchasing and lean supply and facilities management, while the seller gains market knowledge and profitable sales.

In most companies, account managers are like brand managers in not having formal or informal teams working for them. This means the key account managers compete for the resources to serve their client. Their role is to maintain smooth but creative relationships between the buying and selling teams.

# **Recruiting and Selecting Salespeople**

At the heart of any successful sales force operation is the recruitment and selection of good salespeople. The performance difference between an average salesperson and a top salesperson can be substantial. In a typical sales force, the top 30 per cent of the salespeople might bring 60 per cent of the sales. Thus careful salesperson selection can greatly increase overall sales force performance.

Beyond the differences in sales performance, poor selection results in costly turnover. When a salesperson quits, the costs of finding and training a new salesperson, plus the costs of lost sales, can be very high. Also, a sales force with many new people is less productive than one with a stable membership.

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#### **What are the Traits of a Good Salesperson?**

Selecting salespeople would not be a problem if the company knew what traits spell surefire sales success. If it knew that good salespeople were outgoing, aggressive and energetic, for example, it could simply check applicants for these characteristics. Many successful salespeople, however, are also bashful, soft-spoken and laid back.

One survey suggests that good salespeople have a lot of enthusiasm, persistence, initiative, self-confidence and job commitment. They are committed to sales as a way of life and have a strong customer orientation. Another study suggests that good salespeople are independent and self-motivated and are excellent listeners. Still another study advises that salespeople should be a friend to the customer as well as persistent, enthusiastic, attentive and, above all, honest. They must be internally motivated, disciplined, hard working and able to build strong relationships with customers. Still other studies suggest that good salespeople are team players, not loners.

When recruiting, companies should analyse the sales job itself and the characteristics of the most successful salespeople to identify the traits needed by a successful salesperson in their industry. Does the job require a lot of planning and paperwork? Does it call for much travel? Will the salesperson face a lot of rejections? Will the salesperson be working with high-level buyers? The successful sales candidate should be suited to these duties.

#### **Recruiting Procedures and Selection**

After management has decided on needed traits, it must recruit the desired candidate. The human resources department looks for applicants by getting names from current salespeople, using employment agencies and placing classified ads. Another source is to attract top salespeople from other companies. Proven salespeople need less training and can be immediately productive.

Recruiting will attract many applicants, from which the company must select the best. The selection procedure can vary from a single informal interview to lengthy testing and interviewing. Many companies give formal tests to sales applicants. Tests typically measure sales aptitude, analytical and organizational skills, personality traits and other characteristics. Test results count heavily in companies such as IBM, prudential, Procter & Gamble and Gillette. Gillette, for example, claims that tests have reduced turnover by 42 per cent and that test scores have correlated well with the later performance of

new salespeople. But test scores provide only one piece of information in a set that includes personal characteristics, references, past employment history and interviewer reactions.

## **Training Salespeople**

New salespeople may spend anything from a few weeks or months to a year or more in training. The average initial training period is four months. Then, most companies provide continuous sales training via seminars, sales meetings and the web throughout the salesperson's career. Training programmes have several goals. Salespeople need to know and identify with the company; so most companies spend the first part of the training programme describing the company's history and objectives, its organizations, its financial structure and facilities, and its chief products and markets. Because salespeople also need to know the company's products, sales trainees are shown how products are produced and how they work. They also need to know the characteristics of competitors and customers, including distributors, so the training programme teaches them about competitors' strategies and about different types of customer and their needs, buying habits. Because salespeople must know how to make effective presentations, they are trained in the principles of selling. Finally, salespeople need to understand field procedures and responsibilities. They learn how to divide time between active and potential accounts and how to use an expense account, prepare reports and route communications effectively.

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## **Compensating Salespeople**

To attract salespeople, a company must have an attractive compensation plan. These plans vary greatly both by industry and companies within the same industry. Compensation is made up of several elements – a fixed amount, a variable amount, expenses and fringe benefits. The fixed amount, usually a salary, gives the salesperson some stable income. The variable amount, which might be commissions or bonuses based on sales performance, rewards the salesperson for greater effort. Expense allowances, which repay salespeople for job-related expenses, let salespeople undertake needed and desirable selling efforts. Fringe benefits, such as paid vacations, sickness or accident benefits, pensions and life insurance, provide job security and satisfaction.

Management must decide what mix of these compensation elements makes the most sense for each sales job. Different combinations of fixed and variable compensation give rise to four basic types of compensation plans – straight salary, straight commission, salary plus bonus and salary plus commission.

The sales force compensation plan can both motivate salespeople and direct their activities. If sales management wants salespeople to emphasize new account development, it might pay a bonus for opening new accounts. Thus, the compensation plan should direct the sales force towards activities that are consistent with overall marketing objectives.

The below shows how a company's compensation plan should reflect its overall marketing strategy. If the overall marketing strategy is to grow rapidly and gain market share, the compensation plan should be to reward high sales performance and new-accounts, the compensation plan might contain a larger base salary component, with additional incentives based on current account sales and customer satisfaction. In fact, more and more companies are moving away from high-commission plans that may drive salespeople to make short-term grabs for business. They may even ruin a customer relationship

because they were pushing too hard to close a deal. Instead, companies are designing compensation plans that reward salespeople for building customer relationships and growing the long-run value of each customer.

## **Supervising Salespeople**

New salespeople need more than a territory, compensation and training – they need supervision. Through supervision, the company directs and motivates the sales force to do a better job.

**Table 8: The relationship between overall marketing strategy and sales force compensation**

STRATEGIC GOAL			
	To gain market share rapidly	To solidify market leadership	To maximize profitability
Ideal salesperson	An independent self-starter	A competitive problem solver	A team player A relationship manager
Sales focus	Deal making Sustained high effort	Consultative selling	Account penetration
Compensation role	To capture accounts To reward high performance	To reward new and existing account sales	To manage the product mix To encourage team selling To reward account management

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### **9.3 Managing People Directing Salespeople**

How much should sales management be involved in helping salespeople manage their territories? It depends on everything from the company's size to the experience of its sales force.

### **Developing Customer Targets and Call Norms**

Companies vary in how closely they supervise their salespeople. Many help their salespeople in identifying customer targets and setting call norms. Companies often specify how much time their sales force should spend prospecting for new accounts and set other time management priorities. If left alone, many salespeople will spend most of their time with current customers; which are better-known quantities. Moreover, whereas a prospect may never deliver any business, salespeople can depend on current accounts for some business. Therefore, unless salespeople are rewarded for opening new accounts, they may avoid new-account development.

### **Using Sales Time Efficiently**

Companies also direct salespeople in how to use their time efficiently. One tool is the annual call schedules which shows which customers and prospects to call on in which months and which activities to carry out. Activities include taking part in trade shows, attending sales meetings and carrying out



marketing research. Another tool is time-and-duty analysis. In addition to time spent selling, the salesperson spends time traveling, waiting, eating, taking breaks and doing administrative chores. Because of the tiny portion of the day most sales staff actually spend selling or negotiating and talking face to face with potential customers, companies must look for ways to save time. This can be done by getting salespeople to use phones instead of traveling, simplifying record-keeping forms, finding better call and routing plans, and supplying more and better customer information.

Many firms have adopted sales force automation systems. Computerized sales force operations for more efficient order-entry transactions, improved customers service and better salesperson decision-making support. Salespeople use computers to profile customers and prospects, analyse and forecast sales, manage accounts, schedule sales calls, enter orders, check inventories and order status, prepare sales and expense reports, process correspondence and carry out many other activities. Sales force automation not only lowers sales force calls and improves productivity; it also improves the quality of sales management decisions.

Perhaps the fastest-growing sales force technology tool is the Internet. As more and more organizations and individuals embrace Internet technology, salespeople are using the Internet regularly in their daily selling activities. The most common uses include gathering competitive information, monitoring customer websites and researching industries and specific customers. As more and more companies provide their salespeople with web access, experts expect continued growth in sales force Internet usage.

## **Motivating Salespeople**

Beyond directing salespeople, sales managers must also motivate them. Some salespeople will do their best without any special urging from management. To them, selling may be the most fascinating job in the world. But selling can also be frustrating. Salespeople usually work alone, and they must sometimes travel away from home. They may face aggressive, competing salespeople and difficult customers. They sometimes lack the authority to do what is needed to win a sale and may thus lose large orders that they have worked hard to obtain. Therefore, salespeople often need special encouragement to do their best.

Management can boost sales force morale and performance through its organizational climate, sales quota and positive incentives.

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#### **Organizational Climate**

Organizational climate reflects the feeling that salespeople have about their opportunities, value and rewards for good performance. Some companies treat salespeople as if they are not very important, and performance suffers accordingly. Other companies treat their salespeople as valued contributors and allow virtually unlimited opportunity for income and promotion. Not surprisingly, these companies enjoy higher sales force performance and fewer turnovers.

# **Sales quotas**

Many companies motivate their salespeople by setting sales quotas – standards stating the amount they should sell and how sales should be divided among the company's products. Compensation is often related to how well salespeople meet their quotas.

## **Positive Incentives**

Companies also use various positive incentives to increase sales force effort. Sales meetings provide social occasions, breaks from routine, chances to meet and talk with 'company brass', and opportunities to air feelings and to identify with a larger group. Companies also sponsor sales contests to spur the sales force to make a selling effort above what would normally be expected. Other incentives include honours, merchandise and cash awards, trips and profit-sharing plans.

## **Evaluating Salespeople**

So far we have described how management communicates what salespeople should be doing and how it motivates them to do it. This process requires good feedback, which means getting regular information from salespeople to evaluate their performance.

## **Sources of Information**

Management gets information about its salespeople in several ways. The most important source is the sales report, including weekly or monthly work plans and longer-term territory marketing plans. The work plan describes intended calls and routing, which provide management with information on the salespeople's whereabouts, and provides a basis for comparing plans and performance. The annual territory marketing plan outlines how new accounts will be built and sales from existing accounts increased.

Salespeople also write up their completed activities on call reports and turn in expense reports for which they are partly or wholly repaid. Additional information comes from personal observation, customers' letters and complaints, customer surveys and talks with other salespeople.

## **Managing the Sales Force**

Recruitment is just the first part of building a top-notch sales force. The other part relates to retaining them and managing them.

## **Compensation the Sales Force**

A fair and just plan of compensation is the first requisite for retaining salesmen.

### **Characteristics of a Good Compensation Plan**

Any compensation plan must direct the salesmen's activities towards the objectives of the firm. It should constantly stimulate the salesmen to put in their best efforts, qualitatively and quantitatively, to achieve the desired and planned levels of sales. The compensation plan in any case should assure a minimum income to salesmen. And there must be additional rewards for above average performance. Compensation must be fair to the management and to salesmen. It should enthruse efficient salesmen and help remove the inefficient ones.

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The compensation plan should be simple, easy to administer, flexible, economic and capable of achieving the personal selling objectives of the firm. A plan that is sound today may not be sound tomorrow. Periodic review and revision of the compensation plan is therefore essential.

### Designing a Compensation Plan

The main steps involved in the design and implementation of a sales compensation plan is:

- Describe the job
- Consider the overall compensation structure of the firm
- Make industry comparison
- Consult the sales force and field sales managers
- Decide the compensation level
- Decide the compensation mix and the weight age of each element in the mix
- Put the compensation plan into operation, watch, review and improve

#### The compensation Level

While fixing the level of sales compensation, most firms go by concept of 'the going marketplace'. Higher starts are given for more competent and more experienced salesmen who can bring better sales to the firm. Detailed job description, thorough job evaluation and inter-company as well as intra-company comparisons should be the basis for fixing the compensation level. The compensation level provided to the salesmen has to be properly related to the level provided to others in the sales outfit like sales supervisors and branch managers.

#### The Compensation Mix

Different firms follow different practices in this regard. A few alternatives are listed here:

- Straight salary plan
- Straight commission plan
- Salary plus commission combination plan
- Commission plus approved expenses plan
- Salary plus group commission plan

Some firms rely more commission. They believe commission will enthuse the salesmen to sell more. But in such case, salesmen are usually less amenable to the control of the firm. Moreover, when several tasks other than the mere selling of the product have to be performed by salesmen, the straight commission plan may fail. Generally, salesmen working solely on commission are freelancers. They may not care to feed the firm with the much needed market intelligence. Taking due note of these realities, most firms opt for a combination of salary and incentives including commission. Such a combination has to be worked out intelligently, taking into account the nature of demand of the product and the circumstances under which it is marketed by the firm. For example, if the demand for the products has to be generated through the 'push effect', salesmen will need some gearing up and a higher proportion of commission/incentives may be desirable. On the other hand, if the product sells largely through the 'pull effect', salesmen will need some gearing up and a higher substantial advertising support, a smaller weightage to commission/incentives may be appropriate. Moreover, as a general rule, it can be said that in the case of industrial products, the compensation plan may lay lesser emphasis on commission/incentives. As regards consumer products, in respect of durables, the weightage to commission/incentives can be relatively higher compared with consumer softs. Even

within the category of durables, varying patterns are seen. The compensation plan of Eureka Forbes is an example. We are making a separate reference to the strategy of Eureka FORBES IN one of the subsequent sections. Hawkins pressure cookers are another example of a commission-dominated plan. The company in fact has sales representatives on all commission compensation plan.

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The company's announcement of the compensation plan for its representatives run like this: "in addition to the daily allowance amounting to approximately Rs 600 per month, most representatives can earn between Rs 1,500 to 4,500 per month within a few months of their starting. The more you work, the more you earn. Apart from expense allowances, and sales commissions, there are prizes contest and performance incentives. A top class representative can earn over Rs 6,000 per month".

Apart from salary and commission, a number of other incentives and perks can be used as part of salesmen compensation. Various combinations under each category are also possible. Depending on the product characteristics, requirements of the firm and competitors' depending on the product characteristics, requirements of the firm and competitors' practices, a suitable compensation plan should be developed. Also, for different types of salesmen and general purpose salesmen, rural salesmen and urban salesmen can be all distinguished from one another and given different compensation plans.

#### **Travel Compensation**

As the job of salesmen involves a great deal of travel, compensation towards travel expenses is another key area of decision in sales compensation. Cost of travel and other incidental expenses incurred by the sales force form a sizeable part of the selling cost of any firm. Obviously, there must be a well-formulated plan governing travel compensation. Basically, travel compensation should be such that the salesman is not out of pocket because of travel on behalf of the company, nor does he make it a source of income. Ideally, the plan should provide for reimbursement of all of the legitimate expenses incurred by salesmen on account of travel on company's business. The plan should not lead to any dispute between the salesman and the firm.

#### **Alternative Schemes of Travel Compensation**

Various firms follow different schemes in this regard. Some of these are:

- The 'honour plan'
- Unlimited actual on bills/vouchers produced
- Actual with a ceiling
- Fixed daily allowance plus actual travel cost
- Only sales commission and no travel compensation

Since travel usually involves the use of vehicles by salesmen, plan for reimbursement of expenses in this regard is equally necessary. Some of the plans followed by different firms in this respect are:

- Flat mileage rates
- Graduated mileages rates
- Standard allowances irrespective of distance traveled
- Combination of standard and mileage allowances
- Reimbursement of actual with or without vouchers

Other perks usually extended to salesmen include medical benefits, pension, and gratuity, leave concession, entertainment allowance and insurance benefits.

# Motivating the Sales Force

Motivating the sales force is the crux sales force management. The mettle of sales managers always gets tested on the touchstone of their motivational skill how well they are able to motivate salesmen under them. As a matter of fact, motivation is an all-encompassing concept; it is a product of all that a sales manager or an organisation does in relation to salespersons.

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That is why practically all discussions on sales management always centre on motivation of sales force. It can be easily seen that the present chapter is no exception to this rule. Practically every aspect that is discussed in this chapter has a close bearing on motivation of salespersons. The sales force compensation discussed in the earlier section is closely related to motivation. Aspects like building of sales force morale, training and development of sales force, sales supervision, sales coordination and achieving effective communication with salesmen all of which are discussed in the sections that follow are all closely related to motivation. In fact, even the various sales administration tasks such as setting personal selling objectives, assigning tasks to individual salesmen and designing their sales territories have a strong bearing on motivation.

Many valuable theories have been handed down to us on the subject of motivation, including those McGregor and Abraham Maslow. Maslow's ideas that human beings have a variety of needs, forming a hierarchy and that the motivational package should be designed to meet the hierarchy of needs could be applied to advantage in sales force management. Broadly speaking, through a twofold motivational package consisting of financial and non-financial factors, the entire hierarchy of needs of salesmen can be taken care of. The compensation plan and various perks can be used for meeting the basic needs. The 'esteem needs' also can be met to some extent by the compensation plan including perks. Appropriate non-financial incentives may have to be consciously designed in order to take care of the other part of 'esteem needs'. In fact, non-financial incentives are essential for meeting all types of needs in the total hierarchy of needs, except perhaps the basic needs. Recognition and praise is a prime element in the non-financial package of motivational tools. A genuine praise can fetch, in some cases, much more from salesmen than what the most attractive financial package can do. Successful sales supervisors and sales managers are aware of this fact. And they are never miserly nor late when it comes to praising their salesmen for a good piece of work. They follow the dictum: "if with pleasure you are viewing something good a salesman is doing, tell him now!" creation of a good social environment for salesmen in another element in the non-financial motivational package. Salesmen should be in a position to earn social prestige. Many salesmen are motivated more by status and privileges than by additional money. Sales conferences, sales contests, honour and awards for meritorious work, etc., would serve as good social incentives for salesmen.

Many salesmen have strong achievement needs. The motivational package should therefore have element directed at this need. This can be accomplished by creating and operating a system in which salesmen's efforts directly lead to creditable achievement. Sensible management, in itself, is a motivational element. For example, when the sales task is clearly set out and handed down to salesmen, their motivation becomes very positive. On the hand, when the sales task is set out in vague and ambiguous terms and salesmen are left in doubt as to what is expected of them, their motivation sags.

## Morale Building

As mentioned in the preceding section, motivation in the larger sense includes morale. Good morale leads to good motivation and to good performance. In fact, morale and motivation go hand in any field

sales situation. It is the responsibility of sales management to build up the morale of the sales force and maintain it at a high level.

### **Reasons for Poor Morale**

A variety of factors contribute to poor morale of salesmen. These sales territories might not be properly designed and structured with the result that unequal burden is cast on salesmen. It could also happen that some salesmen are given sales territories with very little potential, with the result that they can never feel the pride of achievement. Or, perhaps the compensation plan may be faulty. In some other cases, the evaluation of salesmen's performance is not done with fairness and objectivity.

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Unfair treatment in the matter of rewards, transfers and promotions and too many vexatious rules, regulations and restrictions in the sales organisation also contribute to poor morale. Whatever be the reason, poor morale of the sales force will seriously affects sales performance. Poor morale of salesmen will also affect customer service, channel relations and public relations of the firm.

### **Symptoms of Poor Morale and Good Morale**

The symptoms of poor morale are many and varied. Minor complaints may get magnified; unionism may suddenly show its head; anti-management attitude, vocal criticism of the company's policies, strong retaliations at every suggestion of the management and viewing the company as an adversary may become commonplace. Likewise, good morale also manifests through several symptoms. When salesmen show pride, loyalty and enthusiasm about their company and its products, their sales organisation and its policies, it means that the sales force morale is very high and that the sales management job has been well done.

### **Morale Depends on Organisation Climate**

Good morale will result if the organisation gives the right treatment to salesmen. Basically, the organisational climate must be good. The firm should follow sound principles of management. Proper responsibility and authority must be given to salesmen as well as to sales supervisors and executives. To a large extent, sales force morale depends on how the organisation looks at the selling job and the sales force.

### **Fair Builds Up Morale**

The top management and sales executives must practice justice and fair play. They should not play favorites among salesmen. For building up morale, it is also necessary to have proper appreciation of the environment in which salesmen work. Salesmen are essentially 'loners' on the job, working all by themselves. They are not in a group and the psychological comfort of working in a group is denied to them in their day-to-day work. They are traveling all the time, living away from their families, leading a life different from that of the factory workers or office staff. Special efforts will therefore be needed on the part of sales executive to make his salesmen feel a sense of belonging to the company. The sales executive should support his salesmen whenever they deserve it. His men should view him as a dependable and strong boss.

### **Good Communication Promotes Morale**

Effective communication is another important ingredient in morale building. In many firms, salesmen do not often know what the management is trying to do and the reasons behind its actions. The management. Effective sales supervision will increase sales and profits and reduce selling expenses. It will also improve the morale and motivation of salesmen and reduce their wasteful turnover. The extent

and nature of sales supervision may vary from firm-to-firm depending on the complexity of the sales organisation. As a general rule, salaried salesmen have to be supervised more than those who work on commission. Important aspects that require close supervision include efficiency in sales calls, efficiency in routing and time management, communication skills and interpersonal skills.

### **Setting Norms for Sales Calls**

Setting norms for sales calls is an integral part of sales supervision. While the decision on the actual frequency of sales needed in respect of a given customer can be left to the individual salesman, sales managers and supervisors have to guide the salesman on the criteria and norms to be applied on this decision. Normally two factors influence the frequency of sales calls:

- The volume of sales offered by the given customer
- The nature of the given customer whether he is an individual customer, or an organisational or government buyer or a wholesaler or a retailer.

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While every customer needs proper contacts for securing business and for servicing, the time, money and energy to be spent on them will vary according to what the company expects from each of them. And on this will depend the sales calls frequency. Sales managers and supervisors must guide their salesmen's in deciding the sales calls frequency in respect of different types of customers.

### **Managing key Customers/Accounts**

Of late, in many organisations, managing key accounts is becoming an increasingly important task in the personal selling effort. Most organizations do have some key customers, who are especially important to the organisation because given by them, or the potential held out by them, or the high profits contributed by them. Such customers are a powerful buying centre as far as the organisation is concerned and the relationship with them demands the special attention of sales managers of the organisation. The task of managing these customers cannot be left to salesmen. From sales calls onwards, every aspect of servicing such clients has to be handled by sales managers of the organizations.

### **Guiding Salesmen on Route Planning**

Guiding salesmen on route planning is yet another important aspect is sales supervision. Effective route planning is one of the surest means of optimizing salesmen's travel time and cost. Sales managers and supervisors must guide their salesmen on how to avoid haphazard travel/tours and haphazard sales calls and make the personal selling effort productive and rewarding. In some cases, they may brief their salesmen on the criteria to be followed in route planning and leave the actual decisions to them. In some other cases, the route planning may be done jointly through a consultative process sales managers/sales supervisors and salesmen sitting together and deciding on the programme. In yet other cases, sales managers/sales supervisors may do the route planning in all its details, including scheduling of tours and sequence of sales calls and pass it down to their salesmen. A well chalked out route plan will help avoid duplication of travel effort, time and cost and increase sales call productivity. In today's context, when the cost of travel is cost and increase sales call productivity. In today's context, when the cost of travel is shooting up constantly, route planning of salesmen becomes all the more significant. Shooting up constantly, route planning of salesmen becomes all the more significant.

### **Supervision is Leadership in Action**

Supervision should not be confused with bossing. Supervision is actually leadership in action. It is not just a privilege or authority. It is essentially a responsibility. It is a highly skilled job. The supervisor has to guide and lead rather than dictate. Supervisor involves continuous communication and setting

personal example. The supervisor must take his salesmen to customer and dealers and show them how to make sales presentations and clinch orders. He must work with his salesmen in the field for at least half his total working time and inspire them by his leadership and experience. He must help them learn, change and develop. Selling must be a shared commitment of salesmen and sales supervisors. The supervisor must give due credit to salesmen for their accomplishments.

Effective supervision must be built on the planks of predictable standards of behaviour and clarity of goals and methods. There must be mutual trust and a proper working relationship between the supervisor and his salesmen.

## **Performance Appraisal of Sales Force**

The foundation of any performance appraisal system is the belief that human beings have immense capacity for growth, performance and development; under right direction and climate for performance, they will respond creatively and positively. This applies equally to performance appraisal of salesmen.

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#### **Good Appraisal System Enables Superior Performance**

Salesmen perform better when the performance criteria, goals and tasks are established clearly and by mutual agreement. Likewise, their performance is considerably improved when they are given periodic feedback on how they are performing and in what areas they can improve themselves by greater application. They also come up with better performance when they are given the necessary help and guidance on the job and are rewarded promptly according to their contribution. On the other hand, salesmen tend to slacken if timely and proper appraisal of their performance is not made and rewards are not forthcoming based on performance.

#### **Evaluate Against Predetermined Norms/Targets In Every Key Aspect**

Salesmen's performance can be appraised on the basis of sales quotas, previous year's sales, the sales potential of the territory, the share achieved and the competitor's sales in the territory, the market share achieved and the competitor's sales in the territory. Appraisal could also be made based on sales expenses incurred and gross margins and net profits achieved by individual salesmen. Comparisons of performance between different salesmen could also be made. An appraisal of the total performance should be preferred to an appraisal of just the sales figures achieved. If, in addition to the sales quotas, activity quotas are assigned to salesmen in all the key aspects of their job, a total appraisal would be easy. The organizing capacity of salesmen, their dealer relations, customer relations and public relations, their contribution to sales promotion efforts and their ability in enlisting new accounts and new dealers for the company could be assessed, using appropriate norms.

#### **Reward Salesmen According to Their Contributions**

Performance appraisal should lead to differentiated rewards for salesmen. Salesmen who turn out outstanding performance have to be provided with commensurate rewards. At the same time, weak salesmen have to be improved and developed. Proper performance appraisal would facilitate both these requirements. And as a general rule, it will also help channelise their contributions exactly on the path of organisational goals. As such, sales force performance appraisal should be an integral part of sales management. It must also be remembered that performance appraisal is an ongoing process and cannot be done by merely writing an annual assessment report. Moreover, it would be advantageous to make an assessment for the 'potential' of a salesman independent of his performance appraisal.



### **Training of Sales Force**

The essence of all training is the belief that performance of people can be improved through training. The same basic approach governs sales training as well. It should rest on the conviction that every salesman can be improved through carefully designed training:

- Spelling out the aims of the sales training
- Determining the initial and continuing training needs of the sales force as a whole
- Determining the special training needs of individual salesmen
- Deciding the nature of the training and the type of programmes required
- Deciding the content of training
- Choosing the methods of training
- Developing the instructional material and training aids
- Timing the training
- Evaluating the effectiveness of the training
- Training the trainer

### **Spelling Out the Aims of the Training**

The training aims must be carefully determined and clearly spelt out. Since training programmes are capable of achieving variety of objectives and firms also have a wide variety of requirements to be

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accomplished through sales training, considerable preparatory work must be done in determining the aims of sales training of the particular firm in the given context and time. For example, the aims can be a mix from among the following:

- Increasing the sales
- Getting new accounts
- Faster turn around of stocks
- Selling a complete product line instead of the fast selling items alone
- Better merchandising and sales promotion
- Improving sales presentation and sharpening sales skills
- Clinching the orders
- Customers education on product, its use and benefits
- Improving customer relations and dealer relations

### **Jobs**

## **Job Satisfaction**

Job satisfaction and its opposite, job dissatisfaction, refer to the attitudes and feelings job holders have towards their work. Morale can be viewed as a state of mind dependent on the degree of job satisfaction experienced by an individual or group. Factors, which influence the level of job satisfaction which a job holder experience fall into two broad categories: intrinsic and extrinsic.

- Intrinsic influences refer to factors arising from the performance of the job itself. These include: whether the job has variety; whether it is challenging; it allows the job holder to use wide range of talents or skills; whether the job holder has control over the work situation; and whether his/her views influence decisions affecting the job.
- Extrinsic influences refer to factors, which fall outside of the doing of the job. These influences include: they pay or salary earned for doing the job; fringed benefits that accrue to the jobholder: how well the individual integrates into the work group (the work of Mayo is important in this

context) the nature of management and supervision (Mayo and McGregor stress this aspect). Success and recognition by superiors contribute to high job satisfaction.

#### **a. Job Satisfaction and Motivation**

Mayo argued that by increasing job satisfaction the performance and productivity of workers could be increased. Other theorists have questioned this direct link, but where job satisfaction links with motivation (Herzberg) then performance improves. Vroom puts it thus:

$$\text{Performance} = \text{Ability} \times \text{Motivation}$$

There is general agreement among experts that job dissatisfaction can have harmful effects on both jobholders and the organisation. Research has associated job dissatisfaction / low morale with: high labour turnover; skills wastage; absenteeism; high accident rates; poor timekeeping; a lack of commitment to quality. The individuals in a low job satisfaction may suffer frustration and stress. Although stress may arise from many quarters, it is the inability to deal with and manage stress that afflicts the individual who suffers job dissatisfaction.

#### **b. Increasing Job Satisfaction**

Job satisfaction will be increased by careful job design, which includes job enrichment, and a thoughtful consideration of the intrinsic and extrinsic factors. Experts argue as follows:

- Decentralization and delegation should take place in organisations where there are “too close controls”. This would give employees a degree of freedom to direct their own activities and assume new responsibilities.

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- Participation and consultative management should be used to encourage people to direct their creative energies towards organisational objectives and to give employees some voice in decisions that affect them.

The management expert, W Ouchi, argues that participation is the crucial motivator and contributes greatly job satisfaction. Employees will be motivated to higher levels of performance if they are involved in meaningful participation in decision-making in their organisation. Employees should participate in groups and decisions should take account of the views of people actually doing the job.

#### **c. Quality of Working Life (QWL) Approach**

The QWL technique draws together the ideas of job design, job satisfaction and performance satisfaction, so that areas for improvement can be identified. This is done by the use of questionnaires, with numerical scores allocated to the answers. Respondents are asked to rank features of work in order of importance. Free-expression interviews may also be undertaken, to allow employees to give their views on the job. However, critics argue that job satisfaction is better revealed by factors such as absenteeism, sickness rates and labour turnover. QWL tries to involve employees in identifying problems and suggesting solutions; the workers themselves say what is important to them, and management acts upon these ideas. Research reveals that job satisfaction can be increased if individuals are properly trained for the jobs they are expected to perform.

## **Job Design**

The management expert, L E Davis, defines job design as:

#### **a. Scientific Management Approach**

As we seen, prior to the Hawthorne experiments and the work of Maslow and Herzberg, management's approach to worker motivation followed the scientific management approach of F W Taylor. He, along with Gilbreth, is regarded as the founder of what was originally termed Time and Motion Study and which has evolved into the modern discipline of work-study. The primary objective of Taylor and Gilbreth was to determine the most efficient method of working, using what was originally termed an "engineering approach".

- Jobs were broken down into small, repetitive components so as to reduce skill requirements. (The car assembly line is, perhaps, the classic example.) This passed control to management and away from previously "skilled workers".
- Employee motivation was based on a "carrot and stick" approach the stick being the threat of such "punishments" as suspension or dismissal, and the carrot being such extrinsic rewards as pay and job security.

Realisation gradually dawned, however, that in many cases the scientific management approach did not produce the expected results in terms of increased efficiency. Although a production line might be highly efficient in work-study or engineering terms, the lack of job satisfaction resulted in a fall in motivation. This adversely affected overall performance, increased absenteeism and labour turnover, and caused deterioration in industrial relations. You will note that the extrinsic rewards referred to in above relate to Maslow's lower level needs and to Herzberg maintenance factors. In order, therefore, to improve motivation, attention was directed towards Maslow's higher level needs and Herzberg's motivational factors. This resulted in the so-called intrinsic rewards the restricting or redesigns of jobs to provide greater scope for an employee to use his/her abilities and skills and to give him/her greater control over the way he/she work.

## **b. Current Approach**

We can identify the two key strands of job design as:

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The achievement of organisational goals through efficient job performance;

- Meeting the needs of the jobholders for satisfaction from their work.

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There is a potential for conflict between all-out organisational efficiency and the human needs of employees, e.g. extreme division of labour can be efficient but the work may be so boring as to destroy the job satisfaction of the job holders. The tasks required of job holders will vary with different types of organisation and with the sorts of technology displayed, but every job will have its duties, responsibilities, methods and relationships between the job holder and other people working in the organisation. In the final analysis, these functions must be performed in a satisfactory way for the employee to retain his/her job. However, human needs for job satisfaction must also be respected and workers must be motivated to perform well. There are a number of ways in which this may be achieved. Here we develop the ideas of Herzberg, which we described in the previous study unit. Remember though, that practical job design is based on motivation theory and the work characteristics which have been identified as increasing motivation, with the objective of trying to increase both work satisfaction and performance. However, any job design study must also consider factors which may limit the way can be redesigned the technology involved; the cost of any additional equipment required for the "redesigned" job; the attitude of any trade unions involved and the employees themselves; management values and styles, etc.

## **Job Rotation**

Job rotation is the simplest form of job restricting or design and refers to moving workers from one job to another even though these jobs are of similar level of skills, they do at least afford a change from boring routine. The employee is given a greater variety of tasks, and for some this may give the opportunity to move from a standing task to one which involves sitting down, thus avoiding physical strain. The advantages for management are that job rotation rarely leads to a need for additional

machinery and tools, and employees become more flexible in their abilities and can cover holiday and sickness absences more easily.

- If job rotation is imposed by management it may be resisted by employees if it interferes with the development and functioning of the work group
- Some individuals may prefer to be excellent at one task, rather than good at several tasks
- The changeover situation may cause problems, e.g. if a workstation is left in a mess, or if a task is left unfinished.

According to Torrington and Hall the amount of change for the employees concerned may be very limited. Birchall claimed that workers soon became familiar with each type of work and the actual work done was still repetitive, although he did report that Volvo workers in Sweden expressed themselves in a positive way about job rotation.

### **Job Enlargement**

Job enlargement refers to ways of making a job less boring by introducing variety, e.g. increasing the number of different tasks the worker has to perform. This usually involves widening a job from a central task to include one or more related tasks, usually of the same type as the original task. This means that as the member of staff is doing wider range of tasks he/she is less dependent on colleagues and can work at his/her own pace. It is argued that the gains in performance by the worker with higher morale outweigh any loss of production from making the work less specialised. Job enlargement is often criticised on the basis that the enlarged job tends to consist of multiples of the original task and nothing of any significance is added that will improve job satisfaction or motivation. For management job enlargement may lead to requirements for additional equipment, peace and training; staff may quickly become familiar with the additional task and the motivational effects may wear off.

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An example of job enlargement was reported at the Endicott plant of IBM. The jobs of the operators were redesigned to include the tasks (previously done by other groups) of machine set up and output inspection. In this case, benefits were reported to include improved quality, reduction in waste, less idle time (operative and machine) and huge cost reductions in set up and inspection.

However, Torrington and Hall point out that research evidence relating to worker behaviour and attitudes to repetitive tasks is conflicting:

- Some workers seem to prefer repetitive jobs as they give a sense of security, and it may be this that gives the individual satisfaction.
- Enlarging a repetitive job may later alter an employee's job in such a way that he/she can no longer socialize or daydream, and it may be this part of the job that the individual finds attractive!

Results of research into job enlargement indicate inconsistent findings:

- Hackman and Lawler reported that workers in varied jobs were generally more satisfied and performed better than those with less variety.
- Kilbridge found that after enlargement of some industrial jobs workers preferred the pre-enlarged jobs.

### **Job Enrichment**

This is a more ambitious technique, which incorporates the ideas of job enlargement but goes much further in changing the nature of jobs. Job enrichment supporters argue that a job can be enriched by introducing more variety, but this can go far beyond giving the employee more tasks to do or job rotation. The worker is given a greater opportunity for achievement and recognition and job enrichment

aims to increase the worker's involvement in the organisation and /or the job. Job enrichment ideas include:

- Job freedom, e.g. letting workers decide their own methods and pace of work so long as the job is done well.
- Participation, e.g. consultation on possible changes, more direct communication instead of going through formal channels.
- Delegated "control", i.e. the operative performs his/her own inspection functions on what he/she makes.
- Allocating of natural, meaningful modules of work, if not to the individuals, at least to a work group; e.g. bench work rather than assembly line work.
- Allowing employees to feel responsible for their work performance. Ideally workers should have regular feedback direct to themselves on the quality and quantity of their performance at work.

In general, the worker is allowed to complete a whole or much larger part of a job, and the added tasks are often of a different nature to the ones already performed this is the difference between job enrichment and job enlargement. Job enrichment may well expand the job to include supervisory or managerial functions and elements of decision-making.

Lawler, Hackman and Kaufman implemented an early job enrichment programme in 1973, redesigning the jobs of female telephone operators. Essentially the changes involved added initiative and a relaxation of the control mechanisms of the company/ for example; operators were allowed to reply to customer requests in their own words, rather than unscripted phrases. They did not have to obtain the supervisor's permission to leave their posts to check records or go to the toilet. They were given discretion to handle lengthy or complicated enquiries as they thought best, and to help out operators engaged on other tasks during busy periods if they wished. When organisations decide to make use of the job enrichment technique, they face certain problems and limitations:

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- Technology some forms of technology are strongly associated with boring repetitive jobs, Herzberg admits there are some jobs which simply cannot be enriched: he calls them "Mickey mouse jobs, for Mickey men". The only remedy here is automation.
- Cost some firms argue that, much as they would like to enrich the jobs of their employees, the cost of doing so would be so high it would make the firm uncompetitive, as they would have to raise prices to consumers.
- Trade unions sometimes trade unions oppose changes in jobs, e.g. union can react against ideas of making dilute strict trade and demarcation lines between jobs.
- Workers themselves some workers prefer stability in their jobs and may feel threatened by ideas of making their jobs more interesting.

Despite these problems, there are many positive views emerging on job design and enrichment. These include the following:

- In the absence of technology breakthrough, real increases in productivity can only come from the more efficient use of the workforce.
- High labour costs have led to the need for the better use of people; some form of job design can often achieve this result.
- Today's worker is often better educated than his/her predecessor and consequently expects more from his/her job. If he/she is not satisfied at work, he/she may express this by poor workmanship, absenteeism and high labour turnover.
- Behavioural scientists like Herzberg, McGregor, Likert, Porter and Lawler, etc., etc., have led to examples being tried out, which in turn have provided evidence to indicate that individuals' needs should be taken into account if any form of organisation improvement is to be made.

- The international publicity given to such experiments as those taking place in Volvo, Philips, fiat, etc., prompted other work groups to ask for such “experiment”.

### **Principles of Job Design**

The experiences of a number of behavioural scientists and industrial organisations have led to the development of certain “principles” of job design. A number of psychological requirements have been identified that exist for the large majority of persons at all levels of employment. These are:

- a. The need for the content of the job to be reasonably and to go on demanding in terms of other than sheer endurance, and yet provide variety.
- b. The need to be able to learn on the job and go on learning and have some measure of freedom in the way in which a person carries out his or her work.
- c. The need for an area of decision making where the individual can exercise his or her discretion.
- d. The need for social support and recognition in the workplace.
- e. The value of work groups given a high degree of autonomy over the work situation, i.e. to large extent self-managing groups. These groups allocate tasks and ensure members have variety of work and the satisfaction of contributing to the team performance.
- f. The value of multi-skilling, i.e. breaking down the old demarcation lines between types of job and the constant of skills.
- g. Sufficient challenge in the job to lead a sense of satisfaction when the task is completed satisfactorily.
- h. The opportunity to have social interaction when doing the job and at other times.
- i. The establishment of agreed targets/goals and appropriate feedback of results.

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## **Rewards**

#### **Motivation and Pay**

Many people associate motivation with pay. They see it as a direct link between increasing or maintaining their standard of living, buying goods to satisfy their wants and desires, and being able to afford holidays in order to alleviate role stress. When talking about motivation and pay, we need to ask ourselves a simple question that may provide an answer to whether pay is a motivator. This question is “do we live to work to live?” we can take both parts of the question and answer them separately.

#### **a. Do We Live to Work?**

Many people see pay as a motivator because it enables them buy the things want, live in the area they want and buy the car they want. Maslow said, “human are wanting beings; they always want more and what they want depends on what they already have”. This suggests that motivation is strongly linked to pay because, in many cases, the harder we work (such as overtime), the more reward we get (in terms of money), the more we have available to spend (disposable income). However, Herzberg stated that money is not motivator, but a hygiene factor this means that it is a dissatisfier rather than a motivator, but a hygiene factor. This means that it is a dissatisfier rather than a motivator, and that when people get a certain level of salary, once they are used to it they become dissatisfied with it and want more.

#### **b. Do We Work to Live?**

Many see work as a means to an end providing just enough pay to “keep them alive and keep a roof over their heads”. People in this category are often motivated by intrinsic rewards, such as praise and recognition, rather than extrinsic rewards, such as pay and other associated benefits.

## **Payment Systems**

Put very simply, a payment system is a method by which the salary or wage of an employee is calculated. However, it has significance to the organisation, which goes far beyond this.

### **A. The Aims of Payment Systems**

There are a variety of types of payment system, as we shall consider below. What they have in common, though, is that all allow for different employees to be paid at different rates. The rates at which individuals, or groups of, employees are paid and the “differentials” or “relatives” between individuals and groups are important issues for an organisation (and, indeed, for an economy as a whole). They need to be addressed as part of the holistic design of a system.

The establishment of a payment system clearly involves balancing the organisation’s interests with those of its employees. For the system to be effective, it needs to meet the following three criteria:

- Take account of the needs of the organisation and of its employees;
- Have the commitment of all sections and levels of management in the organisation; and
- Have been developed, installed and maintained with the participation of employee representatives.

To the organisation, the payment system must support the cost-effective achievement of its goals. Labour is often one of its highest costs, particularly in the service sector, and the overall cost needs to be balanced against other aims. These general aims are that the payment system should:

- Be an integral part of the business strategy
- Be linked to human resource planning
- Facilitate change and development within the organisation
- Ensure that suitable staff may be recruited into the organisation
- Facilitate the deployment of staff to ensure maximum productivity; and
- Relate to the continued attainment of high performance.

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In influencing recruitment, deployment and performance levels, the payment system is clearly linked to human resource management. From this perspective, payment systems need to:

- Attract staff of the right caliber into the organisation, at all levels and in all types of job (including facilitating the payment of enhanced rates to attract staff in skills shortage areas and for short term contracts, where appropriate)
- Encourage staff to make full use of their capabilities and develop their potential in striving to achieve the objectives set by the organisation
- Reward staff in accordance with their contribution
- Prevent any loss of morale through dissatisfaction with pay as per Herzberg’s notion of pay as a hygiene factor
- Encourage staff to stay with the organisation, if that is an objective
- Be seen to achieve these aims at least cost to the organisation.

### **B. Types of Payment System**

There are two basic types of payment system:

- Time, or flat rate, systems in which pay is expressed as an hourly, weekly or annual rate; and
- Performance related systems where pay is linked to performance, with higher levels of performance leading to increased pay.

The two systems are not mutually exclusive and are often combined in some ways.

### **Time, or Flat Rate, Systems**

Virtually all organisations use flat systems to some extent.

The basis of such systems is a rate of pay attached to particular jobs. Job will be grade to differentiate between them on the basis of such factors as the difficulty of tasks, skills required, level of responsibility, etc. (the way in which jobs are graded and differentiated, one against another, is considered in the next section on job evaluation). Pay rates will then be expressed as an hourly, weekly or annual rate for the performance of the duties and responsibilities of the job.

Part time employees will be paid a proportion of any weekly or annual rate in respect of the hours/days worked.

Such systems have a number of advantages, including that:

- They are relatively easy to administer once the overall rate and differentials have been agreed and established;
- They are easily understood by employees and are not likely to lead to disputes, other than over basic rates;
- They help the forecasting of labour costs since salaries are a known factor and do not change, other than across the board in respect of, say, cost of living increases; and
- Employees find it easy to check to see that they had been paid correctly.

Flat rate systems do not, however, provided for incentives to improve productivity. Everyone is paid the same for the job, regardless of performance.

Such systems are most appropriate in the following conditions:

- Where volume of work is difficult to measure;
- Where work flow is difficult to measure;
- Where work flow over a period is uneven;
- Where the volume or pace of work is outside the control of the employee; and
- Where considerations other than output are of more importance (although this is very unlikely).

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#### **Incremental Scales**

Many organisations, rather than having one pay rate attached to a job, have scales of pay related to them. An individual jobholder may qualify for a higher position on the scale, and thus a higher rate of pay for the job, according to various factors:

- Performance receiving additional increments on the scale may be linked to assessment of performance;
- Length of service with increments being awarded annually, thus rewarding staff who stay with the organisation
- Experience recognizing n (assumed) greater level of skill acquired through experience in the same or very similar in the past
- Qualification again recognizing as (assumed) greater level of skill, as evidenced by the holding of relevant qualifications.

Incremental scales tend to be associated with large organisation, particularly in the public sector, with fixed rates applying throughout the organisation or even to whole occupational groups, such as teaching or nursing. A process of collective bargaining between employers and employees representatives agrees the details of pay rates attached to particular groups, and the conditions for receiving incremental



increases. There are any number of advantages to collective bargaining in that it involves employees (through their trade unions) in the process and thereby gains their commitment, it produces nationally binding agreements and also takes the process of determining pay rates away from individual managers. However, it also tends to produce very inflexible schemes which do not allow for individual circumstances to influence pay rates, particularly in respect of the (local) market for skills and labour in general.

### **Performance Related Pay Systems**

Performance related pay has been an accepted payment system in many occupations for a long time for example, salespersons earning commission on sales or manual workers being paid according to output (“piece work”). Generally, such pay does not form the whole of the job-holder’s pay, but the proportion may vary from the largest part of his/her earnings to being only a minor addition to flat rate pay. There has been a significant growth in performance related pay in all sectors of the economy in recent years as organisations have sought to find rewards systems which are linked more closely with performance. (This is related to the growing acceptance of the expectancy theory of motivation.) The traditional basis for this type of payment system has been the performance of the individual, but increasingly pay may be related to team performance or the performance of the organisation as a whole.

### **Individual-Based Systems**

This relates directly to performance levels against agreed, measurable standards. It provides a strong incentive to meet such performance targets but can be expensive to maintain (through the need to consistently measure performance and calculate consequent payments) and may lead to disputes about the standards themselves or the ability of individuals to meet them.

### **Team-Based Systems**

This has a number of benefits in improving team performance through encouraging co-operation, flexible working and multi-skilling, and the development of increased autonomy (and, hence, reduced supervision). In addition, it may be a lever for organisational change, through an emphasis on team working. On the other hand, it diminishes the role of the individual, compelling conformity and stifling creativity, and possibly having a negative effect on expectancy theory.

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### Organisation-Based Systems

These types of bonus schemes are based on the performance of the organisation in meeting objectives, as measured by a variety of indices such as profit, share price, etc. they may be applied to the whole workforce or to particular sections of it (and are often confined to senior management levels). The basis of such systems is that employees have a direct stake in the overall performance of the organisation. This is enhanced where the bonus is paid as a distribution of shares, rather than as monetary bonuses, thus tying the award to the continuing success of the organisation (remembering that share values may go down as well as up). For the organisation, such schemes are attractive in that they are only paid out of profits, and do not represent a permanent, on going cost.

### C. Non-Pay Rewards

The benefits of employment are not solely confined to pay, although this is likely to be the most important aspect to both employers and employees. Most organisations provide a package of benefits beyond pay to attract and retain staff, including monetary and non-financial rewards. In addition, certain organisations provide incentive schemes linked to non-monetary rewards, such as additional leave for long service.

### Contemporary Developments in Reward Systems

Until comparatively recently, there have been only a few variations in how pay is administered;

- Flat rate for the job here the gross (pre-tax) wage or salary is expressed in weekly, monthly or annual terms, with stated rates for overtime
- Piece rates this is where the worker is paid for what is produced no output, no money
- Flat rate plus commission or sales related element

The recent past has seen a considerable move towards performance related reward. Whilst most would accept that greater productivity should be rewarded accordingly, it is easier said than done to have an entirely fair system for example:

- Those who sell products or services, which are in high demand, will achieve good results, irrespective of their skill or diligence, but a very able sales person achieve bad results because the product or service is inherently poor.
- It is difficult to quantify the value of output of many workers, such as those in management support functions and service industries.
- The economics of the business may not support a fair reward system, e.g. nearly everyone agrees that doctors and nurses are worth more in financial terms than they are paid, but the system cannot reward them appropriately without breaking the national budget.
- With an increasingly global market, a fair pay structure in one part of the business may be completely out of line with that in the same company's overseas subsidiaries.

There are many ways of implementing performance related systems. Ideally, they should have a scientific basis, so that there is some measurement of the value of the work in terms of economic contribution to the enterprise. This can be done through various techniques such as standard setting and appraisal systems. Some of the methods of implementing performance related rewards are as follows:

### Profit Centres

Here the system is based on the contribution of each part of the business to overall performance. This is quite easy in an organisation with dispersed outlets, such as retail shops and financial institutions. A balance sheet and profit and loss account can be produced for each unit and rewards apportioned to

individuals accordingly. It is more difficult, and sometimes impossible, to implement a reward system on this basis where employees are in a management services or support role.

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This inevitably creates conflict in businesses where sales performance is rewarded on an incremental basis. These can be tied in to annual performance review and appraisal systems. Also, as the focus of the business changes, the points awarded may be changed to reflect different priorities.

#### **Totally Results/Commission Driven**

In some sectors it is common to reward people entirely on results attained. Examples include some life assurance companies and double-glazing salesmen. There may not be some flat salary, but this is often a very small element of the remuneration package.

This systems rewards consistently high performers well, but has many disadvantages:

- a. A downturn in the market for the product or service can create hardship and (in Maslow's parlance) anxiety about basic physiological and safety needs.
- b. Again it is difficult to reward those in service and support function fairly.
- c. Turnover of personnel tends to be high due to the low level of long-term security afforded by the system.

#### **Sub-Contracting**

Charles Handy highlights this feature of modern business in his "Shamrock organisation" model, which demonstrate show the core workforce is decreasing in importance as part-time workers and outside contractors become more important. Full time employees are expensive in the long term and usually the highest cost resource. Conversely, when work is sub-contracted out, the business pays only for what it gets. Further, large businesses can often enjoy significant economies of scale when buying in by demanding substantial fee discounts for larger contracts. The more competitive the business of the external provider, the greater the leverage of the company buying in.

The consequence of this is that businesses which can contract work out to external providers can reduce their full time staff complement significantly, resulting in the now-common delayering and down sizing seen in many businesses.

#### **Non-Financial Rewards**

Some businesses, which suffer cost pressures, are able to remunerate in non-financial terms. The chairman of a health authority, Stephen Bragg, introduced a system whereby older, more expensive consultants would be expected to put less time in as they got older. They could then use this time as they wished, either to generate external fee income or take more leisure time. This model fits well with Vroom's expectancy model, through which we learn that if more money is the preferred outcome is more time with the family, this will provide the motivating spur. In addition to rewarding through more time off, business can provide other non-financial incentives, such as payments in kind.

#### **Equity/Profit Share**

It is common practice in some organisations to reward employees through giving them equity in the business (free shares) or a stated share of the profits earned each year. Whichever method is used here, the consequence is that the worker obtains a direct reward from the overall earnings of the enterprise. Supporters of such systems stress the greater sense of "ownership" of the business, which should, theoretically at least, result in more money for better results and hence greater overall commitment to goals. Several privatized utilities have introduced these systems in the last 15 years.

#### **Subjective Awards**

Many of the more traditional businesses reward effort based on the subjective judgment of executives or managers. The person responsible for the individual for team decides what he/she thinks the person's is worth in terms of additional remuneration each year.

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#### **Performance Appraisal Systems**

The competent will constantly monitor staff performance and make realistic and considered comments on a day-to-day basis to assist and develop their effectiveness. A staff appraisal scheme seeks to formally encapsulate the essence of that relationship and record comments from both sides at an annual meeting. It is a snapshot of progress and achievement as seen at a particular time, with ideas about improvement and development for the coming period.

Before going to examine the role and nature of staff appraisal in organisations, it is important to note that there is considerable disagreement and conflict surrounding the entire concept of appraisal. There are two main reasons for this.

- There is a substantial lack of understanding concerning the overriding principles behind appraisal and about the best ways to carry it out. As a result, appraisal is viewed with distrust in some organisations and has lost credibility in others. It may be seen as alternatively a heavy-handed tool of management on the one hand or an administrative chore with little value on the other.
- It is impossible for a good appraisal scheme to address more than a few of the various purposes for which appraisal may be used, although many organisations try to address them all. Some purposes sit happily together, whereas others are bound to conflict. All the purposes need to be addressed by a caring and developmental organisation, but different approaches need to be taken according to the desired result.

In contrast to these two gloomy viewpoints, it must be said that there are many organisations that have first class appraisal schemes. They serve their purposes admirably and are well thought of by all concerned because they are seen to be of value.

These two observations about the problems with staff appraisal do, though, provide us with a framework for consideration the concept looking at the various purposes and the organisational context before going on to review the process of appraisal itself.

#### **The purpose of Appraisal**

Staff appraisal schemes are all concerned with taking stock of the present situation and reviewing past performance, and planning for the future. Within this very general description, though there are a number of different specific purposes and outcomes of the appraisal process.

#### **A. The Assessment of Past Effectiveness and Setting of New Performance Targets**

The assessment of performance task that can and should be carried out at every level in an organisation, from the chief executive to the newest office junior. Granted, the criteria for judging will be different at those extremes, but the principle is the same.

Standards for top managers will probably be based on cooperate objectives whilst standards for say, clerical staff will be based on task performance. These standards of performance may be found in job descriptions, procedural manuals, professional codes of practice or other organisational statements describing what are expected from a competent employee. Appraisal can only address the achievement of standards or objectives if they have been clearly defined and understood by all concerned. It must be clear what levels of performance are acceptable, that the standards are valid and attainable, and what will be made for factors outside the control of the individual. It should be remembered that not all

aspects of a job could be assessed against objectives and targets. Unless productivity is actually quantifiable, which is more likely at the lower ends of the hierarchy, measuring success is difficult and open to misinterpretation. Frequently, the display of certain personality traits such as reliability, integrity, creativity and judgment needs to be considered and, with the difficulty of setting measurable standards for such characteristics, final evaluation may be open to the subjective perceptions, views and biases, etc. of the appraiser.

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The setting of performance targets for the forthcoming period, in the shape of an action plan, is not just a case of imposing objectives. In the context of appraisal it must be seen as a two-way exercise, which locates the individual's, own objectives in the context of those of the organisation and the organisation's support. Thus, this would include:

- Agreement about the overall objectives of the department/section and of the individual within that context ideally as embodied in an accurate, current and developmental job description.
- The establishment of the individual's major priorities over the next period and the extent of managerial support needed for success
- The identification for the individual's key task within those priorities and the appropriate standards of performance in terms of quantity, quality, time and costs
- The identification of, and agreement about, the level of support and guidance, which should be offered by the manager to aid the individual to perform to those standards.

#### **B. The Assessment of Present Salary Levels and Setting of New Levels and/or Relation of Performance to Pay**

We saw in a previous unit that, increasingly, pay is being linked to performance. In order to establish that link, and measure performance as a basis for determining merit pay or bonuses, there needs to be some form of performance assessment. Many organisations use staff appraisal for this purpose, but this is fraught with difficulty.

The main problem lies in the impossible marriage of a process concerned with improving the quality of performance with one, which aims to provide information for salary review. It is clearly difficult to have a frank discussion about performance standards and achievements when there is an overriding implication that the discussion will be used to set salary levels. The employee is hardly likely to expose and discuss weakness at the risk of perhaps being penalized by the either holding of pay increases, and will probably try to over-emphasise achievements in compensation in order to qualify for the performance related pay element.

Thus, linking the two inevitably means that the pay issue will distort what should otherwise be an honest and truthful exchange about performance. It is generally considered best practice to try and divorce the two purposes and address them separately by different schemes at different times. However, surveys have shown that a substantial proportion of organisations do link them together which explain of the distrust and lack of credibility associated with staff appraisal systems in some organisations.

#### **C. The Assessment of Training and Development Needs, and Identification of Strategies for Meeting Them**

Whenever an assessment of performance is made there will be invariably an identified need for further training or development unless the performer is excellent in every respect. Staff appraisal offers an ideal opportunity to managers and supervisors to discuss training needs and identify possible routes to achieving new knowledge and skills. Any action plan should include a commitment to enable the

individual to acquire these new abilities, and the appraiser should set time scales for the achievement of specific objectives. Any plans for training or development should encompass the needs of the section or department as well as the individual, as seen both at present and well into the future. The appraiser should capitalize on strengths, seek to remedy weakness and consider the individual's career aspirations. In some situations, or in certain organisations, training needs appraisals may be a completely separate exercise from appraisal related performance, although it is difficult to envisage either one being discussed without reference to the other. Such approaches stem from a distrust of performance appraisal a point we shall consider below.

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#### **D. The Assessment of Potential for Promotion and Development of Succession Planning**

Organisations need to be clear about their future, and part of that clarity includes people who are going to run the show to come. Appraisal may help to identify those employees who show great potential talent spotting and groom them for future higher roles in the organisation. In local government terms, this is often seen less as a parochial concern about the organisation as opposed to the local government service as a whole, with high flyers being marked out as being potential chief officers, perhaps, for any local authority in the future.

Succession planning should be an on going process based on a sound knowledge of the employee group, their collective and individual abilities and the future needs of the unit. To be effective, a succession plan should address organisational needs over a two, five or even a ten year period. However, the complexities of setting staffing targets over a future period must be mentioned here. Many variables are in play, and the task is made more difficult by unexpected shifts in the national economic scene, in political demands, the availability of materials and funds, and the changing nature of services provision. Hence the personalisation of such activities, by endeavoring to identify and develop individuals for specific posts in the future, is fraught with problems.

A key difficulty is finding an acceptable yardstick against which to measure "potential". The excellence of present performance can be measured as can an ability to analyse and address problems associated with the present post. However any assessment of ability to tackle tasks in a possible job some time in the future can only be speculative and hypothetical. Clearly, people will stand out from the crowd as being likely to climb higher. These need to be given every opportunity to develop their skills and knowledge ready for eventual promotion and increase in responsibility. Such likely flyers may become evident at appraisal meetings although the effective manager will notice latent ability as part of everyday supervision; but labeling people as potential top managers can be dangerous if anything more than two or three years' development is envisaged. Disappointments can occur from both sides and plans can be spoiled or careers accelerated too fast.

#### **E. The Assessment of Individual Progress and Assistance with Career Planning Decisions**

Staff appraisal schemes focus attention on the individual's performance in the job. As well as discussing improving performance in the job in the future, the process provides a natural forum for considering where he /she may be going in the future both from the organisation's perception and in view of the employee's own aims and objective. Such discussion can inform both planned adjustments in job and hence performance targets, and twining and development plans. This is an example of the creative use of appraisal to meet compatible purposes within a single framework.

#### **F. The Enhancement of Motivation and Communication**

Rather than being a specified purpose of staff appraisal, this is a by-product of an effective scheme. It can generate an enormous amount of goodwill and respect for the organisation, and provide significant gains in the development of internal communication and individual motivation.

The appraisal process should encourage a greater sense of belongings and a feeling of co-ownership; it should foster better communications between colleagues, upwards, downwards and sideways; it should stimulate on-going dialogue about the successes and failures, hopes and aspirations, fears and excitements. Above all, it should give the organisation a powerful forum for individual and team development, personal growth and greater job satisfaction.

From the individual employee's point of view four elements are worthy of note:

- Most people are pleased to have their work performance evaluated in order to have strengths emphasized and developed to have the opportunity to discuss improving areas in which they are less effective, and to recognize the relevance of the part they play in the overall pattern of the enterprise;

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- Opportunities to discuss career development are often quite the chance offered in appraisal can stimulate personal growth and set new targets for the future;
- A creative appraisal will allow the appraisee to make constructive comments about the level and quality of supervision received an unusual and often very powerful opportunity for frankness and openness few personnel/management texts mention the desirability of the appraisal meeting being as much about the employee appraising the manager as vice versa, with the attendant increase in worth and mutuality;
- The act of completing a careful and thorough appraisal is a source of motivation, with a consequent enhanced enthusiasm and commitment to the job and the organisation.

## **The Organisational Context of Appraisal Schemes**

We noted above that some of the disagreement and conflict about appraisal derives from the organisational context within which it is operated. In this section we explore some of the issues involved.

### **A. Organisational Culture**

Appraisal schemes will only flourish in an organisation where there is a culture for personal growth and corporate development. This is not easy and, to some extent, the older the organisation and the further its roots go back to less enlighten times, the more resistance is likely. There must also be a climate of comfort, encouragement and nurture.

#### **1. Where is appraisal most likely to fail?**

Where there is a bureaucratic structure, which relies heavily on control and administrative complexity and perfection, appraisal schemes will be found to be paper bound and rigid. A pluralist, them and us culture will see appraisal as a big brother operation, seeking scapegoats and finding faults.

#### **2. Where is appraisal most likely to succeed?**

The organisation espousing concepts such as teamwork, creativity, clarity of mission, innovation, growth and empowerment will cultivate and nurture appraisal as a critical factor in their

achievement. Where there is a sense of mutual learning and shared values and perceptions in an open and fair environment, appraisal will flourish to the great benefit of all concerned. Appraisal needs to be seen as an integral part of the organisation's life and culture, not as an isolated, self-contained exercise. To that end, any scheme must be designed to reflect that culture and be consistent with internal practices and procedures.

### **B. Commitment and Ownership**

At the heart of all appraisal scheme is a highly personal interaction between the appraiser and the appraisee. This interaction needs to be supported by a commitment from the organisation to make it a meaningful and relevant process in which both parties can put their trust. A necessary precondition for such a situation is that the scheme is not imposed from above, but is developed and implemented with the full support, co-operation and understanding of management and employees throughout the organisation. All of the following groups must be fully aware of their roles in the scheme, and their involvement in its planning and design in particular will help create a sense of ownership and commitment:

- Senior management who must be seen as giving the scheme the stamp of approval and as participating fully themselves as both appraisers and appraisee.
- Managers and supervisors as appraisers who must be committed to the success of their sections and of the individuals within them, and to the operation of a fair and objective appraisal system (in

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respect of both the appraisal itself and consequent support for, and monitoring of, action plans) to achieve that success

- Employees (including the above categories) as appraisees who must be committed to the open exchange of the appraisal process and to the implementation of action plans, given the fairness and objectivity of the system
- Personnel and training administrators who are responsible for the co-ordination and control of the process and implementation aspects of action plans which lie outside the scope of line managers
- New employees who need to be informed about the scheme and its benefits, and to be involved in it at an early stage.

## **The Appraisal Process**

There are basically two elements to the appraisal process:

- a. The appraisal interview itself
- b. Follow up action and monitoring

However, before considering the nature of the interview itself there are two other aspects of appraisal schemes to not who should conduct the appraisal and the frequency of appraisals.

### **Who Should do the Appraisal?**

There are a number of possibilities, with the option of using individuals or combinations of people:

- The immediate line manager (the "parent" approach) clearly the one in the best position to have observed the individual and come to conclusions about his/her work, although superior subordinate relationships are sometimes too strained to form an effective basis for appraisal
- The line manager's line manager (the "grandparent") being one hierarchic level removed, the person may have a more detached viewpoint, but may have the day to day experience of working with or knowing the individuals



- A non-line manager specialist (the “step parent”) an effective approach where technical or very specialist activities take place which may be outside the professional understanding of line manager and which may include personnel specialists where more or extra expertise in inter-personal communication and behaviour is required
- A combination of the immediate line manager with one of both of the other people above team to provide a comprehensive, but balanced view
- Self-often used amongst very senior people, self assessment is becoming more popular, especially where there is an opportunity to propose personal development programmes and to choose whether or not any further appraisal discussions should be take place and, if so, by whom. It has been found that senior people, who do not wish to be appraised, may accept the idea to self-appraisal and will pursue it objectively and creativity.

### **Timing and Frequency of Appraisal**

Appraisal should be carried out to cover specific periods, the organisation deciding on the intervals. Most schemes are annual, although six monthly schemes are effective in smaller organisations. Any interval is valid provided the employees know that it is and recognize the importance of the interviews when they occur

Ideally the whole organisation should conduct appraisals within a set time, say six weeks, in order to focus attention on the process and ensure that everyone is covered at roughly the same time. Spreading it out over the year is not conducive to goodwill and commitment.

### **The Appraisal Interview**

An appraisal interview needs to cover three main areas:

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- a. A review of past performance in the job during the preceding period considered from both the appraiser and appraisee’s point of view;
- b. Building an action plan for the next period identifying realistic aims and targets, together with the necessary actions and support required to achieve them and dates for their achievement
- c. A look into the future enabling longer term plans to be formulated in respect of the individual aims and objectives, and considering any steps that can be taken to develop the individuals potential.

It is usual for action plans to be formally recorded so that they can be reviewed and referred to in gaining support for development resources (such as training programmes). It is also usual that such documentation needs to be agreed by the appraisee and signed to that effect.

As with all interviews, preparation is essential, and there are particular requirement relating to the interview itself, as we discuss below.

#### **a. Preparation**

Both the appraiser and member of staff should prepare in advance for the interview. New employees should be fully informed of how the appraisal system works, its cope and limitations. In particular, new employees who are expected to appraise others should be trained fully in how to carry out appraisal effectively and in a manner consistent with the organisation’s own methodology.

It is always necessary to send the right signals about the appraisal exercise, allowing sufficient time for it and stressing its importance to both the individual and the organisation as a whole. Stating that the appraisal interview will be fitted in when each party has “a few minutes to spare” sends the wrong signal entirely and betrays the appraiser’s attitude to the process.

Before the appraisal is carried out, the appraiser should gather all necessary information so that constructive feedback on performance can be given. Having a look at last year's appraisal is essential so that both parties can check progress against aspirations.

Some systems operate by getting both parties to complete a pre-prepared questionnaire essentially; both the manager and the subordinate appraise the subordinate. This can give useful guidelines on differences in perception between the two parties. If they differ radically, the appraisal will require the two persons to explore why this is so what can be done about it.

The appraiser should prepare fully and in writing, even if this is only in bullet point form. Preferred outcomes will exist for both parties, so there is some advantage in getting them to make pre-appraisal notes.

The logistics of the appraisal are important. It is psychologically bad to have telephone interruptions or a noisy room. Absolute privacy is a minimum requirement they may be sensitive issues to be discussed. Some managers insist that appraisal are conducted outside the work place.

### **b. The Interview**

The face-to-face meeting between the appraiser and the appraisee is central part of the appraisal system. This is formal interview in that must comply with a number of procedural requirements in respect of documentation, but there is no reason why it should be formally conducted in fact, the reverse is probably better. The best appraisals are those where there are a few barriers as possible' remember that the physical environment can itself be a barrier. The purpose of the appraisal should be stated. The appraiser might also wish to give an indication of time, though this should not imply that he is in a hurry to get it over with! A two way exchange of ideas should be encouraged from the start. Most appraisers try to get the other person talking as quickly as possible. This can be highly effective to gauge early signals from the subordinate.

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This having been said, the appraiser must control the interview throughout to ensure that the objectives are met in full. The focus should be on strengths not weaknesses, wherever possible. Good salespersons may, for example, be awful administrators, but the latter shortcoming might be tolerated as long as minimum standards as laid down are met and excellent sales performance continues. The message should be clear everyone has weaknesses, which must be acknowledged, but really effective performance can be attained by playing primarily to strengths. If a scoring system is used in the appraisal interview, this should be open so that both parties are aware of scores given and why this is so. Quantitative systems will often create differences between people, but these differences are not eliminated by covering over the information to go on the personal life.

Whilst focusing on strengths, it is important to bring any perceived shortfalls into the open so that strategies can be agreed to tackle them. Targets of standards should be agreed, with frequent less formal review if necessary. The interview should highlight future expectations of the person in his job over the next period and also training and development requirements. This provides vital input in identifying training gaps, some of which will be unknown to the appraiser. It can also give clues on wider training implications what affects this worker might also affect others. Action points should be recorded and agreed throughout, then summarized at the end of the interview. The meeting should not conclude until the appraisee has had the opportunity to raise any other matters. If there is insufficient time to deal with the main appraisal of the extra matters raised, a further interview can be arranged.

### **c. Giving Praise or Blame**

Praise must be earned. Continuous enthusiasm soon loses its effect. If you expect continuous high performance, the occasional comment acknowledging it is sufficient. What you must do is to praise the exceptional effort, ingenuity, initiative or whatever contribution it is which merits the extra

recognition, and make sure that you do it at the time and not weeks or months later or worse, not at all. This kind of appraisal loses nothing by being given informally in fact, rather the opposite. The recipient gains something in self-respect and the respect of his fellow workers, if it is overheard. You will gain in status as your people come to know that you are prepared to recognize and acknowledge good work openly.

The other aspect of routine appraisal blame or criticism needs more careful handling. Work, which is not up to standard, also deserves and should be given prompt recognition. You will only be storing up trouble for yourself if you allow it to continue and then, much later, start raking up the past.

The first thing you must do is to get this into proper perspective. Mistakes, carelessness, accidents, errors of judgment, below performance, do occur. Sometimes they are willful or due to a “couldn’t care less” attitude. More often they arise from ignorance lack of training or experience or some maladjustment in the person concerned. In most cases, then, simply to blame or to criticize however natural it may seem is not going to be your best approach. It will only produce feelings of resentment, possibly injustice and even fear. What the individual really needs is your help to see what was wrong, why it was wrong, and how to avoid it in future. This may mean that you will have to probe to find out why things went wrong. For the simple, routine correction of performance which you do as the occasion arises and which you can handle informally, there is one very significant difference from recognizing good performance. You can usefully do the latter in public; correction you should as far as possible always do in private.

#### **Follow Up Action and Monitoring**

Having made an action plan, it is important that it should be followed through. This will involve action on the part of both employee and the supervisor. This latter point should not be lost sight of, since the absence of action by management can render the whole process ineffective.

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Employees often need support, advice and guidance to achieve new targets, particularly where they are especially challenging, and it is management’s role to ensure that such support is available. It is better if it is proactive rather than reactive to problems, so this implies monitoring progress on a formal and informal basis rather than leaving everything until the next appraisal in perhaps a year’s time. It may well be, as well, that the action plan requires management to take action themselves to provide training, or make adjustments to job descriptions, to obtain new equipment, etc. again, it is important that any such action is taken promptly so that management is seen as carrying out its side of the bargain.

#### **Problems in the Process**

##### **a. Personal Conflict, Bias and Non-Communication**

Appraisal as we have considered it here will only succeed where there is a mutually trusting, respectful and developmental relationship between the appraiser and the appraisee. Unfortunately, the two parties are human beings with all the faults, preconceptions and idiosyncrasies of individual personality and subject to the normal problems of being able to communicate effectively! The problems, which may arise from this, must be clearly recognized and addressed within appraisal schemes. Of particular concern is that, where distrust or antagonism exists between the appraiser and appraisee, there is the potential for partiality, bias, prejudice, enmity, unfairness and devaluation. Whether such problems actually exist, or have just perceived to exist, the result is that the process will be effectively negated. In such cases, there must be the option of allowing the appraisee to be appraised by someone else by a

“grandparent” or “step parent” and for training to be providing for one or both parties to try and resolve the problems. The other main area of difficulty arises from personal perceptions, which we examine elsewhere in terms of their role as barriers to effective communication. The principal problems effecting the effective operation of the appraisal process in terms of both the interpersonal communication itself and the recording of outcome are receptivity, stereotyping, the halo effect and individual misperceptions such as projection, perceptual defence and self serving bias. It is not easy to avoid some of these problems, but we can and should be aware of them and the problems that can create for the effectiveness of appraisal. Very effort should be made to make clear, rational assessments of people as complete individuals.

#### **b. Problems of ineffectiveness**

The most common grumble levelled at appraisal schemes is that nothing ever comes of them no actions are taken, the papers are just filed away and forgotten, and it was all a waste of time. Unfortunately, many schemes do not have any follow up and the criticisms are valid. What a waste of effort and energy! The good scheme will be active, even proactive, dynamic, progressive, development and used. Appraised staff must be given the training and development identified (compatible with opportunity and funding, of course). New experience must be offered, projects completed and additional responsibilities allocated. Opportunities to meet personal and operational objectives must be created.

## **Management by Objectives**

If we draw out the key elements of these definitions we can see the links between MBO and the management activities we have already studied.

#### **a. Planning**

Humble stresses the spread of corporate planning down through the organisation by the use of MBO techniques. Planning has to take account of individual as well as corporate objectives if it is to be implemented effectively.

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#### **b. Leadership and Direction**

Odiorne stresses the contact between superiors and subordinates, which sets objectives and assesses how well a given manager is achieving them. This interaction calls for leadership and direction skills on the part of the superior.

#### **c. Communication**

The MBO process is essentially one of communication between senior and more junior managers. If the process is to be successful communication skills have to be developed and used by both parties.

#### **d. Control**

MBO may be seen as a control device in that standards are set, results are monitored and feedback reaches superiors.

#### **e. Motivation**

Drucker made an important link between MBO and motivation by stressing the self-control, self-directing and self-motivating nature of MBO.

In addition MBO has links with:

- a. Performance appraisal properly used MBO allows appraisal as part of an integrated process, rather than something outside normal managerial roles.

- b. **Coordination.** MBO forges links between managers at various levels in the organization so increasing vertical coordination. The face-to-face contracts within the MBO techniques are in keeping with Follett's ideas on improving coordination.

### **Setting Objectives**

The bedrock of MBO is the setting of objectives, so we will begin with a review of their key characteristics.

#### **a. Types of Objectives**

We can identify three basic types of objective:

- **Time-specific:** this places a timetable on the achievement of the objectives; a given objective is to be achieved by a specific time.
- **Benefit specific:** this specifies the benefits, which will accrue to the organisation, the section and the individual when an objective is achieved.
- **Description specific:** the aim should be to describe objectives in as precise terms as possible. Quantitative objectives should be set exact figures; qualitative objectives should be described as accurately as possible.

#### **b. Formation of Objectives**

There are three theories about the manner in which objectives are formed in an organisation:

- Traditionally it is held that the company's objectives are those of the chief executive or, at the most, of the top management team. This is by far the simplest explanation and apparently fits in with facts because it is the executives, after all, who actually state objectives.
- However, it is also argued that the information on which objectives are set comes from subordinates, who place very firm constraints on action. You can set it in a conventional base up planning system, where each section sets its own targets which are then integrated with the next level above.

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- The third view is a combination of these two, namely that an organisation's objectives are the result of a compromise, a "negotiated consensus of its influential participants" (Ansoff, "Corporate Strategy").

MBO is a technique, which stresses the negotiation of objectives between superior and subordinate managers.

### c. Scope of Objectives

Objectives should be attainable and wherever possible measurable. Drucker argues that there are certain key areas in which objectives be set:

- Market standing
- Innovation
- Productivity
- Physical and financial resources
- Profitability
- Manager performance and development
- Worker performance and development
- Public responsibility

These are all appropriate areas for the application of MBO techniques.

### d. How Objective Change

Objectives may change deliberately, or because of changed circumstances. The change may be permanent or temporary. Objectives may change because:

- The aspirations of the senior executives change, either due to the past performances of the organisation or comparison with some outside body.
- Pressure applied from inside the firm (e.g. from a union, or from new members of staff) can force change
- From time to time some objectives will be more important than others one of the facts of industrial life is that objectives are often conflicting, and the easiest way to deal with this such a situation is to tackle them in individual time periods.
- Naturally, objectives are attained and must therefore be changed an extreme example of this is the dissolution of a project team after reaching its objective.
- Organisations work in a dynamic environment over which they have only limited control. Environmental changes can have sudden and significant effects on objectives prepared under different circumstances. Objectives may have to change quickly. Where there is a tall hierarchy, this can be a slow and perhaps costly process.

### e. Using Objectives

To be of practical use, objectives should be:

- Clear, concise and understandable
- Set with the subordinate, so that commitment may be obtained
- Obtainable but challenging to provide motivation
- Non-conflicting, where possible.
- As quantified as possible, so that they may be used for control purposes
- Not too numerous, to avoid confusion

- Allotted to an individual each employee should have a set objectives, each objective should be clearly the responsibility of an individual.

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#### The MBO Process

The importance of MBO lies in the way in which it ensures that managers focus on the end results of their activities rather than the activities themselves. This is a valuable contribution to effective management because it reduces the danger of managers becoming so caught up in the day to day running of the organisation that they lose sight of their objectives.

In order to implement MBO it is essential to follow a set o steps in logical order.

##### a. Overall Objectives

Each manager in the organisation works out with his superior a clear definition of his job. In doing this, the exact purpose of he job is identified and the way each job fits into the overall structure of the organisation is recognized. This process allows the key areas, which are crucial to the success of the organisation achieving it objectives to be pinpointed.

This stage is a time for setting objectives and targets. However, objectives and targets are not passed down as orders form the top, but rather are negotiated between managers and their immediate superiors. It is crucial that a manager accepts as realistic the objectives being set fort him. Objectives and targets should be precise and, wherever possible, measurable.

##### b. Key Results Analysis

Having identified the objectives and targets for a manager, that manager then sets about an analysis of his job. He is called upon to identify the key tasks entailed in the job. Key tasks are those parts of the job, which are the most crucial for a given manager to achieve his objectives. This exercise is carried out by the manager himself and constitutes the basis of an MBO form, which us used for analysis. An example for a simple MBO form is as follows:

Key Task	Performance Standard Measurable	Controls feedback	Improvement Suggestions

The key tasks of a given manager's job are listed in the fist column. Into the performance standard measure section go details which show measures of how well a given task should be performance in order to achieve targets. If we take the example of a sale manager, the key task may be to increase sales and cut expenses in the selling of a given product in a given area. In this case the sort of information likely to be found in the performance standard measure section would be target sales and expenses figures and a time deadline to achieve these results. These would constitute a precise measure of success, put into numerical terms.

The control feedback column is where the manager records the actual results, which have been achieved. Here our sales manager would put the actual sales and expenses for the given time period. The improvement suggestions column is self-explanatory, but remember that these must be the manager's own ideas on how his performance can be improved. These ideas will be most crucial when the objectives of the performance standard section are not being met by the results in the controls

feedback section. However, even when targets are being met there may be room for improvement so the manager should strive to come up with useful suggestions. When a manager has completed the key analysis this information must be discussed with an immediate superior his should be an in depth discussion that goes into the analysis of the key jobs, the measures of success including the levels of the targets (e.g. conditions may have changed in the period since the targets were set) and, of course, the improvement<sup>5</sup> suggestions. The manager and his superior then prepare an improvement plan, which they set out in another MBO form, the improvement form.

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#### c. Improvement Plan

Below is a typical layout of an improvement plan. This takes the form of an MBO diary consisting of a restatement of the manager's objective; then a column devoted to the personal action planned and agreed by the manager and his superior; a target date is agreed; then the improvement can about or any new problems which arose.

Objective	Personal action planned	Target date	Data achieved	Comment

#### d. The Review System

This is the stage of MBO where is a regular review of the objectives set for managers and how well these are being achieved. The purpose of the review system is not to criticize or threaten managers who are not achieving targets, but rather to help them to make their own improvement suggestions more effective.

## Assessing MBO

We have already described the multifunction nature of MBO which confers considerable versatility on the technique. However, there are a number of other, specific, advantages that can accrue from the use of MBO.

#### a. Advantages of MBO

- Individual objectives are integrated with the objectives of the organisation all those concerned feel that they are pulling in the same direction, so MBO encourages team building and team spirit.
- Suggestions for improvements come from those close to the problems which arise from running sections or departments, rather than from remote top management.
- MBO ensures that all managers know how well or badly they are doing in terms of achieving their objectives.
- MBO can identify training needs when managers need help to achieve their objectives.
- MBO puts the focus on planning for results rather than merely planning how work is to be done. Koontz puts great emphasis on using results as the arbiter of the effectiveness of planning. If results are not up to standard, there should be an overhaul of the role of the manager, the structure of the organisation and how it is controlled, and all other relevant areas.

#### b. Problems of MBO

Despite its many advantages some experts have reservations about MBO, which include the following points:



- MBO must be fully understood, both in terms of the process and of the ideas that lie behind it. If top management introduces MBO without proper understanding, it can degenerate into just another means of checking up on people.
- Great care has to be taken with the setting of objectives; these must be realistic and precise. Realism of targets meant that they attainable, taking account of the resources available. Precision of objectives means that whenever possible they should be measurable. Vague targets are useless.
- Objectives have to be constantly reviewed and updated to cope with changing situation and environments; thus MBO is an on-going technique. This, combined with the work involved in the process itself, makes MBO expensive in terms of management time. Some critics argue that time spent setting objectives, filling in records and consulting with superiors, would be better spent getting on with the job itself. Thus, care must be taken to ensure MBO does not get too bureaucratic.

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- In efforts to get measurable targets, certain important unmeasurable objectives (e.g. the good name of the firm) may tend to be overlooked and neglected.
- Not all objectives can be harmoniously integrated. Some managers may pay lip service to organisational objective; yet still go about their own objectives, e.g. empire building in their own areas of the firm.
- Peters raise a telling criticism, not so much about MBO but rather about managements themselves. He argues that much management pay lip service to MBO but studies or their organisations reveal that MBO is not being properly practiced.
- Criticism has been leveled at MBO on the grounds that it has its roots in scientific management and tends to ignore the personal objectives of the staff. A good manager would appreciate that individuals have their personal aspirations and would not ignore the human factors involved.
- Management must appreciate that organisational goals can be in conflict with those of the staff and should seek ways to achieve compatibility. This will encourage the full commitment sought from the staff.

To sum up, despite certain dangers and problems MBO, when properly deployed, can be a most useful management technique. However, it cannot be introduced “on the cheap”, it needs adequate resources and the full commitment of all concerned.

#### **The Manager as Facilitator**

Managers have a duty to develop individuals and teams for the benefit of the organisation's effectiveness. This is one of the crucial elements of effective leadership (the functional leadership model). Proactive managers set not only targets for output of their divisions or departments, but also people management targets. In this way the manager facilitates performance as well as development and continuous learning.

In what ways may the manager act as a facilitator for the enhancement of performance? We consider here some of the general techniques for working with others such that they are empowered, informed and enabled to perform effectively. In the next sections, we examine three specific techniques in more detail.

## **Problem-Solving**

The manager can assist the process of problem solving and hence decision taking by involving the team. He should encourage the team to cope up with their own solutions and, where possible, their own

working methodologies. This practice can reap rich rewards, as people achieve a greater sense of ownership by being more involved.

This process is not about abduction. The manager should not just leave the team to get on with the job and ignore the consequences. To facilitate solutions in an effective way the manager should support and monitor the team's progress, intervening whenever necessary yet keeping sufficient "distance" to avoid charges of interference.

## **Delegation of Authority**

Earlier in the course we considered the benefits as well as some of the risk of delegation. Herberg's theory teaches us that by giving people the ability to do things we provide the basic for motivation. Only by giving them the opportunity to put their capabilities into practice can we truly motivate people to achieve.

Effective delegation is a skill, which can only partially be taught. It is something, which managers learn to do better by putting it into practice.

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#### **Appraisal**

As we have seen, the annual performance appraisal is an ideal opportunity for the manager to facilitate positive development of the individual. By reviewing the person's current and potential future capabilities, a plan can be formulated to maximize the person's contribution to the organisation as well as make work a learning and growth experience.

The manager should agree targets mutually with the appraisee and then support and monitor that person's progress in attaining those results. Although the appraisal interview is the starting point, it should not be regarded as the only time at which the manager is involved in personal development of his staff. This should be an on-going feature of the role of the manager.

#### **Training**

Every line manager has a training responsibility. Formal training programmes, including signing off competences, can achieve some of this. A further tool is coaching and counseling, which we shall consider later in course.

#### **Communication**

To achieve business results, effective communication is vital. This is often one to one, but also on a team basis.

#### **Brainstorming**

Brainstorming is a creative technique used to generate ideas from small team typically up to 10 persons. A brainstorming session has the following characteristics:

##### **Preparation**

- A time should be set for the brainstorming session and a time limit for the length of the meeting.

- The group assembles to develop ideas on a specific issue this can be new products or services, or potential solutions to problems affecting their work.
- The brainstorming session has to be led, though not necessarily by the formally appointed team leader.
- It is essential to have a flip chart or white board available to record contributions.

### **Stage 1**

- The subject of the brainstorming session is defined and members of the group are invited to put ideas these are charted up, with emphasis on generating as many ideas as possible.
- In this initial stage nothing is ruled out, however strange or unconventional it may appear each detailed discussion comes later.
- By the end of the first stage there should be a large number of ideas, in list form, on the flip chart.

### **Stage 2**

- The group moves on to eliminate those ideas which are unworkable or simply the result of “off the cuff” suggestions which it is immediately possible to rule out.
- The team leader deletes from the flip chart, but only after everyone is satisfied that there is no mileage in moving each idea forward.
- This stage calls for slightly more detailed discussion.

### **Stage 3**

- There should now be a list of ideas, which can be built upon by members of the team.

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- These should be examined in detail, and action plans developed or responsibilities allocated for moving things forward.

Brainstorming is a great technique for using the collective power of the individuals in a group. It gives everyone an equal opportunity to contribute to the outcome as well as maximising the potential for lateral thinking. It has to be carried out in an organized way, however, if time is not to be wasted on a lengthy and unproductive session it is easy for the group to try to “tease out” ideas too early in the session, or to be dismissive of ideas which might be good ones.

### **Cascade**

Cascading is a technique used by some organisations with a wide geographical spread of offices. Under some circumstances it is important to communicate information so that everyone is aware of a vital piece of intelligence, such as a competitor’s product launch, as soon as possible. Cascading is carried out on a “top down” basis, most often by telephone. Senior management communicates the information initially to a given number of persons at the next level down. These in turn are charged with the responsibility of communicating the information to the next line, with each person allocated a fixed number of calls to make. The process can be repeated on a multi-stage basis as often as necessary. This technique has been used by banks, for example, with messages originated at head office and moved down through regional offices, branches and sub offices. Once the cascade communication, such as a memorandum. This technique has obvious benefits of speed, but suffers all the problems of indirect communication. The message can be distorted by a large number of factors, including the tendency for parts to be eliminated or even for some things to be added which were not part of the original message. When clarification is sought, the sender of the message may not know the answers. The need for cascading has been reduced by IT developments such as e-mail, video-conferencing and on-line information systems.

# Team Briefing

This technique was originally pioneered in the 1970s and is today used by many companies. Team briefing is another version of cascade. Again, a “top down” approach is essential and the end purpose is to enhance the communication process in the organisation.

For team briefing to function, it must be possible to break the whole organisation down into small teams of 4-18 persons (this range is suggested by the Industrial Society in its team briefing programmes). Team briefing should be regular many organisations do this on a monthly basis.

The content of the team brief should focus on four aspects:

- Policy
- Products
- People
- Other points

Team briefings should take place face to face, backed as necessary by written background material, they are ideally short sessions but highly focused. Some managers accept retail companies and financial services organisations can incorporate team briefing into the half hour per week reserved for “closed for training” sessions. The team leader has to be directly responsible for his team and trained in communication skills, as well as in the concept of team briefing itself.

## Coaching

Coaching is a form developing others, and managers have a vital role to play in the development of their staff by operating as a coach.

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Many managers accept this as sound commonsense and have a genuine desire to play their part; but, for a variety of reasons including time and work pressures, the disapproval of others or a lack of willingness to break new ground the desire is not always converted into reality. However, there are advantages to managers from preserving in order to master the technique, because it encourages them to assess their own attitude and practices towards the development of others.

## The Coaching Process

The process of coaching can be considered under the following headings:

### a. Setting Process

Tasks should be set that have a specific learning target, which is capable of being monitored; for example, dates for completion of identifiable parts of the task, the submission of reports etc. these targets should be appropriate to the learner’s ability experience and development needs.

### b. Monitoring progress

Regular meetings should be ranged in order to discuss what progress is being made towards achieving the learning targets.

### c. Reviewing performance

- When tasks have been completed, a review should be carried out which addresses such questions as:

- What went well?
- What went wrong?
- How could we improve on this?
- What should we do differently another time?

By carrying out the coaching in this way, trainees should learn how to improve their own performance in the future.

## **Skills Required**

- The skills which are required of a coach include:
- The ability to listen to, and take notice of, others.
- An awareness of the feelings and needs of others.
- The ability to set clear, attainable goals
- The ability to help others to identify their own strengths and weaknesses
- A willingness to be supportive at all times.

Pointers that help managers to measure the level of their coaching include:

- Recording the time they devote to developing their staff.
- Whether specific “coaching assignments” or learning opportunities for staff are planned in advance.
- Whether staffs are allowed to learn by experiences available through normal (business) activities.
- How many coaching situations are created.

## **The Manager as a Coach**

If we look at the relationship between sports team or individuals and their coach, it becomes apparent that a successful team is associated with effective coach. If the relationship between the team and the coach is poor the bad results follow. The same may be said of the relationship between a manager acting in the role of coach and his work team.

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The attributes needed in the manager coach are a friendly approach, an informed attitude and an acceptable level of experience, in order to obtain and retain the necessary respect and loyalty from their team. Coaching staff should be an integral part of a manager’s job; whatever the manager is doing, he/she is acting as a role model for others. This is especially so with respect too interpersonal; and communication skills. In the past managerial role concentrated on the areas of command and control, but these styles have been superseded by one based on a partnership being established between manager and managed, that achieves its best results through collaboration. It is this partnership between a manager and his staff, which empowers teams or individuals to perform to the highest levels of their competence. Coaching is a process of two-way communication, with its emphasis not on providing information but on enabling recipients to achieve.

The benefits which goods coaching can give to staff include the provision of opportunities to:

- Increase their knowledge
- Understand their job more fully
- Accept greater responsibility
- Be more involved in the decisions that affect their work role

It is for these reasons that acting as a coach enable a manager to develop a more fruitful relationship with staff to the advantage of both themselves and the organisation for which they work.

## Counseling

Counseling is a key skill. It focuses especially on feelings. Feelings can block rational decision-making and personal growth. They may be generated by incidents at work or at home. These feelings dissipate our energy as, for example, we have a need to understand the direction of our career, or we struggle with financial problems. Counseling is also key tool for managing change. Counseling allows individuals to work through and come to terms with changes.

The British Association of Counseling defines counseling as: helping people to help themselves". A way of interpreting this is to see counseling as means of helping individuals with personal problems. A personal problem that overwhelms one person may be only an irritation to another but the problem is a "gap". Counseling helps to bridge the "gap" between the current situation and the desired one. Often problems are more felt or imagined than real, but if they are felt to be a problem then they are a problem.

Three themes identified by Vaughan on counseling are:

Counseling is a person-to-person form of communication marked by the development of a subtle emotional understanding, often called "empathy".

- It is centred upon one or more problems of the person being counseled (the "client").
- It is free from authoritarian judgments and coercive pressures by the counselor

Some of the advantages to managers of using counseling techniques are as follows:

- It is a process that helps people deal realistically with actual and/or imagined problems that are reducing performance or a sense of well being.
- Counseling can be preventative in that it can be a way of alleviating or preventing stress.
- Helping clients identify feelings, emotions or misconceptions that prevent them from understanding their situation realistically.
- Enabling people to make appropriate choices between strategies.

## Counseling Techniques

Different approaches to counseling exist and the approaches of the key schools of thought are:

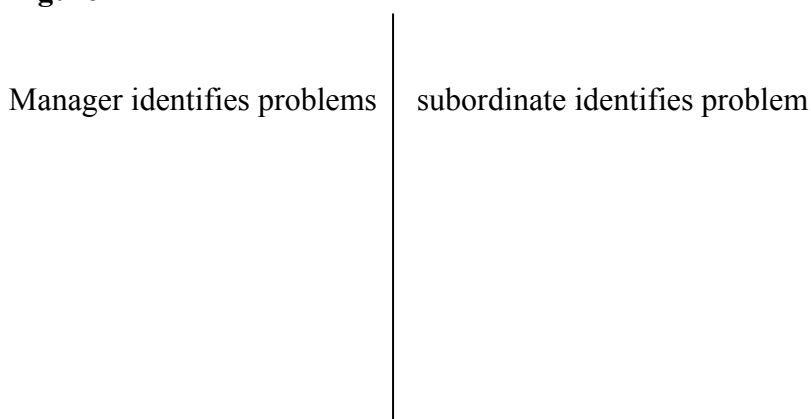
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- **Psychoanalytical:** concentrating on the past history and the internal dynamics of the "psyche"
- **Client-centered:** non-directive counseling. The approach places more faith in, and gives more responsibility to, the client in problems solving.
- **Behavioural:** applying principles of learning to the resolution of specific behaviour.
- **Cognitive:** a belief that people's problems are created by how they conceptualise their world.
- **Affective:** this is the Gestalt approach. Pain and distress accumulative and have to be discharged before the individual can become "whole" again.

A continuum of counseling styles then be seen. The two extremes are directive and non-directive counseling.

Figure 11



Directive—————Non-directive

Manager solves problem

subordinate solves problem.

## **Counseling Continuum**

Perhaps the seminal work on the subject is by Gerald Egan in a book entitled “the skilled helper”, Egan’s approach is person centred rather than problem centred. It is often only trust has been established that a client will discuss what is really bothering him. The good helper respects the client for himself and not for the problems he brings.

### **a. Directive Counseling**

The process may be seen in terms of three phases. Thought, the helper must attend to the client, both physically and psychologically, and be “for” the client.

#### **Phase 1: Responding**

Client objectives: to explore his own behaviour  
To examine his problem

Helper skills: empathy, concreteness, respect, and genuineness

## **Phase 2: Stimulating**

Client objectives: to seek action-orientated self-understanding  
To own the consequences of self exploration

Helper skills: advanced empathy, self-disclosure, confrontation, and immediacy

## **Phase 3: Helping to Act**

Client objectives: to act on his understanding

Helper skills: suggesting new directions, behavioral support, action programmes.

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### **b. Non-Directive Counseling**

Non-directive counseling operates by the client reaching his own decisions. The counselor establishes a relationship of trust by empathy and being authentic. The counselor can give relevant information about his credibility and reacts honestly without imposing his own opinions. The counselor’s task is to facilitate the client’s own abilities and strengths so that he can experience the satisfaction of having defined as solved his own problems. The counselor can provide additional information on points of fact or in situations where the client is incapable of generating alternative strategies.

The two phases of non-directive counseling are:

## **Phase 1: Establish Rapport**

Reduce anxiety, listen, show empathy, show respect, increase the client's self-confidence, be "for" the client.

## **Phase 2: Explore the Situation**

See world through client's eyes, explore underlying problems, reflect, clarify and summarises, sensitive confront if necessary, explore alternative solutions, allow client to select best solution, allow client to select best solution, agree on realistic action plan.

### **Mentoring**

Closely allied to the role of facilitator is that of mentor. The "mentoring" implies a broader role of the manager than just counseling and coaching. Mentoring involves supporting the employee in a wider sense.

A mentor is someone within the organisation who can guide a trainee in the application of what they have learned during training and then give them a feedback on their performance. The mentor can also act as a role model for the trainee and become a symbol of how they could achieve in the future.

The mentor's function includes tier being involved in:

- Counseling
- Guidance and support
- Assistance with sources of information

## **Leadership in the Context of Management**

Many business people would contend that "management" and "leadership" is the same thing, as many of the roles associated with manager are similar to those expected of a leader. There is certainly considerable overlap, and textbooks often use the words "manager" and "leader" as if they are interchangeable. Writing in the 1980s Warren Bennis perhaps captured the difference between management and leadership with his statement that "American businesses are over managed but under led", suggesting that a more inspirational attitude should be adopted by modern entrepreneurs. Tom Peters and Robert Waterman built on this shortly afterwards, suggesting that managers needed to be "facilitators" and "creators" rather than "controllers" or, in their words, "traffic cops".

## **What is a Leader?**

An organisation needs people who can direct staff towards the achievement of certain objectives. These people we call "leaders", and it is their responsibility to complete tasks with the assistance of the group of staff at their disposal. All managers and supervisors are leaders, because they need to motivate their team to achieve agreed objectives. The task may vary from planning and carrying out a major restructuring of the company's organisation, to ensuring that the day's work in a high-street outlet is processed and balanced.

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There is no one correct way of effective leadership. It cannot be guaranteed that, because an individual has certain characteristics he will be a good leader. Charismatic leaders, who have the ability to drive



people willingly through difficult times (e.g. Churchill in world war 11) have innate natural talents. Of course, it is not sufficient just to possess these abilities they must be used effectively and developed over time. Most leaders need to work at their skills and, by training and experience, build up the necessary qualities.

### **Formal and Informal Leaders**

Managers in industry and commerce are appointed by the organisation to have authority over groups of workers. The workers have no say in who the leader is but they have to work under him or her. Such a leader will be the formal leader of the group the leader chosen and appointed by the management as part of the formal organisation. This does not mean, though, that this formal leader is also the informal leader of the group. Often, a group throws up informal leaders who are different from the formal leaders. Moreover, a group may change its leader according to the situation. For example, if there are few problems and all is going well, a likeable and easy going leader who is technically expert at the “non management” part of his job may be acceptable. However, if times change and management tries to enforce the rules to the letter and to change the technical nature of the work performed by the group, then a different type of leader may be appointed by the group. This informal leader may be a much stronger personality, perhaps less competent technically, but who is not afraid to offend people and will resist the management’s demands for the sake of the group. A group can thus have two leaders the formal leader and the informal leader; it is to the benefit of the management if these two types of leader are combined in one person. This depends, of course, on the management’s being aware that there are informal leaders, and being able to do something about it. In the army, for example, non-commissioned officers are selected from men who are and seem likely to be informal leaders.

The formal position of a leader does not therefore mean that he necessarily does lead. Successful leadership is a combination of the:

- Position of leader
- Personality of the leader
- Situation at the time

Recognising, then, that a group may have more than one leader at a time, and that the formal leader may not lead in all things at all times, let’s define the (formal) leader as:

The person who is responsible for motivating a group of individuals to perform the tasks required by the organisation within the constraints laid down.

Writers in general, and in organisations in particular, have considered the nature of power in societies for many years. Three key early approaches were those of Max Weber, Emile Durkheim and Vilfredo Pareto:

- Weber undertook empirical studies of institutions as diverse as the military, the church governments and businesses. He concluded that social organisations were founded on hierarchy, authority and bureaucracy. Weber suggested that the core bases of institutions were clear rules, unambiguous tasks and discipline.
- Durkheim believed that the establishment of values and norms in groups was crucial in controlling the conduct of people in organisations.
- Pareto saw society as series of related systems and subsystems, which would be affected by internal and external influences. Central to this theory was that it was the task of the ruling classes to maintain social systems by providing the appropriated leadership. This idea of closely allied to the belief which still exists among some modern commentators that leaders are born, not made. This is a theme which we will explore further later.

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In the study of management we are mainly concerned with legitimate power. It is most usually observed in those who occupy certain positions in organisations and society as a whole. The position of the person defines his or her power to others.

Power can be observed at many levels. To an owner-proprietor. Power evolves from the ownership of resources; in public service, power may be laid down by statute, which is in turn based on the rights of those who make the laws to use the power vested in them by the electorate.

Power may be rooted in the knowledge or skills of an individual. The clearest example of this is a barrister representing a client, or a college lecturer teaching students.

Referent power is that which arises from the personal characteristics or even charisma of an individual. You can see this in many historic examples, such as the ability of Martin Luther to accelerate the reformation, or fanatical cult leaders who can bring about mass suicides. The power here is based on the belief of people in the person. Note that in both these examples neither would have much legitimate power. Referent power manifests itself today, for better or worse, in individuals as diverse as rock stars, sporting heroes, some politicians and some businessmen. This perhaps partially explains the enormous modern preoccupation with entrepreneurs such as Richard Branson of “virgin” and Anita Roddick of “the body shop”.

Power can arise from the ability of individuals to confer rewards. These might be financial rewards or less quantifiable ones, such as the power to enhance or disrupt a production process. Your examiner for this course has such power!

Finally, coercive power is that which is based on the ability to not only reward, but also to punish. When a worker fears dismissal due to failure to meet standards or for having committed a misdemeanour, this is based on the perception of coercive power. Power in organisations, demonstrated by the right to take decisions and exercise discretion, and is most often determined by legitimate power, which is in turn based on the position of the individual. At the same time, referent power can be observed vividly in both projects groups and informal groups when certain individuals come to the fore.

### Leadership Qualities

There have been many attempts to define the qualities, which are necessary in an effective leader. The trait to defining leadership looks at good and bad leaders and lists their characteristics. The trouble is that these lists tend to include every attribute known to man, and it is clear that many effective leaders do not possess many of them. Such lists also reflect the views, experience and prejudice of whoever is compiling them.

This “personality” approach to leadership is now seen to be relatively fruitless. Leadership is an on going process which is difficult to link with static qualities of individuals. Different situations produce different styles of leadership, and the person who can respond effectively to changing demands is not one who is born with certain innate characteristics which enable him to be right every time.

We shall therefore go on further down the road of the “qualities approach” other than to mention two people – one a famous wartime military leader and the other a sociologist and writer of repute

First, the soldier leader, Lord Montgomery, defined a leader as:

“One who can be looked up to, whose personal judgment is trusted, who can inspire and warm the hearts of those he leads, gaining their trust and confidence and explaining what is needed in language which can be understood”.

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This is fine sounding language but of little practical help to the manager on the shop floor or in the office. Just how does he accomplish these things?

The sociologist Chester Barnard states that a leader should have:

- Skill
- Technology
- Perception
- Knowledge
- Physique
- Memory
- Imagination
- Determination
- Endurance
- Courage

Again however, two things are clear. First, we shall know leaders who do not have all these attributes. Second, what do you do to get them if they are not already there?

The traits approach is therefore unrewarding and, even bringing it up to date, all we can say is that leaders tend to be easy social mixers, above average in “intelligence”, have sound judgment, be good communicators, psychologically stable and good at assessing situations. The difficulties of the traits approach led to attempts to define leadership in terms of what leaders do rather than what they are, and it is these approaches, which we shall consider in the rest of this unit.

## **Action Centred Leadership**

Action centred leadership has its roots in the 1950s and 1960s in the work of professor John Adair, who later went on to become the first professor of leadership appointed in the UK. Predominantly interested in military history, Adair used his research to formulate a theory, which would also have valuable spin-offs as a training vehicle. Adair’s ideas were adopted first by the Sandhurst military academy for training officer cadets and later by the industrial society training and consultancy organisation, which has offered thousands of courses for managers and supervisors since the 1960s. Adair’s theory is badged as action centred leadership, but is more correctly referred to as the functional leadership model. This title perhaps more correctly describes the nature of the model it focuses on what a leader does rather than for managers and supervisors since the 1960s. Adair considered the age-old problem of whether leaders are born or made. There is certainly a strong opinion held by many commentators that leaders often possess a range of personal attributes that are inherent in their character. These attributes are either present at birth or developed at a very early age. Whether credible or not, this idea is implicitly accepted by those who appoint or elect leaders by focusing on upbringing and early educational experiences. For example, for many years the British Army drew mainly from the upper classes and those who had followed a particular educational path for their officers and commissioned ranks.

Adair concluded that it is almost certain that some leaders are naturally with necessary attributes and that some people could never become leaders. It is equally possible, however, to develop leadership’s skills in those less fortuitously endowed but possessed of managerial potential. He pointed to instances

form his empirical studies for famous characters in the past where leaders had emerged solely from the actions in a variety of circumstances.

According to Adair the three responsibilities of a leader are:

- To define and achieve the task
- To build up and maintain the team

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- To satisfy and develop the individuals within the team

Thus, there are task needs, team needs and individual needs all of which have to be met.

Central to Adair's theory is that the three crucial leadership functions have to be considered in balance. A leader who concentrate all his actions on achieving the task, to the detriment of attention to group and individual needs will not be effective he will simply be regarded as a "slave driver". Likewise, a leader who focuses mainly on maintaining and developing the team or group may not be able to pursue the task or pay attention to individual needs. Such a leader becomes "one of the lads" and may not be able to keep a professional distance from emotional issues when difficult and unpopular decisions have to be made. Lastly, a leader who focuses too much on the individual at the expense of the other two areas will be labeled as one who has favorites and simply wants to create protégés.

Adair's former mentor at the industrial society. John Garnett points out that the simplicity of the theory can mask the fact that it can be extremely difficult to put into practice and requires constant attention. Every day leader has to ask:

- What have I done to achieve the task?
- What have I done to maintain and develop the team?
- What have I done to develop the individuals in the team?

In Garnett's words, leadership is not about a popularity contest. The action centred approach requires sensitivity and willingness to involve people a hand on and consultative approach. Quite often, the leader will take all appropriate actions in respect of the three areas and then take an honest decision, which is intensely unpopular, but "you cannot take the salary and expected a round of applause".

#### **a. Task Needs**

As we know, if objectives are to be achieved, tasks need to be carried out by individuals or by groups for people. The leader has to produce certain result in achieving task.

This means that the leader will need to:

- Identify the task and the constraints
- Establish the properties, check the resources available, and
- Decide on action
- Brief the team and check the members understanding
- Report progress, monitor standards and maintain discipline
- Review the objectives and their attainment, and replan if
- Necessary

#### **b. Team Needs**

If the results are to be attained and the achieved, then the group of people who are expected to do this has to built up, motivated and held together as a team. It is the leader's job to ensure that the group

operates at maximum efficiency, and this involves resolving conflict within the group and coordinating it.

This means that the leader will need to:

- Involve the team and share commitment with the members
- Consult and agree the standards and the structure of the team
- Answer queries from the team, encourage feedback and ideas
- And the translation into action
- Coordinate, reconcile conflict and develop suggestions
- Recognize success and learn from failure

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#### **c. Individual Needs**

Each individual within the group has their own individual needs, which must be satisfied if they are to be effective members of the group. Individuals need to know what their job is, what their responsibilities are and how well they are doing.

This means that the leaders will need to:

- Clarify the aims with each person and gain acceptance of them
- Assess each person's skills, set targets and delegate
- Advise, listen and enthuse
- Assist, reassure, recognize effort and counsel
- Assess performance, appraise, guide and train

The job of the leader is to reconcile these three sets of needs. Over-emphasis on one will mean falling short on the others, and this will lead to subsequent ineffectiveness. The nature of the task and the situation will affect the emphasis, which is given to each of the three areas. For example, in a military situation the task is all-important and the individual is expected to put personal needs subordinate to those of the group and to those of the task. However, in the situations where you have a group of research scientists working together on a project, the emphasis could be more individual oriented. This would ensure that each individual member of the team is allowed time and opportunity to think and to bring ideas to the group for discussion. There is no set formula, which will tell a leader what to do in any situation. What is done will depend on how the conflicting interests of the task, the team and the individual are reconciled. Also, it will depend on the background and character of the leader and on how the situation is interpreted. The interrelationship between the three areas of need: achieving the task, building the team and developing individuals can be shown as three circles. Each circle intersects with the other two, and failure in one will affect the others. Ideally the three circles should overlap, so that the needs of achieving the task coincide with those of meeting the needs of the team and with those of meeting the needs of the individual but, of course, this never happens! The leader must reconcile these needs remembering that, as a member of the management team, it is his primary job to get the task done. Of course, the task is more likely to be successfully completed on time if the members of the team work together as a team and are also individually happy at work. A tall order but one, which the manager/supervisor has to attempt!

## **Leadership Styles**

No matter what you decide to do in terms of an action centred leadership approach, the way in which you go about it will probably have a great effect on the outcome. In other words, your management style is extremely important. There is no one management style which is right in all situations indeed, it

is an important management skill to select the appropriate style for each situation although it is probably true to say that, in Britain today, a style which is on the democratic end of the scale is more acceptable than a style at the authoritarian end. It is important, however, to beware of value judgments in this are, and we are not here talking about “right  
‘ Or “wrong” styles!

### A continuum of Leadership Styles

A manager’s style can be seen as going from an extreme authoritarian style along a line to an extreme democratic. On the left hand side of the diagram there is a large portion of the manager’s authority and only a small portion for the left-hand vertical line represents subordinates freedom. On the right hand side, however, most of the vertical line represents subordinates’ freedom and only a small portion is the manager’s authority. So, you can see that the diagram suggests a manager can operate at any place along the bottom line, from total and utter control himself to none at all! Let’s look at the possibilities in more detail.

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- The most authoritarian style is on the extreme left, where the boss decides and announces his/her decision to the employees.
- Next the boss goes beyond just announcing and tries to “sell” the decision
- In the next style the boss invites questions after he/she has explained the decision
- Here the boss puts forward a tentative decision and ask employees for their ideas on it
- The next style sees the manager presenting the problem, rather than his decision, and asking ideas from the group on how to solve it
- This style is even more dramatic; here the manager just sets limits (e.g. the amount of resources available) and asks the group to make the decision.
- Finally, the most democratic style sees the group taking over the whole decision-making process.

Finally another reminder that no one of these styles is “right” the supervisor/ manager has to find the appropriate one for each situation and each person. The chart should be seen as help in the analysis of behaviour, in just the same way as the three circles of ACL.

### People V Production Orientation

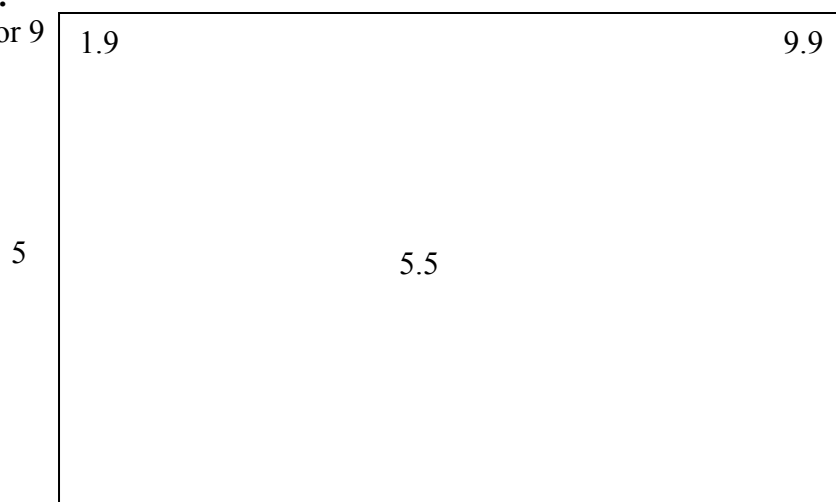
The Blake and Mouton managerial grid is a well-established training and development model in the USA and Europe. The concept was developed in 1969 to look at leadership styles determined by:

- Concern for people staff morale and job security emphasized
- Concern for production emphasis on output and efficiency

Figure below demonstrates five points where the grid indicates varying degrees of emphasis on the two factors above.

**Figure 12:**

Concern for 9  
people



1

1

5

9

## Concern for production

## Moulton and Blake Managerial Grid

## An aim to maximize productivity

- A situation where staff antagonism can exist
- A situation where “anti organisational creativity” is evident, illustrated by worker resentment and antagonism.

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Reference 1.9 will indicate:

- A high concern for people
- No concern about production as a priority since it is assumed that a happy workforce will reach the necessary level of production
- Introduction of the “country club” concept, i.e. having a good social time with little need for production
- An employee will feel obliged to the manager and is in some respects dependent upon him

Reference 1.1 suggests:

- Least concern for people or production

Reference 5.5 indicates:

- A “middle of the road” situation
- A push for production is evident, but not all costs
- Managers are seen as considerate to their staff but not “soft”
- A manager will play safe, being motivated by status; will do what is expected and abide by the rulebook

Reference 9.9 will indicate:

- “Team management”
- A manager will gain the involvement of people in production and obtain a higher level of participation and contribution from staff

According to Blake and Moulton, the aim is for a manager to achieve and maintain a 9.9 situation, although managers may misjudge and need to be appraised by a third party to be seen in their true colours!

## Reddin's 3D Theory

Task orientation and relationships orientation are specified as the two basic components of leadership.

Under this model it is argued that there are four basic leadership situations:

- Strong emphasis on task orientation, weak emphasis on relationships
- Strong emphasis on relationship on both task and relationship orientation

- Weak emphasis on both task and relationship orientation

Each of these combinations may be used effectively, depending on the situation to which they are applied. Managers must possess two qualities in order to choose the right combination in any given scenario in order to be effective. Firstly, a diagnostic skill, which is the ability to evaluate the situation. Secondly, style adaptability, which is the ability to select the style to fit the situation.

### **Likert's Employee-Centred Supervision**

Rensis Likert was one of the most important contributors to the human relations school management theory. He identified four basic management styles:

- Exploitative/authoritative
- Benevolent/authoritative
- Consultative/authoritative
- Participative group management

He argued that managers will achieve the best performance if they devote most of their attention and resources to the human aspect of their staff's problems and on building an effective working team. He identified five conditions necessary for effective supervisory behaviour:

- a. The principle of supportive relations where each member of an organisation perceives their relationship and interaction with the "leader/managers" as supportive, and as one that builds and maintains individuals' self-esteem.

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- b. Group methods of supervision: a manager can only maximize the capabilities of staff if each of them is part of an effective working group. This unit must exhibit a high-level of group loyalty and expect high performance levels to be achieved by each team member.
- c. High performance goals for this to be achieved, a manager must be employee-centred, expect high performance levels, an enthusiastic project commitment for achieving those goals to subordinates.
- d. Technical knowledge: manager must be able to maintain credibility, either by possessing adequate knowledge or knowing where to find it quickly.
- e. Coordinating, scheduling, planning: the manager's role here is to communicate the views, goals and values of the group of other groups where appropriate, thereby becoming the link with the rest of the organisation.

## **Contingency Theories of Leadership**

The behaviourist approach of identifying leadership styles suffers from the problems that what constitutes an effective style in one situation may not necessarily be so in another. A different approach has; therefore, developed which sees effective leadership as constituting the most appropriate style for the circumstances. Thus, leadership behaviour is contingent upon the characteristics of the situation.

Clearly, there are a wide variety of situational characteristics which could be identified as being condition factors on leadership behaviour, and a number of different approaches have, therefore, been developed.

### **Fiedler's contingency model**

Fiedler accepted the concept that leaders differ in the extent of their orientation to the task in relation to their orientation to people, and put forward the view that any such orientation will be effective given the right circumstance. The model aims to identify those situations in which each kind of leader will be



effective. Fielder proposed three factors, which, to the extent that they each exist in any situation, affect the “degree of favourability” for a leader. The factors are:

**a. Position Power**

This is the power, which arises from the position of the leader in the organizations as distinct from his or her personality, knowledge or skill. Based on the position as leader, power can be exerted to comply with instructions and carry out task. Fielder simply states that a leader with clearly defined position power can influence a group to a greater extent than one who does not enjoy position power.

**b. Task Structure**

Fiedler describes this as the ability to define tasks and the responsibility of individuals and groups to fulfill task requirements. If the task is clear, the leader can control the work process to a greater degree, as a group members are deemed to be more clearly accountable.

**c. Leader-Member Relations**

Whilst the business itself defines position power and task structure, the leader-member relationship is determined by the trust and belief of subordinates in the leader, and even the extent to which the leader is liked and respected.

Leader-member relations are seen as the most important factor, with strong groups support for a leader increasing the favourability of the situation. High structure and strong positional power are also seen as producing favourability. The model proposes eight positions with different mixes for these factors along a continuum of situational favourability and matches them against leadership style characterized as either relationship or task oriented.

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At each end of the continuum in those situations, which are most favourable or least, favourable to the leader the task-oriented leader will be effective, whereas in situations, which are only moderately favourable, the relationship oriented leader will be most successful.

Fiedler argued that leaders cannot easily change their orientation and, hence, their leadership style. They need, therefore, to analyse the degree of favourability in the situation and, where it does not match their style, make adjustments for example, by increasing task structure.

**Hersy and Blanchard's Situational Leadership Model**

This approach is based on the theory that leadership behaviour is contingent upon one major situational factor that of the readiness of followers to act.

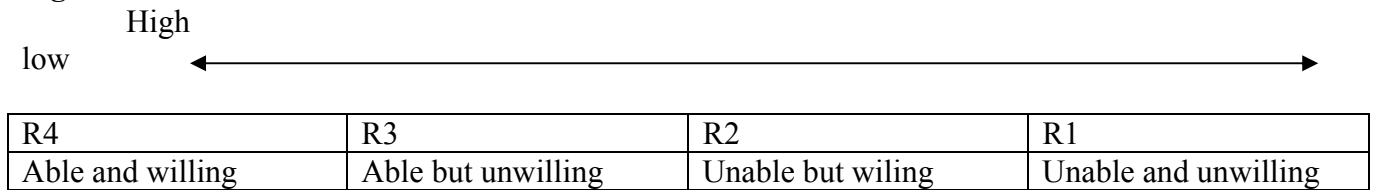
- Leadership style is again postulated as being conditioned by the degree of task or relationship orientation, giving four possible styles.
- Follower readiness is a product of the ability and willingness of followers to accomplish the particular task ability being described as “job readiness” and including the knowledge, skills, experience and aptitudes appropriate for the task, and willingness (or, “psychological readiness”) is the confidence, commitment and motivation needed. These factors give us four levels of follower readiness:

The appropriate leadership style for each level of readiness is as follows:

R1: “telling” providing specific direction on what to do it and how to do it;

R2: “selling” giving direction, but also supportive of willingness and enthusiasm;

**Figure 13**



R3: “participating” a supportive style emphasising two-way communication and collaboration to enhance motivation;

R4: “delegation” where little direction or support is needed.

For example, if we consider a group of new employees we might judge them to be in category R2 and the appropriate style for working with them in the first dew days of their employment would be “selling”.

### **Handy’s Contingency Model**

Charles Handy postulates four key elements in any management situation which influence the effectiveness of leadership:

- The manager
- The work group
- The task (the objectives to be achieved)
- The organisational context or environment, which is the culture and style of the organisation in which the work group operates.

Managers have a natural preference towards a certain management style or range of related styles, so to some extents, this element is fixed. As we discussed above, the work group itself will also have a range of styles, which its members find most acceptable. The task will suggest certain management styles. Tasks, which require team members to contribute skills and knowledge, will lend themselves to amore

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Participative style. Those in which the team members are not expected to do anything other than carry out predetermined work in the most efficient way tend to require a more authoritarian style.

The final element, which of context, depends on organisational culture. Some organisations have very rigid and hierarchical cultures. They may find it difficult to tolerate work groups which adopt a participative style other organisations with a culture which places great emphasis on participation, may not be willing to allow work groups to be operated on authoritarian lines.

You will recall that Tannenbaum and Schmidt defined management style as a continuum. In other words, none of these factors will impose a single management style on the situation. Instead, each factor will define a range of styles, which are acceptable. The manager should adopt a style, which overlaps with the range of styles, which are acceptable to others.

## **What is Motivation?**

People are an organisation’s most valuable and expensive resource, but they are most difficult element of an organisation to manage. You will remember that in the last unit pointed to the easy in which management could be defined as “getting things done through people”. This is more easily said than done. People possess a variety of talents and they will react differently in different circumstance. In fact, in many ways people are unpredictable. This means that, unlike machines, they are not

interchangeable which creates problems for organisations, e.g. person may work well one day but not the next, or may cope well with pressures one day but fail to cope another day. Motivation is concerned why people do things. A “motivate” is a need or a driving force within a person. The process of motivation involves choosing between alternative forms of action in order to achieve some desired end or goal.

Understanding human behaviour can be complex matter. A person’s motives may be clear to himself but quite puzzling to others. On the other hand, a person may not understand his own person concerned and those around him understand what his motives are. It is important for people in management and supervisory positions to understand such alternatives, and to adapt their leadership style accordingly.

## People at Work

Work has become an accepted part of the way of life of most nay society. In order to survive, modern man must labour by the sweat of hi brow. An he has settled for what Dunlop describes as the inevitable and eternal separation of industrial man into managers and managed.

Human beings have various wants, desires and orientations to work. In order to satisfy human wants, people must earn money and, consequently, they offer their skills in return for work and reward. We might assume that they also endeavour to sell their knowledge, skills and expertise for the greatest reward. However, some value other factors more highly and will accept lower pay in exchange for, perhaps, status or a more “worthwhile” post. What, then, motivates workers? Material rewards are certainly one aspect. There are, though, many other inducements for example, the opportunity for distinction and power, desirable conditions of work. A change to experience pride for workshop, the feeling of working towards altruistic ideas, pleasant association with others, the opportunity for participation in the course of events, and a feeling of belongings.

We can divide motivation at work into internal and external motivation.

- **Internal motivation.** This is related to the work, where there is a close identify between the tasks itself and the human needs e.g. where a cabinetmaker or monitor fitter derives satisfaction from a job well done.
- **External motivation.** This is independent of the task, i.e. the task is merely a means to an end; for instance, when a person work on an assembly line to get high wages.

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During the industrial revolution, work became more specialised and mechanized. Whenever clashes of interest developed, these were resolved in the traditional manner by offering financial incentives and/or threatening the loss of employment providing external motivation. This traditional “carrot and stick” idea still lingers the carrot often being money and the stick fear.

- **Money:** the “great motivator”. It is a fact that most people go to work because they get paid to do so. However, this basic need for money will only make a worker turn up and do the acceptable minimum. Money is seen as a prime motivator to improve performance in situations such as the salesperson who earns commission. He/she is motivated to go that extra mile if it will close one more sale and earn an extra 50%, or workers on the factory line work that bit faster where performance related bonuses are used to maintain productivity. Note that there are a range of other “carrot” or positive offered as an incentive to work, or to particular types of performance, including welfare amenities, holiday, etc.
- **Fear:** the “big stick” theory is rather outdated now, but is will still occasionally appropriate to motivate people through fear, e.g. when the future of the company is in jeopardy if a certain task is

not completed on schedule then letting staff know this will motivate them to work harder for fear of losing their jobs. This is, however, only a short-term measure as if it is used over a long period or too frequently it will demotivate and have the opposite effect.

Other sticks or negative incentives are those distasteful consequences, which a person will wish to avoid, such as reprimands or the possibility of dismissal.

### **Basic Behaviour Modification**

When a managers set out to get things done through people they have to ensure that employees perform their work roles effectively and efficiently. The starting point of this effort is basic behaviour modification. This approach has a simple base, which has been expanded by management theorists. The starting point is that most human beings are influenced in their work performance by the desire for reward and the fear of punishment. An organisation is in the position both to reward and punish its employees. In this simple behaviour model, the organisation does not need to take much account of human differences because most people react similarly to the promise of the rewards for compliance with work rules and the threat of punishment for breaking them. Management theorists have tended to emphasise the reward side of this model because individuals can be encouraged to become increasingly better workers, while the ultimate punishment is dismissal and the worker is lost to the organisation. The term used for encouraging workers to meet the expectations of the organisations is positive reinforcement.

Psychologists identify two types of positive reinforcement: extrinsic reinforcements of behaviour. These are the outside influences and rewards such as money, extra holidays, company car, etc; and intrinsic reinforcement of behaviour. These are “inside the individual” reward feelings, like finding work interesting, dealing appreciated, etc. management has to operate behaviour modification of the advantages of the organisation, so has to take account of the following points:

- The desired behaviour must be defined and explained to the employees so that they know what is expected of them.
- The rewards and punishments need to be defined and explained to the employees.
- A decision must be made whether to use extrinsic or intrinsic reinforcements or a combination of these.
- There must be adequate monitoring of employee behaviour to see whether the reinforcements are having the desired effect.

While experts agree that the model has some sound points, it can be criticized in a number of areas:

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- Behaviour in human beings arises from attitudes, i.e it is how people see the situation that guides their behaviour (e.g. employees may see a reward as a bribe so it may have the opposite effect to the one desired by management). Thus attitude change is the root of behaviour modification and this is a more complex and difficult task than simple reward and punishment. Attitude research reveals that consulting employees, involving them and creating an atmosphere of reasonableness and caring in the organisation, may encourage favourable attitudes. Furthermore, management dealing swiftly with complaints and trying to make work life interesting of employees can reduce negative attitudes. Experience has shown that while the positive reinforces tend to work well, the negative enforcers may make workers hostile and create unfavourable attitudes which persist long after the punishment is over. Resentful workers may on the surface appear to be complying with the wishes of the organisation, but are not really giving of their best at work. Furthermore, when fellow workers see an individual punished it can make them resentful of the organisation and may adversely affect their behaviour.
- The ideas behind behaviour modification take too little account of individual differences of personality; people are not like cogs in a machine. The criticism of behaviour modification show

that the relationship between individuals and their work lives is a complex one and can contain problems.

### Problems of People at Work

Psychologists have used two key concepts to analyse problems which people experience in their work roles.

#### a. Alienation.

Psychologists use this term to refer to the feelings of an individual when he is estranged from his situation at work. The individual feels that obstacles that prevent him from fulfilling himself or making progress surround him. Sometimes alienation is focused against the organisation, other times against management or even fellow workers. At its extreme, an individual may become alienated from his true self this is when his work role is not a true expression of himself e.g. the salesperson forced to sell goods in which he has little belief or confidence. Alienation is a state of mind, which can arise from unsatisfactory work situations. Management theorists have analysed both the situations; at work and the states of mind as follows.

**Table 9**

<b>Objective work condition</b>	<b>Resulting subjective state of mind</b>
A lack of power and influence over the work situation. Worker is strictly controlled, and consulted over decisions, which affect him.	Feelings of being powerless, with worker feeling loss of control over his own life
The worker does not understand the purpose of the work he is called upon to perform	Feelings that working life meaningless.
Situations, which separate workers from each other, noise, and inability to move about the workplace or any factor, which inhibits communication among workers.	Feeling of isolation and being alone in a hostile environment
Situations, which inhibit the use of the whole range of a person's abilities and talents.	Feeling of self-estrangement, and of not being one's true self. Feelings of putting on an act.

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Modern researchers have set about measuring the level of alienation among workers by using interviews and attitude tests and they have related their findings to the objective conditions under which people work. Alienation theory argues that an alienated worker will not be an effective employee of an organisation; management should therefore try to create work conditions which will not give rise to alienation in their employees.

### b. Anomie

Anomie has certain similarities with alienation in that it is a state of mind which arises in the individual from unsatisfactory work situations. However, the causes of anomie are to be found in the confusion that arises in large organisations. The individual may be faced with pressures and problems at work, which he does not fully understand. We can summarise anomie as follows:

**Table 10**

<b>Objective work condition</b>	<b>Resulting subjective state of mind</b>
When an individual is not properly integrated into a social or work group	Loneliness and a sense of isolation
When the norms which govern social behaviour are unclear, breaking down or contradictory.	Confusion and no clear idea of how to behave
When there are confusions over values and beliefs	The individual will have difficulty in recognizing right from wrong.

The worker suffering from anomie will not prove to be effective employee of an organisation. At the individual level anomie is a deep personal disturbance; if whole groups become anomic, there may be a total breakdown of cohesion within the organisation.

As with alienation, modern researchers set about measuring the level of anomie by the use of attitude testing. Their findings can point out any lack of clear leadership and confusion over norms and values, thus guiding management towards correcting the conditions which gives rise to anomie within an organisation. In addition people at work may experience problems related to status and stress:

### c. Status

Social status refers to the amount of respect paid to an individual. A work role can confer prestige upon a person. Status may be perceived through the position of symbols, e.g. salary, title of jobs, work surrounding, dress, company car, etc. Some management experts have used status symbols as positive. However, status can be very divisive in an organisation, e.g. management dining rooms, car parks, toilets etc. can cause resentment in those workers not allowed to use these facilities. Many modern theorists are becoming convinced of the value of the Japanese approach of reducing status differences, e.g. everyone to wear the firm's uniform; single canteen; parking and toilet facilities for all staff, etc. so, the decision on whether to retain or reduce status symbol differences present problems for management, while coping with status differences may present problems, too, for employees lower down in the organisation.

### d. Stress

Psychologists define stress as strain experienced by an individual over a period of time, which impairs the ability of the individual to perform his role. Stress can produce physical or mental symptoms and can be generated by pressures and problems in the situation. Furthermore, such symptoms of stress as tiredness, headaches and irritability can lead people into other problems like heavy drinking or

excessive smoking which set up a vicious by creating even worse physical problems. Stress in the work situation has many causes, important among which are:

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- Anomie. Here we have one occupational problem, stress, arising from another occupational problem, anomie. When people are confused as to what is expected of them and just how to go about their organisational goals they likely to suffer from stress.
- Alienation. Again stress arises from a work problem., stress, arising from another occupational problem, anomie. When people are confused as to just what is expected of them and just how to go about their organisation, or blocked progress, can give rise to stress.
- Role conflict. If a person finds certain aspects of his work role unattractive while being quite happy with other parts of the job.
- Personality clashes. Stress may arise from conflicts with supervisors, subordinates and or/ or fellow workers, particularly if these conflicts are left unresolved.
- Poor communications. A lack of good communications can give rise to frustration and feelings of isolation at work and these can cause stress.
- Conflicting loyalties. If an individual has too many bosses all calling for attention to their instructions, this can give rise to stress

The above summary of the causes of stress tells us that we are dealing with complex problems; it is widespread and can affect people at all levels of an organisation. However, we must remember that we are talking about high levels of excessive stress. Some experts argue that a certain amount of tension at work is functional; they argue that it is possible to be too comfortable and laid back as this breeds complacency, which is good neither for the individual, nor the organisation.

### **Scientific Management Applied to Individuals at Work**

The proponent's of scientific management saw the problems of people at work as resulting from a failure of management to properly integrate workers into their roles in the organisation. F W Taylor was an early proponent of the dictum that workers should share the same goals as those of the organisation, and the way to achieve this was through the application of scientific management principles. He felt that the scientific approach to organisation and management would be accepted by output, higher pay, and higher profits. Thus, management and labour would co-operate to accomplish the best results.

The basis of this approach lay in the following principles:

#### **Planning**

Many problems of employees arise because their work is not properly planned for them and workers do not know the best way in which their jobs should be done. We can see that this could give rise to anomie the confusion of the individual in relation to his job. This in turn can generate excessive stress. In order to combat this situation scientific management puts forward its view that management should plan the jobs of workers and should establish the best way in which each job should be performed.

#### **Time and Motion Study**

Many work related problems arise because workers do not realise the one best way of performing a task. Management must use time and motion study to establish best practices.

#### **Incentives**

Bonus payments and incentive schemes give good workers a sense of making progress, even if it is not possible to promote them.



## Working Conditions

Management has a responsibility to provide good working conditions so that workers can achieve their full production potential.

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Taylor and his followers believed that many of the problems of individuals at work arose because they had not been trained properly; so scientific management emphasizes the importance of proper training.

Good training not only improves production performance but also build up the confidence of employees. We can see that scientific management suggests a range of techniques that can be employed to cope with at least some of the problems that arise when individuals work in organisations.

### Human Relations Approach Applied to Individuals at Work

Many of the ideas of Elton Mayo can be deployed to assist the integration of individuals into their work roles. Important among these are the following points:

- Individuals expect to be treated as human beings just as much as economic beings and will perform well in organisations if their social needs are met.
- Individuals expect to be treated as human beings in the workplace; they expect to be treated with dignity and politeness.
- Individuals like to feel that they have some control over their own work situation; they appreciate being consulted over matters, which affect them.
- Good communications are crucial; people have a right to know what is going on in the organisation.
- Grievances should be dealt with quickly; if not, people may brood and discontent fester.
- Individuals value praise when they feel that they have earned it.
- Individuals perform well in a secure environment; they react against uncertainty and threats.
- Within enterprises there is an informal organization of friendship groups, gossip and generally accepted norms and values. Management should take account of this, e.g. when changing a worker from one job to another.

The major breakthrough of the human relations approach was the realisation that people, unlike machines, are not passive instruments of the organisation who will always pursue organisational goals; in fact they often pursue goals which conflict with those of the organisation. The essence of the practical application of the approach is to try to reconcile the needs of the organization and the needs of the individual. The figure below shows the two sets of needs which must be reconciled.

**Figure 14**

Individual Needs	Organisation Needs
Physical well-being Job satisfaction Personal development Achievement Respect from work group	High productivity Low absenteeism Co-operation Industrial harmony Constructive disagreements Low labour turnover
↓ If needs are met ↓ Contented, productive workforce	↓ If needs are met ↓ Contented, efficient workforce

### Individual and Organisational Needs

Motivating workers involves inspiring them to contribute to the goals of the organisation. How a manager does about this will depend, to some extent, on what he believes people want from their work.

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The manager will set about finding out what motivates the people he is managing. There is no simple answer to the problem of motivation, but modern look to ways going beyond the simplistic based on punishment and reward models, although these may still feature, to some degree, in any motivation model that a manager may use. It is now realised that other influence are often more important, and increasingly, it has been recognized that, for people to behave i.e a way an organisation demands, there must be an integration of the needs of the people and the demands of the organisation. To motivate other people to perform to the best of their ability it is necessary to make them want to do it for themselves. Motivating others means giving them a reason to want to do something and there is a better way than bribes and punishments. Create an environment where they will become self motivated; help them find the impetus from within themselves to work towards their won goals and rewards. To become a successful motivator of other people you must learn to concentrate on certain factors that make an employee feel good about him or herself, their role and the organisation. These are the factors which improves an employee 's level job satisfaction and include such things as:

- Responsibility
- Challenge
- Self-improvement and personal growth
- Recognition
- Sense of achievement

For the manager to get the best out of those he/she is working with he/she must first appreciate the needs of the staff and their motivation to work. It is a mistake to think that everyone feels the same about the job or the company

### **The Concept of Morale**

Morale is the state of the individual's group's complex of attitudes, judgments and feeling about the work situation. We can view morale as covering job satisfaction or dissatisfaction. It is also a person's attitude towards voluntary co-operation to the full extent of his ability in the best interests of the organisation. Morale is not the same as "happiness". Research shoes that not all high-producing workers are happy, and that not all low producing workers are unhappy.

- High morale exists when employees' attitudes are favourable towards their jobs, their fellow workers and the undertaking, i.e total work situation.
- Low morale exists when employees' attitudes are antipathetic to the attainment of the undertaking's objectives.

## **Needs Theories of Motivation**

Each human being is an individual, and each individual's behaviour is not entirely (some would say hardly at all) rational not always prompted by his conscious mind. However, psychology makes a basic assumption that all behaviour has a cause: a person does something because of a basic underlying reason (which may itself perhaps be irrational, perhaps unconscious, perhaps even such as would be denied if it were suggested as the motivator.) there is a cause and effect process at work in all human behaviour. The most commonly accepted theory about causation of human behaviour is "need theory".

### **Maslow's Hierarchy of Needs**

An American psychologist, Abraham H Maslow, is particularly associated with "needs" theory. In 1954 he published an expansion of the threefold classification of needs, which has found wide acceptance, to the point where the phrase "hierarchy of needs" is now commonly used without explanation.

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### Five Overlapping Needs

Maslow suggested that people are in a continuous state of motivation, and that the nature of that motivation is variable and complex. Further, people rarely reach a state of complete satisfaction, except for a short time. As one need is satisfied, another clamours, as it were, for satisfaction.

Hence, we should think of a sequence or hierarchy of needs, rather than a simple list of human needs driving us on. Read following from the base upwards:

### Primary Needs

Physiological needs  
Safety needs

### Secondary Needs

Social needs  
Ego needs  
Self-actualisation

Now let's look at each of these in turn, beginning with the most basic.

#### a. Physiological Needs

The obvious basic needs arise from a person's instinct to stay alive and reproduce his kind for food, water, sleep, sex etc. In all except the most primitive communities, these needs are likely to take an intermediate form of a need for money.

#### b. Safety or Security Needs

These are a subdivision of the material needs mentioned above (i.e. food, warmth, shelter). Man needs protection from the physical environment housing of some sort, clothing (for warmth or protection from the sun), defence against natural dangers e.g. animals, insects, germs etc. In a developed country, security of employment is the intermediate need covering the basic ones.

#### c. Social needs (the need for social status, esteem and self-respect)

These include the need to love and be loved, the need to give and receive affection, and a need for company and association with other people, extending to co-operation in joint effort, is this not a powerful factor in the cohesion of work groups?

#### d. Ego needs (the need for social status, esteem and self-respect)

People want to feel a certain pride in themselves that their abilities are tested and proved adequate, that they are achieving something, and that they are useful as individuals. Complementary to this is a need for the respect of others, overlapping the need for belonging and affection. We want appreciation, a measure of acclamation, to be noticed among all the others and, at least, some degree of prestige and status. We all wish to enjoy the feeling of our worth as persons among other persons.

#### e. Self-actualisation (the need for personal status, self-realisation and accomplishment)

Maslow places this need at the top of the hierarchy. The person fortunate enough to satisfy the first four needs is still driven on by an urge to accomplish the uttermost of which he feels himself to be capable to “reach the top” and, once there, to achieve complete success. Maslow describes this need as:

“Man’s desire for self-actualisation ... to become everything that one is capable of becoming”.

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#### **Significance of Maslow’s Hierarchy**

The critical feature of Maslow’s analysis is the hierarchy, i.e. his suggestion that, as a need is satisfied, another assumes major importance in an individual’s mind. This concept is now generally accepted. The various needs are interdependent. The urges for accomplishment and growth emerge only when the most basic needs have been satisfied: “man is perpetually-wanting animal”, said Maslow.

When the fortunate few get to the ultimate need self-fulfilment it seems this is the hardest to satisfy, which means, also, that it can be a most powerful motivator. The important elements in motivation to work are, therefore, unsatisfied needs. To be effective, an incentive should be designed and presented in such a way that the person to whom it is offered will see it as a means of satisfying own or more of his needs, and so as his motive for working. Empirical research carried out since Maslow developed his theory substantiates the existence of the various needs identified in the model. There is little evidence to date, however, that the needs function as a true hierarchy. The model has excellent applications as an introduction to management thinking on motivation derived from human needs. It also has a place in training programmes for sales personnel, who have to understand the needs of the customer as a first stage in the selling process.

#### **McClelland on Motivation**

DC McClelland is another theorist who was, from the early 1960s, concerned with analysis of human needs. He concentrated on three key needs:

- **Need for Affiliation**

The need of human beings for friendship and meaningful relationships.

- **Need for Power**

Some people seek power in their work situations; they wish to make a strong impression on people and events.

- **Need to Achieve**

To many people the sense of “getting on”, progressing or being promoted, is very important.

These three points relate to the functioning of people at various levels of authority in an organisation. People “high up” will have a strong drive for power and making an impact. People in the middle reaches have considerable achievement needs and compete with each other. At the lower levels, the drive for affiliation should be strong.

#### **Herzberg’s Two-Factor Theory**

Frederick Herzberg, writing in the late 1950s and early 1960s, identified two distinct sets of needs in individuals working in organisations: the need to avoid pain and discomfort and the need to develop psychologically as a person. He identified two areas of concern for the organisation employing people:

- **Hygiene factors (or Extrinsic Factors)**

These include working conditions, company policy and administration, status and security of job, supervision, interpersonal relations and pay and salary. If these are not adequate there will be dissatisfaction, and work output will suffer. Drawing an analogy between a healthy organisation and a healthy person, Herzberg calls these hygiene factors, in the sense that they prevent the “disease” of job dissatisfaction.

- **Motivators**

Under this leading, Herzberg included achievement of work task; recognition by supervisors of achievement and quality of work; the giving of increased responsibility as a reward for successful

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work efforts; the opportunity for psychological development in the work role and growth. Since these are the characteristics that people find intrinsically rewarding, people will work harder to satisfy them through their job.

We can present Herzberg’s two-factor in the following table:

**Table 11**

Hygiene factors (Dissatisfies)	Motivators
<ul style="list-style-type: none"> <li>• Pay</li> <li>• Fringe benefits</li> <li>• Quality of supervision</li> <li>• Company policy and administration</li> <li>• Working conditions</li> <li>• Interpersonal relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement</li> <li>• Recognition for achievement</li> <li>• Meaningful, interest work</li> <li>• Advancement</li> <li>• Psychological growth</li> </ul>

It is important to understand that the hygiene factors and motivators are not mutually exclusive in their effects. Herzberg acknowledges the short-term motivational impact of a pay rise or an improvement in working conditions. These are, however, short lived. Once hygiene factors are enhanced, the worker will subliminate back to the original level of output. In Herzberg’s words, “a reward once given becomes a right”. To achieve genuine long-term motivation, it is necessary for the leader to focus on the motivators.

Herzberg proposes several ways in which a higher level of motivation might be promoted:

- Good quality training the more a person can do, the more that person can be motivated.
- Focus on quality of communications, rather than quantity communication should be direct whenever possible.
- Job rotation improving the variety of tasks and responsibilities.
- Job enlargement making a person capable of more.
- Job enrichment creating meaningful, interesting work Herzberg believes that it is difficult or impossible to achieve true motivation if the job is basically dull, repetitive or uninteresting.

In Herzberg’s model it is possible to avoid job dissatisfaction without necessarily achieving job satisfaction. This is possible where an organisation meets a high level of hygiene factors but fails to provide a high level of motivators.

Plausible though it sounds, in recent times Herzberg’s theory has been somewhat discredited, for two main reasons:

- His own data, which was limited, did not support it.

- Other data does not support it.

Despite its shortcomings, the theory continues to attract a great of attention and it has stimulated developments in work structuring.

## Effective Leadership

# The Managerial Grid

Robert Blake and Jane Mouton devised a 'managerial grid' illustrating degrees of concern for human relations and for efficiency. The grid is taxonomy of management styles classified according to the manager's interest in subordinates as people in comparison with his or her concern for production. Each concern is rated on a scale from one to nine so that a 9,9 manager, for example, is one possesses both a very high concern for people and a high concern for production. A 1,9 manager, who has a low concern for production but who greatly emphasises human relations, will pay careful attention to subordinates'

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human needs, but will exert little effort to ensure that work is actually done. Such a manager is likable, enjoys satisfactory relations with subordinates and generates a friendly atmosphere in his or her department. The 9,1 manager arranges work as efficiently as possible, with scant regard for subordinates' feelings.

Other potential combinations are 1,1 managers, who make little effort to get work done or develop close personal relationships, and 5,5 managers who will balance task performance with human relations considerations. Best of all is the 9,9 manager who achieves high production from committed, satisfied subordinates. The various positions on the grid.

# Management Style and Effectiveness

Although reductions in labour turnover and grievances are very valuable, the principal aim of the research into management style is to establish its relation to effectiveness that is the degree to which it facilitates adequate or high productivity. An important factor determining which particular management style is effective is the task structure the extent to which the work is defined or programmed. Task structure in most cases depends on the technology, and is best illustrated by describing its two extremes:

- Structured or highly programmed work, e.g. assembly line work in a mass production factory, is strictly defined as to method and time. Each individual job is specialized and must be carried out as defined in order that it may fit into a complex production system. There are few work decisions the subordinate can make.
- Unstructured or loosely programmed work e.g. as found in a research laboratory, is defined in very broad terms and gives the subordinate a large number of decisions regarding methods and sequence. Sometimes the task itself is rather vague, and there may be many possible ways of accomplishing it. The subordinate is often given the freedom to choose the way he or she prefers. In highly programmed work the manager will almost inevitably emphasise the task, for it is his responsibility to ensure that jobs are done according to their precise specification. There is little purpose in asking employees for their suggestions about the way work should be done, and it is impracticable to allow them to work at their own pace; such deviations would certainly upset the efficiency of the process, and might indeed be dangerous. In contrast, the manager of unstructured work will as a rule obtain the best results by emphasizing people, because most employees prefer to control and arrange their won work rather than be closely supervised, and they often welcome the opportunity to contribute suggestions and ideas. When the work is loosely programmed, close supervision is unnecessary and tends to be motivating and self-directing. In this analysis, individual differences among subordinates should not be overlooked; some do not expect or wish to contribute suggestions or

take responsibility, while others (probably an increasing proportion) expect management to emphasise the people dimension and arrange jobs so that they will be less structured. The manager must therefore use his or her judgment to decide whether the attitudes of subordinates must override the requirements of the process

## **Fiedler's Theory of Leadership Effectiveness**

The American psychologist F.E Fiedler has put forward a theory, based on several studies, which modifies the simple relationship that has just been described. Fielder suggests that although in general the task-centred approach is best for structured work, it may also be effective when the work is unstructured, relations between the manager and subordinates are poor and the manager's formal powers, e.g. of dismissal or promotion, are weak. In other words, when conditions are unfavourable for the manager the best plan is to take firm control of subordinates.

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The theory goes on to confirm that in general the people-centred approach is best for unstructured work, but adds that this approach may also be effective when the work is structured and the manager powerful but not well-liked. Fiedler's analysis thus uses four variables:

Emphasis on task or people

Task structure

Manager subordinate relationships

#### **Powers of the Manager**

It shows that management style, to be effective, should take account of technology, social relationships and their place of the manager in the organisation. Fielder's work together with that of Tannenbaum and Schmidt and W.W. Soujanen formed the basis for the constituency approach to leadership, which asserts that there is no single management style that can be relied on to be completely effective in all situations. Rather, leader's style should be varied to meet the needs of the particular situation to hand. Thus, leaders must be prepared to adjust their behaviour as circumstances change. This enables leaders to adopt management styles appropriate for specific groups and situations (e.g. using an autocratic approach when quickly and unpopular decisions are needed). However, it could also lead to unpredictable and inconsistent behaviour on the leader's part. Moreover, managers require leadership training and experience to enable them to apply the contingency approach. Further contingency approaches are those of P. Hersey and K.H. Blanchard, and J. Adair. Hersey and Blanchard developed a 'situational' models of leadership based on the 'maturity' of subordinates. Maturity is taken to mean an employee's work experience, technical competence, and ability to assume responsibility, self-confidence and self-respect. According to the workers. Gradually, however, subordinates 'learn the ropes' and a participative management style becomes appropriate. Eventually, workers are able to act independently so that the need for close direction ends. A laissez-faire approach can now be applied. John Adair suggests that, to be more effective, a leader must simultaneously satisfy three sets of interconnecting needs: task, group and individual. Task needs relate to the job being completed and involve planning, setting objectives, performance appraisal, work scheduling, etc. group needs refer to the maintenance of team spirit, group cohesion, discipline, and other means for ensuring the groups does not disintegrate. Individual needs concern the personal requirements of each group member and how these can be satisfied.

# **Changing Managers**

It may sometimes be quite obvious that a manager's style is quite unsuitable for the work he or she is responsible for, and that the manager would be more effective if his or her style were to change. The most usual example is the authoritarian, task-centred manager, in charge of relatively unstructured work. Because attitudes of this kind are deeply rooted in the manager's personality, they are very difficult to change, except superficially and temporarily. Since the styles of many managers cannot be changed, it may be necessary in order to make the best use of their abilities to transfer them to work more appropriate to their style. Another possibility has great difficulties in practice.

## **Self-Leadership and Self-Managed Teams**

Arguably there is little need for formal leadership in the modern workplace situation, which is increasingly likely to involve working in a team. According to this view, employees are quite capable of motivating themselves to perform unattractive as well as appealing task and to determine which group members are best qualified to complete particular duties. Advantages to self-managed teams include lower supervision costs, higher levels of employee interest in the work of the organisation as a whole, and hopefully the optimum use of human resources. According to S. Kerr and J.M Jermier, the need for leadership can be mitigated in many workplace situations by a number of factors:



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- a. Organisational characteristics such as cohesive work groups that remove the need for supportive leadership, and the formalisation of working procedures (which results in group members not needing to ask a leader how to perform duties)
- b. Job characteristics e.g. routine duties, feedback within a task and/or interesting and satisfying work.
- c. Employee characteristics. It is unlikely that workers who are experienced, trained, willing and able will need to be led. Professionally qualified employees are normally capable of looking after themselves.

To the extent that work groups do not need to be led, the particular style of leadership applied by the group's formal supervisor is largely irrelevant, explaining perhaps the very mixed results that have been obtained from many empirical studies in the leadership behaviour field.

## Participation

Worker participation is the inclusion of employees in the decision making process of the organisation. It implies also that the employees have access to sufficient information on which to base their share in decisions. In many companies in Great Britain, however, participation may merely consist of the management informing employee representatives of decisions that have already been made, and asking for their comments.

## Theory X and Y

The American writer Douglas McGregor described two contrasting assumptions about the behaviour of employees, called theory X and theory Y.

- a. Theory X takes the view that the average employee dislikes work, will try to avoid responsibility, and will only be work by a mixture of close control and threats.
- b. Theory Y assumes that work is a natural and welcome activity which need not be externally controlled if the employee is adequately motivated, that employees will seek responsibility and that they can give valuable help in solving work problems.

McGregor took the view that theory Y was the correct assumption to make, and that firms should be organized on that basis. He said that theory X gave employees the opportunity to satisfy only basic and security needs at work, but a theory Y management attitude would enable them to satisfy higher needs, in particular ego and self-actualisation needs. A person's job should be so constructed that it gave the opportunity for full self-development. There are similarities between theory X and task-centred management on the one hand, and theory Y and people-centred management on the other, and the comments made in the previous section about styles management apply to a large extent to theories Y and X. most employees would no doubt welcome the opportunity to have more control over their work and to put into practice their own ideas. There is undoubtedly a large fund of valuable expertise, experience and originality among employees that is often untapped by management. Unfortunately some jobs are closely limited, defined and integrated into a complex production process that opportunities to satisfy the higher needs at work are completely absent. Workers in jobs like these must quite often be treated in a theory X manner, i.e. coerced and controlled, if adequate effort is to be obtained. Moreover, there are many employees who do not expect to take responsibility at work and avoid it if they can. Therefore, management is sometimes justified in making theory X assumptions about employees.

# Quality Circles

A quality circle is a departmental workers' discussion group that meets regularly to consider, analyse, investigate and resolve production and quality problems. The group is trained in problem solving techniques and, importantly, is given resources and limited authority to implement decisions. Someone directly elected might assume the role of an existing departmental supervisor or circle leadership.

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form the group. In their Western form, circles meet during working hours and participation may or may not be compulsory. If membership is voluntary, management might encourage participation via group bonuses, generous payments for expenses, hints of promotion for enthusiastic members, etc. circles normally concentrate on mundane practical (rather than organisational) problems and solve them using ideas and methods developed by circle members. Typically, the circle initiates circle activities, although management might occasionally refer problems to it for analysis and resolution. The advantages of quality circles are:

- a. Improved morale as workers become involved in departmental decision taking
- b. Workers apply their skill, personal knowledge and experience to quality and productivity issues
- c. The people who must implement them so there is a high probability they will be carried out take circle decisions.

The problems with quality circles are:

- a. Apathy may rise among circle members who might feel they are undertaking extra duties the benefits of which will accrue entirely to the firm and not to circle members.
- b. Frustrations may result from the circle's inability to solve problems the sources of which are beyond its control.
- c. Antagonisms might develop between circle leaders and other managers about how particular difficulties should be overcome and over the extent of the resources and executive authority the circle should command.
- d. Within the group, friction may occur as low status, low paid employees offer more and better solutions to problems than do appointed supervisors and other higher-paid departmental superiors.
- e. The circle acquires experience of participative decision-making, and may wish to apply this to other areas of the organisation's work (industrial relations or welfare, for example) even though management might oppose employee participation apart from in quality circles.

## Participation, Empowerment and the Quality of Working Life

Participation is an important ingredient of any programme intended to improve the quality of working life (QWL) of a firm's employees. Other elements of a QWL scheme might include the improvement of environmental conditions, increasing the flow of communication within the organisation, employee involvement in target setting, job design, introduction of staff development systems, having employees solve workplace problems, better leadership styles and interpersonal relationships, stress-reduction programmes, and generally enhancing the culture of the workplace. The rationale for improving the quality of working life is that employees will normally be more productive if, rather than tolerating their lives at work, they actively enjoy the work experience.

# Empowerment

An employee's feeling of being in control and of significantly contributing to an organisation's development can be greatly enhanced by 'empowering' that person to complete tasks and attain targets independently, without constantly having to refer back to management for permission to take certain actions. The employee is trusted to take seeable decisions. Hence, for example, salespeople might be empowered to offer special discounts to perspective customers, production operatives can be empowered to decide the speed of an assembly line, and work teams may be empowered to determine the extent and intensity of the use of robots within a section of a firm. The aim is to enable employees who actually have to deal with problems to implement solutions quickly and without recourse to supervisors and/or higher levels of management. This is increasingly necessary as large and bureaucratic organisations 'delay' management hierarchies in the search for administrative efficiency and lower costs. Removal of one or more entire layers of the management pyramid is a fast and sometimes highly effective means for streamlining management communication and control.

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Empowerment differs from 'delegation' in that whereas the latter is the devolution of duties from boss to subordinate (albeit with the authority to implement decisions), empowerment is a general approach to operational management, requiring not just the passing down of power and responsibility through hierarchy but also that the individual worker actively contributes to improving the performance of tasks.

Benefits to empowerment include:

- The encouragement of individual creativity and initiative, commitment to the enterprise and team spirit
- Decision taking at the most suitable levels
- Facilitating for performance management
- Faster and more flexible responses to customer requirements
- Higher levels of self confidence and motivation among employees
- Better relations between management and front-line (customer contact) employees
- A 'meeting of minds' vis-à-vis customer and the firm's staff regarding what constitutes product quality
- Receipt of valuable ideas for new products from front-line employees
- Provision of an early warning system regarding customer dissatisfaction
- Immediate correction of mistakes.

Problems with empowerment are that greater care has to be exercised when hiring employees, who then need more than in conventional circumstances. Staff might take bad decisions, and customers may be treated differently, leading to resentments among those not receiving favours. The entire organisation might need to be redesigned in order to make empowerment operationally effective. If empowerment is to succeed, employees need to receive:

- Information concerning the organisational performance
- Power to make decisions that genuinely influence the direction and performance of the organisation
- Knowledge enabling them to understand and contribute to organisational performance
- Rewards that are based on the organisation's performance.

# Participation in Company-Level Decisions

All the above are concerned with employees' participation in decisions affecting them directly in the short term. There is plenty of evidence that most, though not all, employees are more than willing to take part in decisions of this type, but not very much evidence about their willingness to be involved in decisions at the highest level, e.g. manufacturing or investment policy. In the great majority of UK organisations there is very little participation by employees in policy decisions; sometimes there are varying degrees of consultation.

- a. Employees are consulted before a decision is made, but the management is not bound by their views, though it usually tries to take them into account.
- b. Employees are informed of decisions and are consulted about their effects. The decisions may be modified in detail.
- c. Employees are informed of decisions, and negotiations take place between them and the management about implementation. The detailed application of a redundancy decisions is an example.
- d. There is a company suggestion scheme.

In many companies there is neither participation nor consultation, but merely information to employees about the decisions that have been made. Note however that the situation is entirely different in most other European Union countries, where there is statutory provision for employee participation in

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management decision-making in most countries, either through compulsory employee representation on company boards or through 'works councils'.

# Works Councils

Works council are bodies comprising representatives of management and employees who meet regularly to discuss matters of mutual interest. Under a EU Directive works councils are compulsorily for certain sizes of firm (measured in terms of number of employees) in all European Union nations. In addition to the minimum requirements laid down by the Directive, some EU countries have laws which require large companies to delegate to their works councils the authority to take decisions on particular topics, effectively giving employee representatives the right of veto on management's proposals in specific fields. The range of issue involved differs substantially from country to country. Decision-making powers vary from internal works rules (e.g. the operation of grievance procedures) to recruitment methods and whether the firm is to take on part time or temporary workers. In Germany and the Netherlands, employee representatives on works councils have the legal right to delay certain important management decisions (on company mergers for instance).

## Advantages and Drawbacks of Works Councils

Works councils are said to possess several advantages:

- a. Efficiency improvements that involve shedding labour might be impeded.
- b. They are financially expensive to operate (time costs, rooms, secretarial support, etc).
- c. Decision taking can be slow, and many employee representatives will not have the technical knowledge upon which they can base decisions.
- d. Employees may adopt short-term perspectives and might oppose decisions that would benefit the company in the long run but do not offer many rewards to employees in the immediate future. Innovation and enterprise may be discouraged.
- e. Councils can easily degenerate into vehicles for plant level collective bargaining, undermining normal management/union negotiating machinery.

# Supervisory Boards

In Belgium, Germany and the Netherlands there is a legal requirement that large companies have two tier boards of directors. The lower tier is an 'executive board', comprising managerial employees of the firm responsible for day-to-day operational management. Above this is a 'supervisory board', which takes strategic decisions in relation to the overall direction of the enterprise. By law, employee representatives must sit on the supervisory boards of companies in these countries. The functions of supervisory boards include:

- a. The appointment and dismissal of executive managers and the determination of their remunerations
- b. Deciding the overall direction of the enterprise (its products, markets, major new investment, etc).
- c. Matters concerning mergers and takeovers and how the company is to be financed.

The rationale for the system is that general policy making is undertaken objectively and independently without interference from executives with vested interests in outcomes, and that employee interests may be considered in the absence of line managers who control workers. Also, though decisions that adversely affect senior line managers can be taken more easily.

## Worker Directors on Supervisory Boards

The basic argument in favour of having worker directors is that since employees spend much of their lives working for and making valuable contributions to employing organisations they should be entitled, through elected representatives, to some say in how their employers' businesses are run. Also, worker directors can criticize management's intentions and put new interpretations on issues and events.

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The counterargument is that since entrepreneurs or shareholders who put their personal capital at risk own firms, it is inappropriate for anyone other than directors selected by owners to control a company's assets. Workers directors, moreover, any face substantial difficulties, which prevent their being effective in this work. The problems confronting worker directors include:

- a. Possible reluctance of other board members to disclose confidential information to employees' representatives in case it is passed on to union negotiators.
- b. Potential hostility and social ostracism from other directors, who might conduct secret board meetings to decide key issues without the presence of employee representatives.
- c. The possibility and special privileges afforded to worker directors higher status, preferential treatment, expanses, time off for board meetings might cause them to lose contact with basic grade workers.

Nevertheless, worker directors can voice criticism of management's stated intentions and express the workplace point of view. Management is confronted with new and different interpretations of issues. Also, the presence on the board of employee representatives underlines senior management's commitment to employee welfare, and a climate of mutual confidence and co-operation between management and labour may emerge. Specific implications of having worker directors on supervisory boards are:

- a. The knowledge and experience of employee representatives can be directly applied to strategic decisions without employee representatives having to argue with line managers.
- b. Matters concerning human relations are automatically elevated to the highest level of decision making within the organisation. Note that since the supervisory board appoints and dismisses senior managers then the latter will be highly sensitive to worker director's views, and to human relations issue generally.
- c. Arguably, the presence of employee representatives on a supervisory board facilitates the financial stability of the company, because worker directors' concerns for employees' continuity of

employment invariably cause them to argue in favour of profit retention and the accumulation of reserves to guard against temporary economic downturns. Also, employee representatives will oppose any merger or takeover that could result in redundancies.

## **The fifth Draft Directive on Company Law**

Under this European commission proposal all EU based companies with more than 1,000 workers would be required to have a two-tier board or a single board with a majority of non-executive directors empowered to appoint and dismiss executive directors. Between one third and one half of a single or supervisory board would have to consist of employee representatives. Alternatively, worker participation could achieve via a separate works council with proper representation on the board. A number of objections have been raised against the proposal, including the following:

- a. Personnel management and industrial relation issues, at the expense of considering strategic and operational matters, could dominate agendas of board meetings.
- b. Businesses affected by the Directive would need to train employee representatives in the principles of management, company structure, finance, market environments, etc., in order to enable them to understand board-room discussions.
- c. Companies operating in several EU countries would experience severe practical problems resulting from their boards having to include employee representatives from several countries, speaking different languages (thus requiring the presence of interpreters at board meetings), from widely disparate trade union backgrounds, and with contrasting cultural perspectives.
- d. Conflicts might be created between agreements reached by worker and other directors at the board level, and settlements concluded via plant level collective bargaining in divisions and subsidiaries of the firm.

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#### **Participation a Summing Up**

In such a controversial subject, influenced so much by individual attitudes, it is impossible to come to a clear conclusion. Readers might like to make their own judgments, based on the following arguments, firstly in favour of participation and secondly against it.

##### **In favour of Participation**

- a. It makes use of the knowledge and experience of employees, which are usually at least as valuable as a manager's.
- b. Employees are more motivated in their work if they can take part in decisions affecting their work. If they think that decisions are unfair to them, they will be less motivated.
- c. The greater the number of people involved in a decision, the less the possibility of important factors being overlooked.
- d. Unworkable impracticable decisions are avoided.
- e. Many decisions impinge directly on employees' lives; it is only right that they should help to make them.
- f. Employees by their efforts contribute to the property of the company; it is right that their voice should be heard.
- g. Modern educational methods and policies encourage independence informed thinking. Employees should be encouraged to apply this to their work.

## Against Participation

- a. Involving the employees in decisions is time consuming; many decisions have to be made urgently.
- b. Most employees have no responsibility for making the best use of the company's assets and maximising profits; the managers of the company have this responsibility and their decisions must recognize it.
- c. Employees tend to take the short-term view, and may oppose decisions which may benefit the company in the long run but do not offer many rewards to employees in the immediate future. Innovation and enterprise may be discouraged.
- d. Employee participation at company policy levels needs such to make cumbersome machinery that it is only possible and genuine in small companies.
- e. Employees tend to take the short term view, and any oppose decisions which may benefit company in the long run but do not offer many rewards to employees in the immediate future. Innovation and enterprise may be discouraged.
- f. Many employees take the view they are not paid to make decisions, and will only become involved in decisions, which affect them directly.

The arguments against participation are much weaker, some would say non-existent, when the employees are also the owners of the company. There are a few companies, usually rather small, of this type in the UK; they seem to be both commercially successful and stable. Most have been created and built up as a single owner who has then given them away to the firm's employees. Possibly the number of such companies is too small for reliable conclusions to be drawn.

## Group Formation and Development

### Formation of Working Groups

A collection of individual employees does not automatically become a working group. The conditions which will cause a group to form and make it cohesive are:

- a. The employees must be near enough to each other for easy face to face communication.
- b. The work they are doing must be related; e.g. they forms parts of a chain (like a progressive assembly line,) are doing similar jobs (as in the relay assembly outing).
- c. The individuals must be compatible, without great differences in status skill or education.

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- d. The total number should not exceed about twelve, though this depends on physical arrangements in the workplace.
- e. An external threat will often cause a collection of individuals to form themselves into a group.

### Group Development

According to B.W.W Tuckman, groups develop through four stages as follows:

1. Members learn about each other, about the nature and purpose of the group and the constraints that limits its activities. Group structures, status hierarchies and patterns of interaction among members are determined. Rules of behaviour are established and individuals tell each other about their perceptions of the group's structure and objectives. This stage is sometimes referred to as the 'orientation' or 'forming' phase.
2. Disputes and power struggles arise. There is internal group conflict, criticism and open questioning of the group's goals. This is the 'confrontation' or 'storming' phase.
3. Conflicts are resolved and a division of work and responsibilities among group members is tentatively implemented. Specializations develop; individual differences are recognized and 'who

‘who does what’ disputes disappear. Group norms emerge. This is the ‘differentiation’ or ‘norming’ phase.

4. Eventually, group productivity increases; there is much collaboration among members and commitment to the group. Individuals value the contributions of their colleagues and accept their idiosyncrasies. A decision-making system acceptable to all the group’s members is established. People get on with their work. This is the ‘collaboration’ or performing’ phase of the process.

### **Resistance to Change**

A group is something to lean things go wrong. It acts support and reinforces the individual’s view of the outside world. Such benefits greatly encourage conformity to group norms. Membership of a group provides individuals with companionship, social experience, opportunities for self-expression and social intercourse.

Against these benefits, however, individuals must be prepared to modify their behaviour to fit in with group norms. The more valuable group membership is perceived as being, the more the individual will want to conform. Feelings of attachment will be greater, and the power of the group to compel obedience to established norms is enhanced. Eventually group behaviour will settle down to a fixed routine: conformity is demanded of new entrants who must demonstrate their willingness to abide by group norms. The group will continue to function despite changes of personnel. It becomes a self-perpetuating identity. In consequence, groups are often resistant to change. Members become set in their ways and attitudes; they come to believe the group norm is right no matter what the circumstances and of course any deviation from the norm would have to be explained and justified by the individual to other members. And if the group the deviant member does not accept the deviation is liable to face social ostracism.

### **Behaviour of Working Groups**

When a working group has come into existence it will behave in certain characteristic ways, very much as if it has a life of its own independent of the lives of the individuals included in it.

- a. The group will produce a settled system of personal relationships and customs.
- b. These customs sometimes include restriction on output.
- c. Individuals will often behave more in the way the group expects than as they would if left to themselves.
- d. The group exerts great pressure on all its members to conform to its own standards of behaviour.
- e. Newcomers to the group are often made to feel unwelcome. Groups vary in this respect just as individuals vary in their ability to become easily accepted by a group.

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- f. The group tends to resist change imposed on it, and will react to it slowly because of the threat to its existence, its security, its customs and its pattern of relationships.
- g. Unofficial leaders emerge in the group, changing according to the needs of the situation at the time. When the group is in open conflict with the management, for example, it may choose as its leader a person who normally its member will describe as an agitator. When conditions settle down, a new leader might emerge who could be a more diplomatic person.
- h. A group often seems to follow the same motivation process as can be frustrated and show the negative reactions of aggression, regression, resignation and fixation.
- i. The character of a group will not change because one person leaves it or joins it, unless that person is extremely influential.
- j. An external threat or the competition of another group will increase the cohesiveness of a group.

### **Group Cohesiveness**

The extent, to which individuals feel that they are members of a group, and the strength of their attachment to the group, is called cohesiveness or morale. It is shown by the frequent use of the word



‘we’ instead of ‘I’, the help group members give each other and the perseverance and enthusiasm they show. Cohesive working groups usually have low rates of labour turnover and absence.

Many factors contribute to the creation of group cohesion, including the following:

- a. How often group members’ come into contact with each other.
- b. How enthusiastically members support group aims.
- c. The extent to which members feel they belong to an exclusive and special group.
- d. Whether members share common interests.
- e. Whether members have a common background, education, age, outlook, or ethic or social origin.
- f. The existence of external members can communicate.
- g. Whether members are engaged on similar work.

A high degree of cohesiveness is not always linked with high productivity. Restriction of output by working groups is widespread, and is usually found in groups cohesive enough to be able to rely on the observance of limits of output by its members. On the other hand when organisation structure or work methods are rearranged to facilitate the formation of working of working groups, productivity is sometimes increased.

It is possible to find any combination of cohesiveness and productivity; no doubt many people have encountered happy united groups, which do very little work, or sections composed of workers who dislike each other but nevertheless show above average rates of output. the relationship between cohesiveness and productivity is similar to that between individual job satisfaction and productivity, that is it depends on the group’s cohesiveness on output is uncertain, an employer’s costs will nearly always be reduced by the presence of cohesive working groups because labour turnover and absence will be comparatively low.

### **Working Groups: Implications for Management**

Research shows that working groups can be powerful forces within an organisation. Sometimes their presence is beneficial to management, e.g. the relay assembly room, and sometimes the reverse, e.g. the bank wiring room, because there is no reliable connection between the cohesiveness of a group and its rate of production. The working group must also be considered in relation to the formal structure of the organisation; does the group coincide with an official section or department, or does it draw its membership from several of them? Frequently a company is organized by function, i.e. production workers belongs to one department, maintenance workers to another and clerks to a third. An informal working group, consisting of people working near each other on the same task, could possibly include members of each of these three departments.

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A somewhat similar situation occurs when the unofficial leader of the group and the officially appointed foreperson or manager are rivals for the allegiance of the group, creating confusing and lack of control. If management wishes to make constructive use of informal working groups, and minimize the difficulties they can sometimes bring, the following measures are often recommended:

- a. By ensuring that working conditions are good, that employment policies are fair and by taking a personal interest in the employees, encourage groups to perceive the company’s interests as coinciding with their own, thus increasing productivity.
- b. In nay case, making it easier for cohesive groups to form because labour turnover and absenteeism will be reduced.
- c. When making changes, remember the instinctive opposition of the working group.
- d. Arrange for competition between groups, so that cohesiveness will increase. Greater output may also occur.

- e. Examine incentive schemes to see if they can be based on the output of the group instead of the individual.
- f. If practicable, make the working group coincide with the official section or department. In some cases the functional division of authority may have to be abandoned.
- g. It is not possible to give the unofficial leader an official post, give some sort of recognition perhaps by including that person in joint consultation procedures. Train fore people and managers in human relations skills so that the group will be more satisfied with its official leadership.

## **Team Working**

### **Teams**

A team is a special sort of group. All teams are groups, but groups do not necessarily behave as teams. The defining characteristic of a team is that its members voluntarily co-ordinate their work in order to achieve group objectives. Team members are highly interdependent, and each individual must to some extent interpret the nature of his or her particular role. Teams have leaders who may or may not be appointed by an outside body (higher management, for example), but authority of the leader of a team as distinct from any working group is fully accepted by all its members. The team leaders represent the group to the outside world and are formally answerable for its behaviour. Within a team there will be a high degree of group cohesion, much interaction, mutual support and shared perceptions of issues. Team members will be willing to interchange roles, share workloads and generally help each other out. Typically, each team member will hold other members in high regard, and will experience much satisfaction from belonging to the team. The leader of a team can improve team spirit through.

- Representing and defending the team in the outside work, e.g. by fighting for extra resources on their behalf.
- Clarifying 'territorial divisions' among team members, hence ensuring that all members are fully aware of their individual and collective responsibilities
- Encouraging members to suggest new working methods.

Other causes of good team spirit are:

- A fair distribution of work and responsibilities within the group, especially of unpleasant or exceptionally demanding task
- Well designed work programmes with realistic completion dates
- Compatibility of the personal characteristics of participants.

Symptoms for poor teamwork are easily recognized: absenteeism, late coming, high staff turnover, bad temper, deprecatory remarks about other team members, and so on. Staff confidence in the team's ability to achieve its objectives, comment is interpreted as criticism, the quality of work declines, staff effort, and petty grievances arise.

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Causes of such problems may include bad physical working conditions, wage levels and relatives, terms and conditions of employment (feeling of job insecurity, for example) or poor interpersonal relations within the group. Further problems might relate to the status of the group in the hierarchy of the total organisation.

### **Reasons for Team Working**

These include the introduction of modern management methods such as cell-based manufacturing, just in time production, total quality management, etc., and/or the consequences of delayering empowerment, business process re-engineering, downsizing and the use of flexible working practices. Most of these techniques involve slimming down for the organisation and the need, therefore, to

concentrate the expertise of the remaining people into distinct units rather than their being scattered around the firm. Also the majority of the methods previously mentioned demands cross-functional working that only multi-disciplinary teams can provide (via the pooling of skills, ideas and experience).

### **Implementation of Team Working**

Simply setting up teams to complete particular tasks will not improve organisational effectiveness of itself: supportive management structures and personnel practices (vis-à-vis recruitment, training, reward systems, etc.) are also required. Indeed, a major cultural shift among employees might be needed.

If it is to succeed, team working must be accompanied by a shift in the focus of the firm's management style away from individuals and towards teams. Also the company will need to revise its human resource management policies in order to facilitate team working. Specific problems that could be experienced during implementation include:

- Lack of clear definition of team roles
- Bad selection and/or inadequate training of team leaders
- Failure to modify the firm's reward system to accommodate team working
- Absence of proper procedures for evaluating team performances
- Constructing teams from existing employees who are not suitable for team working
- Allocation to individuals of personal as well as team duties, so that they do not have enough time to complete either (bearing in mind the extra meetings and communications that teamwork involves)
- Certain team members not pulling their weight, leading to resentments among other participants who feel they are 'carrying' the people concerned. Appraisal of team performance needs to identify individual contributions to a team's failure of success.

## **Rewards**

The main options available for rewarding team members are:

- A flat rate wage paid to each members of the team.
- Group payment by results systems.
- Individual wage rates paid to team participants plus team bonuses.
- Flat rate wages as in accompanied by individual bonuses for exceptional contributions to team performance (though note how individual performance related pay might create internal competition that disrupts the work of a team).

## **Team Building**

In the 1970s, R Meredith Belbin and colleagues developed a theory of team building, which suggested that certain types of individual do not perform well when working together in the same team. Belbin argued that people have different psychological characteristics, which cause them to adopt particular roles at work, and that an appropriate combination of persons assuming roles were is essential for the

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creation of a well-balanced team. Nine team roles were identified, each of which needed to be fulfilled within a successful team (although they did not have to be present in equal measure). Team members would instinctively adopt specific roles according to their psychological make-ups, defined in terms of their intelligence, extraversion/introversion, dominance, and degree of stability or anxiety. The nine-team roles were as follows:

- 1. Co-coordinator.** The co-coordinator is a mentally stable individual, extrovert and dominant, and makes an ideal chairperson. He or she is self-confident, mature, a good speaker and listener, and

adept at clarifying issues and facilitating group decisions. Unfortunately, other team members may perceive the person as manipulative and as someone who personally avoids completing tasks.

2. **Team worker.** This person is also mentally stable and extrovert, but low in dominance. The team worker is perceptive, able to identify problems, and promotes harmony within the group. However, he or she will avoid confrontation and tends to be indecisive.
3. **Specialist.** The specialist is a dedicated professional who provides technical skills and knowledge. He or she may fall into any personality category.
4. **Plant.** A 'plant' is a major source of a team's ideas and creativity, although the person might not be a good communicator. Plants are imaginative problems solvers: intelligent, introvert and dominant.
5. **Shaper.** This personality type is dynamic, outgoing, extrovert, dominant and highly-strung. The shaper is task-orientated, argumentative, and thrives on pressure. He or she will overcome obstacles, albeit at the expenses of other team members' feelings.
6. **Complete-finisher.** The completer finisher is an unassertive introvert who is reluctant to delegate, and inclined to worry unduly. Strengths of this personality type are that such people are painstaking, conscientious and have a permanent sense of urgency.
7. **Implementer.** An implementer is practical, stable and controlled, and capable of turning ideas into action. He or she is disciplined and reliable, but prone to inflexibility and rigid attitudes.
8. **Monitor evaluator.** This person is a critic rather than a creator: stable, intelligent, introvert, and capable of deep analysis of issues. Such individuals lack warmth, are rarely able to inspire others, yet are usually correct in their assessments.
9. **Resource investigator.** The resource investigator is a relaxed, positive and enthusiastic person who goes outside the group to discover new ideas and information. He or she is a dominant extravert who inclines towards over optimism and tends to lose interest in projects once her or his initial enthusiasm has passed.

Problems either the Belbin approach include its subjectively (there is little empirical evidence concerning the persona; characteristics of members of highly successful teams) and the difficulty of appraising team as opposed to individual performance. There is little hard evidence that any one mix of team types is any more effective than others. A somewhat what similar categorization of team roles was developed in the 1980s by C Margerison and d McCann. According to these authors there are three aspects of team performance:

1. The extent of the functions that need to be carried out by the team. Margerison and McCann measured this by a 'types of work index' (TWI).
2. Individual preferences concerning the way each person works. Typically, people concentrate on things they enjoy doing and neglect or perform badly tasks they dislike. A 'team management index' (TMI) was constructed to analyse personal preferences.
3. Communications and interactions within the team, as measured by a 'linking skills index' (LSI).

Eight major team roles were identified:

1. The creator innovator who obtains and experiments with new ideas.

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2. The explorer promoter who looks for and informs others of fresh opportunities.
3. The assessor developer who tests the applicability of various ideas.
4. The thruster organizer who devises and implements new ways of making things work.

5. The concluser producer who is best at operating existing systems and practices.
6. The controller inspector who checks and audits systems.
7. The upholder maintainer who ensures that standards are upheld.
8. The reporter adviser who gathers and disseminates information.

Additionally all team roles must perform linking activities, in order to co-ordinate and integrate the work of the other eight roles. Relative needs for the fulfilment of the various roles within a particular team were assessed using the TWI, a 64-item questionnaire. The personal preferences of the individuals who would undertake particular jobs were evaluated via the TMI, which categorises people under four headings:

1. Extrovert/introvert
2. Practical/creative
3. Analytical/believing. An analytical person uses objective criteria when taking decisions, whereas the other personality type pays more attention to personal beliefs and principles.
4. Structured/flexible. Someone who is 'structured' is well organised, neat and tidy, and likes to take decisions quickly. A 'flexible' individual prefers to spend time thinking over a problem and will not reach conclusions until all relevant information has been considered.

Comparison of the TWL supposedly indicates overlaps between job demands and personal preferences. Differences between the two indices might suggest needs for job redesign, training, and reallocation of duties or changes in team membership. The LSI diagnoses team members' individual strengths and weakness in terms of eleven key linking skills: listening; trusting and understanding colleagues; delegation; maintenance of quality standards; target setting; representing the team to outsiders; problem solving and counseling; and participation in team activities. Note the questionable reliability of the three indices used in the analysis, as they are largely based on self-reporting.

## **Roles**

A 'role' is a self-contained pattern of behaviour considered typical of a person who occupies a certain social position, e.g., husband, mother, office boy, senior manager, etc. role theory concerns how individuals behave, how they feel they ought to behave, and how they believe other people should respond to their actions. For example, supervisor might be expected to behave (perhaps even dress and speak) in a particular manner distinct standard and norms of conduct may be anticipated from those who occupy a supervisory role. The term 'role category' describes a complete class of person belonging to a specific social division ('leader', 'old person', 'senior executive', etc.). Through experience, individuals eventually form role categories into which people of the various occupational classes they encounter may be placed. A company welfare officer, for instance, may be expected always to behave in a sympathetic manner regardless of his or her personality, background or general approach to management affairs. Such generalizations simplify social interrelationships, since once stereotypes are established it is no longer necessary for the individual to analyse every situation he or she confronts.

A person's actual role behaviour may or may not conform to expectations; it might deviate significantly, or be quite irrelevant to the situation in hand. Thus, for example, a high-ranking executive might be an extremely bad organizer, despite the ability to organize being a major assumption of a senior manager's role. Ideally, an individual's perceptions of 'correct' behaviour in a job will correspond to senior management's interpretation of what the worker ought to be doing and thinking about his or her occupational role. Sometimes, however, these perceptions differ possibly resulting in 'role strain', which occurs when the demands of a role overtax its occupant's ability to cope to the extent that he or she does not behave in accordance with the expectations attached to the role. Consider,

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for example, the supervisor whose subordinates expect him or her to represent them to senior management but whose own superiors insist on that person implementing all management decisions regardless of their industrial relations effects. Individuals who cannot live up to role expectations may experience feelings of inadequacy, embarrassment and guilt. Interactions with others become difficult, and could eventually collapse. A person might be unclear about the exact nature of his or her role. The more explicit and specific the expectations attached to a role the easier it is to conform to its requirements. Role ambiguity can cause stress, insecurity and loss of self—confidence. An example might be newly appointed head of department, who is not entirely clear about how much authority he or she commands. Serious problems occur when role occupants and others disagree fundamentally about the contents of a role, i.e the duties it covers, ranges of acceptable behaviour, whether certain actions are voluntary or mandatory and? (Which of the role occupant's obligations should assume priority.

In setting role priorities, a person might select for priority those role behaviours which:

- Correspond to his or her personal ethical standards and perceptions of moral worth
- Are expedient
- Bring the greatest personal reward and/or avoid personal cost
- Avoid controversy or unpleasant relationships with people the individual particularly respects.

### **Jobs and Careers**

A career is a related series of jobs in an ascending order of status and responsibility. Career development may occur within a single (usually large) organisation; through a person moving between organisations; or by a mixture of the two. Advantages to organisations of having employees who are pursuing careers. (rather than holding ad hoc jobs) are:

Individuals might be motivated to work hard in order to further their careers.

Employees have definite career targets at which to aim.

Workers' loyalties to their occupations and/or employing organisations might be enhanced.

Employees' competence will increase systematically over time.

Management succession schemes can be drafted more easily.

Career planning can be directly related to the firm's performance appraisal and management by objectives systems.

### **Advantages to Individuals of Following a Career Include:**

Feelings of security resulting from the likelihood that his or her job opportunities will increase as the person's career progresses.

Enhanced self-awareness resulting from being forced to analyse personal strengths and weaknesses and the career options available.

Acquisition of useful experience as the employee selects jobs in organisations, departments, divisions, etc, that will best promote his or her career.

a. Having a tangible long-term objective.

To plan a career a person needs to establish career priorities, closely observe the behaviour and attitudes of individuals who have already succeeded in the field, select job which build on personal strengths and minimize the effects of personal weaknesses, obtain the appropriate training, and if possible find a 'sponsor' who is an existing senior manager in the occupation or organisation concerned and who can assist and advise the junior person. Thereafter, the individual must regularly monitor his or her career achievements and carefully analyse the reasons for any monitor his or her career achievements and carefully analyse the reasons for any shortcomings. Some organisations provide career counseling to assist employees in these respects.

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### The Importance of Selection

In attempting to recruit and select a new representative, sales manager find themselves in an unaccustomed role. Instead of being a seller s/he for once takes on the role of buyer. It is crucial that this transition is carried out effectively because the future success of the sales force depends upon the infusion of high-caliber personnel. There are number of facts which emphasise the importance of effective sales force selection:

There is wide variability in the sales in the sales effectiveness of salespeople. In the institute of marketing commissioned study into sales force practice, the following question was asked of sales managers: ‘if you were to put your most successful salesperson into the territory of one of your average salespeople, and made no salesperson into the territory of one of your average salespeople, and made no other changes, what increases in sales would you expect after, say, two years?’ the most commonly expected increase was 16-20 per cent and one-fifth of all sales managers said they would expect an increase of 30 per cent or over. It must be emphasized that the comparison was between the top and average salesperson, not top and worst salesperson. Clearly, the quality of the sales representatives which sales managers recruit can have a substantial effect on sales turnover. Salespeople are very costly. If a company decides to employ extra sales personnel, the cost will be much higher than just basic salary (and commission). Most companies provide a car if travel is required and travel expenses will also be paid. The special skills necessary to make a sale, rather than to receive an order, imply that training will be required. No company will want to incur all of these costs in order to employ a poor performer.

Other important determinants of success, such as training and motivation, are heavily dependent on the intrinsic qualities of the recruit. Although sales effectiveness can be improved by training will be required. No company will want to incur all of these costs in order to employ a poor performer.

A study by Galbraith et al. examined the features that attracted salespeople into selling and what valued most their work. The results are given in the table below.

**Table 12**

**Features of most interest and most value**

Most interest	%	Most value	%
Working methods	60	Independence	40
Independence	13	Earnings	18
Earnings	12	Providing a service	14
Company status	5	Freedom	11
Good training	4	Dealing with people	8
Promotion chances	2	Job satisfaction	6
Professional status	2	Status	3
Exclusive territory	2	Promotion prospects	1

Table shows that working methods and independence are more important than earnings as the attraction for entering selling. This challenges the assumption made by many companies that money is the main reason for embarking on a sales career. Independence is also highly valued when doing the selling job. The implication for these findings is that sales management should understand the reason why people are attracted to selling in their industry to develop effective recruitment strategies. They certainly should not blindly assume that earnings are always paramount. Sales managers are clearly faced with a

difficult and yet vitally important task. However, many of them believe that the outcome of the selection process is far from satisfactory. In the institute of marketing survey, nearly half of the sales managers reported that fewer than seven out of ten of the salespeople they had recruited were satisfactory. Recruitment and selection is a particularly difficult task when operating in overseas markets. The boxed case discussion identifies some of the key issues.

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#### **Recruiting and Selecting an International Sales Force**

A company wishing to recruit an international sales team has a range of options. Recruits could be expatriates, host country nationals or third country nationals. Expatriates (home country salespeople) are well regarded by technical companies selling expensive products because they tend to possess high-level product knowledge and the ability and willingness to provide follow-up service. Work overseas also provides companies with the opportunity to train managers and prepare junior executives for promotion. Furthermore, expatriates allow international companies to maintain a high degree of control over global marketing and sales activities. However, there are drawbacks. Expatriates are usually more expensive than local salespeople; they may not settle in the new country, and may fail to understand the cultural nuances required to sell successfully abroad.

The second option is to hire host country nationals. The advantages are that they bring cultural and market knowledge, language skills and familiarity with local business tradition. This often means a shorter adjustment period for a company wanting to be active in a new overseas market. However, these benefits must be assessed in the light of several potential disadvantages. Often host country nationals require extensive product training together with knowledge about the company, its history and philosophies. Second, in some countries such as Thailand, Malaysia and India salespeople are not held in high esteem. This restricts the supply of well-educated people into sales jobs and makes the task of recruiting local people more difficult. Finally, loyalty to a foreign company may be less than from expatriates. The third option is to hire third country nationals. When hired from similar countries in a particular region, they provide cultural sensitivity and language skills while allowing access to a more skilled and/or less costly sales force than is available in the target country. Particularly for regionally focused companies, third country nationals can be an effective compromise between expatriates and host country nationals.

However, the drawbacks are that the third country national may have difficulty identifying with where and for whom they work. They sometimes suffer from blocked promotions, lower salaries and difficulties in adapting to new environments.

There are a number of stages in the recruitment and selection process:

1. Preparation of the job description and personnel specification
2. Identification of sources of recruitment and methods of communication
3. Designing an effective application form and preparing a shortlist.
4. Interviewing.
5. Supplementary selections and psychological tests, role-playing.

An understanding of each stage and the correct procedures to be followed will maximize the chances of selecting the right applicant.



# **Preparation of the Job Description and Specification**

The production of an accurate job description should prove of little difficulty for the sales manager. S/he intimate knowledge of what is required, having been a salesperson and out on the road with salespeople during training and evaluation exercises. Generally a job description will cover the following factors:

1. The title of the job.
2. Duties and responsibilities the tasks will be expected of the new recruit, e.g. selling, after-sales service, information feedback, range of products/markets/type of customer with which s/he will be associated.
3. To whom she/he will report.
4. Technical requirements e.g. the degree to which the salesperson needs to understand the technical aspects of the products s/he is selling.

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5. Location and geographical area to be covered.
6. Degree of autonomy the degree to which the salesperson will be able to control his/her work programme.

Once generated, the job description will act as the blueprint for the personnel specification, which outlines the types of applicant the company, is seeking. The technical requirements of the job will be factors, which influence the level of education and possibly the age of the required recruit. The construction of the personnel specification is more difficult for the sales manager than the job description. Some of the questions posed to highly subjective responses. Must b the recruit have selling experience? Should such experience be within the markets that the company serves? Should he be within a certain age range? Is it essential that the salesperson hold certain technical qualifications? If the answer it all these questions are yes, then the number of possible applicants who qualify is reduced.

The danger is that applicants of high potential in selling may be excluded. Graduates at universities often complain that jobs which they are confident they are capable of doing well are denied them because of he two years experience in selling' clause in the advertisements. The implications of this are that the job specification should be drawn up bearing in mind they the type of person who would be excluded form applying if conditions are laid down with regard to such factors as previous experience. Is it really necessary or just more convenient since less training any then be required? Another aspect of the personnel specification is the determination of qualities looked for in the new salesperson. This is a much more nebulous concept than the level of technical qualifications, age or previous experience. The qualities themselves may depend on the nature of the job, the personal prejudices of the sales manager (a good rule of thumb is that many managers favour people like themselves), or be based on more objective research, which has been conducted into attributes associated with successful salespeople.

A survey, which investigates selection practice amongst sales managers in large UK companies, produced a plethora of qualities deemed to be important. Mayer and Greenberg produced a more manageable list. Extensive research amongst over 1,000 companies in the USA reveled only two qualities essential to selling empathy and ego drive. Empathy is defined as the ability to feel as the buyer does; to be able to understand the customers' problems and needs. This is distinct from sympathy. A salesperson can feel and understand without agreeing with that feeling. The other basic determinant of sales success, ego drive, is defined as the need to make a sale in a personal way not merely for money. Mayer and Greenberg claim that when an applicant has a large measure of both

these qualities how will be successful at selling anything. Their research led them to believe that sales ability is fundamental, not the product being sold:

Many sales executives feel that they type of selling in their industry is somehow completely special and unique. This is true to an extent. There is no question that a data processing equipment salesperson needs somewhat different training and background than does an automobile salesperson. Differences in requirements are obvious, and whether or not the applicant meets the special qualifications for a particular job can easily be seen in the applicant's biography or readily measured. What is not so easily seen, however, are the basic sales dynamics we have been discussing which permit an individual to sell successfully, almost regardless of what is he is selling.

Certainly the evidence which they have provided, which groups salesperson into four categories (highly recommended, recommended, not recommended, virtually no chance of success) according to the degree to which they possess empathy and ego drive, correlated well with sales success in three industries cars, mutual funds and insurance. Their measures of empathy and ego drive were derived from the use of a psychological test, the multiple personal inventories. In summary, personnel specification may contain all or some of the following factors:

1. Physical requirements: e.g. speech, appearance

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2. Attainments: e.g. standard of education and qualifications, experience and successes.

3. Aptitudes and qualities: e.g. ability to communicate, self-motivation.

4. Disposition: e.g. maturity, sense of responsibility.

5. Interests: e.g. degree to which interests are social, active, and inactive.

6. Personal circumstances: e.g. married, single etc.

The factors chosen to define the personnel specification will be used as criteria of selection in the interview itself.

## **Identification of sources of recruitment and methods of communication**

### **Sources**

There are six main sources of recruitment:

- From inside the company's own staff
- Recruitment agencies
- Educational establishments
- Competitors
- Other industries
- Unemployed

#### **Company's Own Staff**

The advantage of this source is that the candidate will know the company and its products. The company will also know the candidate much more intimately than an outsider. A certain amount of risk is thereby reduced in that first hand experience of the candidate's personal characteristics is available. However, there is no guarantee that s/he selling ability

### **Recruitment Agencies**

Recruitment agencies will provide lists of potential recruits for a fee. In order to be entered on such a list, reputable agencies screen applicants for suitability for sales positions. It is in the long-term interests of the agencies to provide only strong candidates. The question remains, however, as to the likelihood to top salespeople needing to use agencies to find a suitable job.

### **Educational Establishments**

It is possible to recruit straight from higher education personnel who have as part of their degree worked in industry and commerce. Most business degree students in the UK have to undergo one year's industrial training. Some of these students may have worked in selling; others may have worked in marketing. The advantage of recruiting from universities is that the candidate is likely to be intelligent and may possess the required technical qualifications. It should be borne in mind that the applicant may not see his or her long-term future in selling, however. Rather, they may see a sales representative's position as a preliminary step to marketing management.

### **Competitors**

This advantage of this source is that the salesperson knows the market and its customers. The recruit company thus reducing risk may know the ability of the salesperson.

### **Other industries and unemployed**

Both these categories may provide applicants with sales experience. Obviously careful screening will need to take place in order to assess sales ability.

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#### **Communication**

Although some sales positions are filled as a result of personal contact, the bulk of recruitment uses advertisements as the major communication tool. It is advisable to be aware of a number of principles, which can improve the communication effectiveness of advertisements. There is a wide selection of national and regional newspaper for the advertiser to consider when placing an advertisement. A major problem with such classified recruitment-advertising is impact. One method of achieving impact is size. The trick here is to select the newspaper(s), check the normal size of advertisement which appears in it, then simply make your advertisement a little bigger than the largest. This should ensure a good position and its size will give the advertisement impact. This method assumes, of course, adequate funds, although compared with selecting a lower quality salesperson, the extra cost to many companies is small.

The other component of impact is the content of the advertisement. The headline is the most important ingredient simply because if it does not attract and is not read, then it is very unlikely that any of the advertisement will be read. An inspection of any Friday night regional newspaper will highlight the lack of imagination employed in designing the average sales representative recruitment advertisement. There is plenty of scope, therefore, to attract attention by being different. As in the case of size, look at the newspaper, which is to be used and ask the question: 'if I were contemplating changing jobs, what headline would attract my attention?'

Finally if imagination is low and funds are high, it is worth considering employing a recruitment-advertising specialist who will produce the advertisement and advise on media. Whether the advertisement is produced by the company itself or by a recruitment specialist, it is important to ensure

that all of the major attractions (not just features) of the job are included in the advertisement. This is necessary to attract applicants the object or the exercise.

### **Designing an Effective Application Form and Preparing a Shortlist**

The application form is a quick and inexpensive method of screening out applicant in order to produce a shortlist of candidates for interview. The questions on the form should enable the sales manager to check if the applicant is qualified vis-à-vis the personnel specification. Questions relating to age, education, previous work experience and leisure interests are often included. Desires giving such factual information, the application form also reveals defects such as an inability to spell, poor grammar or carelessness in following instructions.

The application form can reveal much about the person who is applying. Some applicants may be inveterate job-hoppers; others may hve inadequate educational qualifications. Whatever the criteria, the application forms will often be the initial screening device used to produce a shortlist. Its careful design should, therefore, be a high priority for those involved in selection. Four categories of information are usual on application forms:

#### **1. Personal**

- Name
- Address and telephone number
- Sex
- Marital status
- Date of birth and age

#### **2. Education**

- Schools: primary/secondary
- Further and higher education: institutions, courses taken

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- Qualifications
- Specialised training, e.g. apprenticeships, sales training
- Membership of professional bodies, e.g. Chartered Institute of Marketing

#### **3. Employment history**

- Companies worked for
- Dates of employment
- Positions, duties and responsibilities held
- Military service

#### **4. Other Interests**

- Sports
- Hobbies
- Membership of societies/clubs

Such an application form will achieve a number of purposes:

- a. To give a common basis for drawing a number of purposes:
- b. To provide a foundation of knowledge which can be used as the starting point for the interview.
- c. To aid in the post-interview, decision-making stage.

Having eliminated a number of applicants on the basis of the application form, an initial or final shortlist will be drawn up depending on whether the interviewing procedure involves two stages or only one stage. References may be sought for short listed candidates or simply for the successfully candidates.

## The Interview

The survey into the selection processes for salespeople of large UK companies identified number facts pertinent to the interview:

1. Most companies (80 per cent) employ two stage interviews.
2. In only one fifth of cases does the sales manager alone hold the initial interview? In the majority of cases it is the personnel manager or personnel manager and the sales manager together who conduct the initial interview. This tends t be the case at the final interview also.
3. In 40 per cent of cases the personnel and sales manager together make the final choice. In 37 per cent of cases the sales manager only makes the final decision. In other cases, marketing directors and other senior management may also be involved.

These facts highlight the importance of the sales manager in the selection process and indicate that selection normally follows two interviews the screening interview and the selection interview. Already, if the procedures described so far have been followed, the sales manager will have produced a personnel specification including some or all of the factors outlined above and repeated here for convenience.

1. Physical requirements: e.g. speech, appearance, and manner fitness.
2. Attainments: e.g. standard of education, qualifications, sales experience and successes.
3. Aptitudes and qualities: e.g. ability to communicate, empathy, and self-motivation.
4. Disposition: e.g. maturity, sense of responsibility.
5. Interest: e.g. identification of social interests related to products are being sold, active versus inactive interests.

The job specifications will be used as a means of evaluating each of the short listed candidates. In reality other more personal considerations will also play a part in the decision.

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A candidate whom the sales manager believes would be difficult to work with or might be a troublemaker is unlikely to be employed. Thus, inevitably, the decision will be based upon a combination of formal criteria and other more personal factors, which the sales manager is unable or unwilling to express at the personnel specification stage.

Having carried out the essential preparation necessary to form the basis of selection, what the objectives and principles for interviewing? The overall objective is to enable the interviewers to form a clear and valid impression of the strengths and weaknesses of the candidates in terms of the selection criteria. In order to do this all applicants must be encouraged to talk freely and openly about themselves. However, at the same time the interviewer(s) must exercise a degree of control in order that the candidate does not talk at too great length on one or two issues, leaving insufficient time for other equally important factors (possibly where the candidates is weaker) to be adequately discussed.

## The Interview Setting

The interview setting will have a direct bearing on the outcome of the interview. A number of examples will illustrate this point:

1. A room where the sales manager is likely to be interrupted by colleagues or telephone calls is not ideal for interviewing. If such a room has to be used, visitors and telephone calls should be barred.

2. A very large with just two or three people occupying it may not have the intimacy required to obtain a free, natural discussion.
3. A large desk situated between candidate and interviewer, particular if littered with filing trays and desk calendars, can have the psychological effect of distancing the two parties involved, creating too formal an atmosphere and inhibiting rapport. A more relaxed, informal setting away from the manager's work desk is likely to enable the interviewee to relax more easily. The use of a low table which interviewers and interviewee can sit around (rather than sitting face to face) is a common method for achieving this effect.

## **Conducting the Interview**

Besides creating the right atmosphere by the judicious selection of the interview setting, the interviewers themselves can do much to help establish rapport what happens at the beginning of the interview is crucial to subsequent events. The objective at this stage is to set the candidates at ease. Most interviewees are naturally anxious before the interview and when they first centre the interview setting. They may feel embarrassed or be worried about all they may feel worried about rejection. These anxieties are compounded by the fact that the candidate may not have met his interviewers before and thus uncertain about how aggressive they will be, the degree of pressure which will be applied and the types of question they are likely to ask. Some sales managers may argue that the salesperson is likely to meet this situation out in the field and therefore needs to be able to deal with it without the use of anxiety reducing techniques on the part of the interviewers. A valid response to this viewpoint is that the objective<sup>3</sup> of the interview is to get to know the candidate in terms of the criteria laid down in the personnel specification, or 'profile' as it is themselves. If sales ability under stress is to be tested, role-playing can be used as part of the selection procedure. There are a number of guidelines, which, if followed, should reduce anxiety and established rapport:

One of the interviewers (preferably the sales manager) should bring the candidate into the room, rather than the candidate being sent for through a secretary or junior administrator. This reduces differentials and hence encourages rapport.

1. Open the conversation with a few easy to answer questions, which, although not directly pertinent to the job, allow the candidate to talk to the interviewers and gain confidence.
2. Continuing in this vein, questions early in the interview should be, if possible, open ended rather than closed.

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Open-ended questions allow the applicant scope for talking at some length on the topic, e.g. 'can you tell me about your experiences selling pharmaceuticals?' closed questions, on the other hand, invite a short answer, e.g. 'can you tell are inevitable, but series of them makes it difficult for the candidate to relax and gain confidence. Indeed, such questions may give the impression that the applicant is incommunicative, when really the problem lies with the interviewer.

3. Interviewers should appear relaxed and adopt a friendly, easy manner.
4. They should be courteous and appear interested in what the applicant says.

Having successfully established rapport and reduced anxiety, the interviewer will wish to encourage candidates to talk about themselves their experiences, attitudes, behaviour and expectations. To do this interviewer not only needs to develop the art of being good listener but also needs to develop skills in making people talk. The skills required in the needs analysis stage of the selling process may be used in an interview to good effect. Specifically, the interviewer can use the following techniques:

- The 'playback' technique
- The use of rewards
- The use of silence
- The use of probes

- The use of neutral questions

### **The Play ‘Playback’ Technique**

The interviewer repeats the last few words of the candidate’s sentence in order to elicit the reason for what has been said. For example, the candidate might say ‘I worked for XYZ Company for two years, but I didn’t like it very much.’ The interviewer follows with ‘you didn’t like it very much?’ candidate: ‘no, the sales manager was always on my back, checking to see that I was making my calls.’

### **The Use of Rewards**

Obvious interest in the candidate’s views, experiences and knowledge shown by the interviewer confers its own reward.

This can be supplemented by what can only be described as encouraging noises such as ‘Uh, uh, ‘Mmm, yes, I see’. The confidence, which is instilled in the candidate, will encourage further comment and perhaps revelations.

A further method of reward is through ‘eye behaviour’. The subtle narrowing of the eyes together with a slight nodding of the head can convey the message ‘yes, I see’, the correct use of such rewards comes only with experience, but their application is undoubtedly an aid in encouraging the candidate to talk freely.

### **The Use of Silence**

Silence can be a very powerful ally of the interviewer. However, silence must be used with discretion, otherwise rapport may be lost and candidates may raise their barriers to open expression.

Its most common use is after the candidate has given a neutral, uninformative reply to an important question. A candidate, eager to impress, will feel uncomfortable and interpret silence as an indication that the interview is not going well. In such a situation s/he can do this is by revealing attitudes or behaviour patterns which only way s/he can this is by revealing attitudes or behaviour patterns which only way s/he would have been happy to have kept hidden. Alternatively, the pause may allow the candidate to formulate his/her thoughts and thus stimulate a more considered reply. Continuing with a follow-up question without a pause would have precluded this happening. Wither way, extra potentially revealing information can be collected by the discriminate use of silence.

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#### **The Use of Probes**

The salesperson who is adept at needs analysis will be well acquainted with the use of probes. In an interview, comments will be made which require further explanation. For example, the applicant might say ‘the time I spent on a sale training course was a waste of time’, to which the interviewer might say ‘why do you think that was?’ such phrases are to the blunt ‘why?’ and are really alternatives to the ‘playback’ technique mentioned earlier.

A choice of phrases and techniques allows the interviewer to vary his approach to probing during the course of the interview. Although it may not always be possible to guarantee, probing of particularly embarrassing events such as the breakup of an applicants events such as the break-up examinations should be left until the interview is well under way and certainly not be the subject of scrutiny at the start.

#### **Summarising**

During an interview, the interviewer will inevitably be attempting to draw together points which have made by the applicant at various times to come to some opinion about the person under scrutiny.

A useful device for checking if these impressions are valid in the subject's eyes is to summarize them and ask for his or her corroboration.

After a period of questioning and probing, the interviewer might say: 'so, as I understand it, your first period in sales was not a success because the firm you worked for produced poor quality products, inferior in terms of technical specifications compared to competition and you felt inexperienced. But your second job, working with a larger, more well-known company, was more satisfactory, having received proper sales training and having the advantage of selling a recognized high-quality product line. Would you say that this was a fair summary?' having obtained agreement, the interviewer can then move to another area of interest or continue to investigate the same area with the certainty that there has been no earlier misunderstanding.

### **The Use of Neutral Questions**

A basic principle of good interviewing is to use neutral rather than leading questions. The question 'can you tell me about the sales training you received at your previous employers?' so likely to lead to rather different, less biased responses than 'I'm sure you learnt a lot from your sales training courses, didn't you?' again, 'what do you feel about dealing with the type of customer we have?' is more neutral than 'I'm sure you wouldn't have any problems dealing with our customers, would you?'

### **Other Considerations**

There are other considerations, which an interviewer is wise in mind. First, he must not talk too much. The object is for most of the time spent interviewing to be used to evaluate the candidates. Second, part of the interview will be a selling task in order to ensure that the chosen applicant accepts. The balance between evaluation and selling is largely based upon judgment and no hard and fast rules apply, but obviously the competitive situation and the strength of the candidate will be two factors which affects the decision.

Third, the interviewer must discreetly control the interview. A certain amount of time will be allocated to each candidate and it is the interviewer's responsibility to ensure that all salient dimensions of the candidate are covered, not only those about which the candidate wishes to talk. Some of the earlier techniques, used in reverse, may be necessary to discourage the candidate from rambling on. For example, the interviewer may look uninterested, or ask a few closed questions to discourage verbosity. Alternatively, the interviewer can simply interrupt with 'that's fine, I think we're quite clear on that point now' at an appropriate moment.

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Finally, the interviewer will need to close the interview when sufficient information has been obtained. Usually, the candidate is forewarned of this by the interviewer saying 'OK, we've asked you about yourself re there any questions you would like to ask me (us)?' at the end of this session, the interviewer explains when the decision will be made and how it will be communicated to the candidate and then thanks him or her attending the interview. They both stand, shake hands and the candidate is shown to the door.

### **Supplementary Selection Aids**

Although success at the interview is always an important determinant of selection, some firms employ supplementary techniques to provide a valid measure of potential. A number of large firms use psychological tests in this way. However, care has to be taken when using these tests and trained



psychologists is usually needs to administer and interpreted the results. Further, there are number of criticisms which have been leveled at the tests:

It is easy to cheat. The applicant, having an idea of the type of person who is likely to be successful at selling, does not respond truly but 'fakes' the test in order to give a 'correct' profile. For example, in response to a question such as 'who is of more value to society – the practical man or the thinker?', they answer 'the practical man' no matter what their convictions may be.

Many tests measure interest rather sales ability. The sales manager knows the interests of his/her successful salespeople and uses to discover if potential new recruits have similar interest patterns. The assumption here is that sales success can be predicted by the type of interests which a person has. This is as unlikely as discovering a new George Best by measuring the interests of young footballers.

Tests have been used to identify individual personality traits which may not be associated with sales success. Factors such as how sociable, dominant, friendly and loyal a person is have been measured in order to predict sales success. While some of these factors may be useful attributes for a salesperson to posses, they have failed to distinguish between high and low performing sales personnel.

Mayer and Greenberg has shown that sales success can be reasonably accurately predicted once these characteristics are known. The idea is a person who possesses a high degree of both. A high degree of empathy (an ability to feel as the customer feels) and ego drive (the need to make a sale in a personal way) is usually associated with high sales performance. Plenty of empathy but little empathy but much drive will tend to bull doze his or her way through a sale without considering the individual needs of customers. Finally, the person with little empathy and ego drive will be a complete failure. Too many salespeople, say Mayer and Greenberg, fall into this last group.

The test itself – the multiple personal inventory – is based on the forced choice technique. The subject picks those statements, which are most like and least like himself/herself from a choice of four. Two of these statements may be termed favourable and the other unfavorable. Mayer and Greenberg claim that the test is difficult and fake, since the two favourable statements are chosen to be equally favorable or unfavorable, the cautious conclusion is that the forced choice technique minimizes cheating rather than completely eliminating it. The test also overcomes the criticism that psychological tests measure personality traits, which may not correlated with performance. Mayer and Greenberg describe empathy and ego drive as the 'central dynamics' of sales ability and produce evidence that scores on these characteristics correlate well with performance in the car, insurance and mutual funds field.

If the multiple personal inventory, or any other psychological test, is to be used as a basis for selection of sales personnel, a sensible procedure would be validate the test beforehand. Research has shown that other personality tests correlate with performance and that different types of people do well in different selling situations. Randall, for example, ahs shown that the type of person who was most successful selling tyres could be summarized as a 'grey man'.

## **9. Effective Management Techniques**

### **9.3 Managing People**

His characteristics were those of a humble, shy, tender-minded person of below-average intelligence, quite unlike the stereotyped extrovert, happy to go lucky, fast talking salesperson. The explanation to why such a person was successful was to be found in the selling situation. Being in the position of selling a brand of tyre that was widely advertised and had only a small market share, the salesperson has to hang around tyre depots hoping to make sales by solving some of the supply problems of the depot manager in meeting urgent orders. He was able to do this because his company provided a quicker service than many of its competitors, thus, the personality of the man had to be such that he was

prepared to wait around the depot merging into the background, rather than by using persuasive selling techniques.

This rather extreme example demonstrates how varied the sales situation can be. Contrast that situation with the skills and personality required selling hi-fi equipment, and it becomes immediately selection should focus on matching particular types of people to particular types of selling occupations. Indeed Greenberg, since his earlier study, does seem to have moved position and recognized that successful selling depends on other personality dynamics ‘, which come into play depending on the specific sales situation. Consequently different psychological tests may be required for different situations.

Validation requires the identification of the psychological test or tests, which best distinguish between a company’s above average and below average existing salespeople. Further validation would test how the predications made by the test results people. Further validation would test how the predications made by the test results correlate with performance of new recruits. Recent research has cast doubt on the general applicability of the empathy/ego drive theory of sales success, but certainly the multiple personal inventory could be one psychological test used in this validation exercise, although it must be carried out under the supervision of a psychologist.

Finally, it must be stressed that the proper place of psychological tests is alongside the interview, as a basis for selection, rather than in place of it.

### **Role-Playing**

Another aid in the selection salespeople is the use of role-playing in order to gauge the selling potential of candidates. This involves placing them individually in selling situations and assessing how well they perform. The problem with this technique is that, at best, it measures sales ability at that moment. This may depend among other things on previous sales experience sales ability at that correct assessment of salespeople, however, should be measuring potential. Further, role-playing cannot assess the candidate’s ability to establish and handle long-term relationships with buyers and so is more applicable to those selling jobs where the salesperson-buyer relationship is likely to be short term and the sale a one-off. Role-playing may, however, be valuable in identifying the ‘hopeless’, whose personal characteristics, e.g. an inability to communicate to keep his/her temper under stress, may preclude them from successful selling.