The Final Death of a Salesman

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Introduction

“Arthur Miller was on (to) something when he wrote ‘Death of a Salesman’. The role of the salesperson in ‘below-the-line’ strategies has been relegated to that of a merchandiser.”

At the time when Arthur Miller set the play “Death of a Salesman”, marketing was relatively dependent on face-to-face selling by a force of salesmen. Over time important changes in the communication technology and environment have developed the nature of marketing, such as the marketing mix, mass marketing, relationship marketing, and also the role of the salesperson. Thus, the question becomes whether the sales person has become a merchandiser (a businessperson engaged in retail trade) or even a consultant, educator, analyst or relationship manager.

This paper draws on contemporary published articles and discusses

- the traditional role of the sales person
- recent changes in the environment
- contemporary changes in "below the line strategies" and its impact on the role of sales force, and finally
- the management accountant’s role in such strategies

The Traditional Role of the Salesman

Salesmen can account to as much as half of the traditional 4 Ps of the marketing mix. A sales person can carry around the products, and thus become the “place”. Additionally, he/she is responsible for informing the consumer about the product’s existence, uses and benefits, so also becomes the “promotion”. No clue then, that salespeople were in the past a key marketing element in may businesses and industries. Beside their key role of promoting and delivering, the sales force was the face of the organisation and the primary source of interaction with customers. They also possessed the responsibility of guiding choice and convincing potential consumers to buy. So, the salesperson was responsible a wide range of commercial aspects in organizations and their impact in the success or failure of the organisation was crucial.

What happened then with them? Why was Arthur Miller concerned about their role?

The development and spread of mass media communications systems (TV) that followed the Second World War, the re-emergence of competition and the rediscovery of the marketing concept made substantial changes that ended the salesperson golden era. These, among other situations, determined a change in salesmen’s role and importance.

All this happened some time ago, and since then the world has seen may dramatic changes that make us ask what is happening now with sales people, and what forces are impacting their role.

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The Changing Environment

Most of us have seen at some point or another a graph showing the "penetration" evolution of various inventions: first the telephone, then the radio, TV next; at a much faster pace the PC, cell phones, Internet and other modern gadgets. The usual lecture (or implied message) of this is that they (the new gadgets) are really transcendental… but maybe a better interpretation is that environment has been and is changing at an ever-increasing pace. Therefore, today's competitive environment is different from that of 10 years ago, and definitely different to that one 50 years ago, when Arthur Miller was addressing the changing role of salespeople.

Globalisation has shortened distances and reduced barriers; thus, firms now view the entire world as potential market resulting in increased competition. This increased competition has given the consumer more knowledge and power, so firms need to be ever wiser to maintain revenue and profit.

Internet and its fast penetration have successfully located itself as a new media, side by side with traditional ones such as TV, print media and radio, but with the substantial benefit of interactivity between the broadcaster (firm) and the use (potential consumer). This has opened new possibilities of communication ("promotion") and distribution ("place") with customers, just the same roles held primarily by sales people in the past.

Fast development of IT allows now to gather, manage, and process information in a way that was completely impossible some few years ago. Corporations are using this new "power" to increase efficiency and manage more information about consumers that can help them gain a competitive edge. In a way, firms can now centralise and manage in a more efficient way consumer knowledge that previously was held in hands of employees (sales people or sales managers). Again, this shows pressure against the role that sales people usually held in the past.

Facing these new conditions, several marketing strategies have developed, or evolved, giving a new role to sales people.

Changing "Below-The-Line" Strategies and its Impact on the Salesman's Role

Several jargons have become popular in the past years, some more lasting than other: B2B meaning "Business to Business", or "Back to Banking", B2C meaning "Business to Consumer" or "Back to Consulting" depending if it was before or after they realised the "break even" goal was not coming. Marketing, being one of the topics usually addressed in Business Schools, has not been out of this mania. CRM, JIT, EPS, Relationship Marketing, Permission Marketing, etc. are but some of new trends in marketing that are trying to revolutionise (or at least cope with tougher competition) the way companies conduct their commercial activities. All these doctrines have, to some degree, transformed the role left to salesperson.

Relationship Marketing

After the blinding insight of some marketers that a usual market transaction involves both the buyer and the seller, and thus some kind of relationship exists, Relationship Marketing lays on the possibility and advantages of building ongoing relationships with customers. In such scenario sales people become more than merely product pushers, but relationships starters or handlers.

"*After all the sales person is the primary - in some cases the only - direct contact with the customer. That sales person's relationship with the customer helps to determine the success of the firm - it is the crucial relationship*." (Rich, 2000)

Anyway, the relationship is not meant to be between the customer and one employee, but with the organisations. So, RM refers to all the contacts and interactions that the later has with the customers (Rich, 2000). This implies that the salesperson's role is not of an individual relating to a buyer, but needs to stand within the relations devised by the organisation to their customers. Thus, salespeople role become at the same time limited to what the firm defines as desirable but is more integrated to the whole strategy.

As an advanced version of RM, *Customer Relationship Management* came into scene proposing that firms could take one step further by not only creating ongoing relationships but also establishing clear procedures and systems to manage them. Technology, even though it is not the essence of the CRM concept, is required to enable an organisation wide awareness of each particular customer, his/her needs, history and status. This forces the salesperson into a new field or role: technology. Naturally, this has found to be quite challenging because of the usual personal traits of both salespeople and IT people (Nairn, 2002): "*Sales people are from Venus and IT is not even from the same galaxy*". In companies using a successful CRM strategy, more information about costumers is available to all ranks and thus the gap between seasoned salespeople and a rookie shortens.

Just in Time (JIT)

The never-ending pressure to reduce costs, plus the sense that that the buyer and the suppliers are better off working together with some degree of information sharing gave birth to "Just In Time". The benefits to both parties of reducing inventories and time, and the alignment of operations to better fit one another are essentially understood by the organisation, but not necessarily by salespeople. Since JIT requires a long-term commitment of both parts, the traditional role of salespeople as sales driver gives way to a situation where customers just post orders and no further sales work is required once the initial contract is made. Then, an operations area employee will take over the responsibilities of communication and relationship management (Wilson, 2000). Thus, in this case salespeople role do appear to be undermined in terms of the total amount of time and resources they would spend in the ongoing sales. On the other side, selling a JIT relationship for a new customer is a far more complex job than the traditional transactional centred role of salespeople that turns them effectively into consultants rather than merchandisers.

Direct Marketing and Internet

Direct marketing today is viewed as more than a mere way of marketing products to potential buyers for it can also be used as "*regular dialogue with customers in order to provide a flow of valuable and current data about behaviour and attitudes*" (Shannon, 2002). Therefore, direct marketing techniques may reduce significantly the importance of a salesperson to achieve revenue. Knowledge management comes around to critically and scientifically maximise sales response so direct intervention of people to push sales appear less relevant.

The Internet shares many attributes of direct marketing to the point of being considered an extension of the model (Hochhauser, 2000). It allows firms to display, explain, in some cases try, and sell their products or services directly to the consumer. Moreover, consumer maintenance issues can also be shifted out from sales people. Cisco Systems handles most of its' customers queries through the Internet (Kanti Prasad et al, 2001) thus, liberating sale people and sales representatives for other tasks.

Furthermore, if you take the sales force out of the loop, suddenly opaque pricing becomes transparent pricing. Access to price information shifts the balance of power to the buyers. 'My value-add before was negotiating contracts. What's my value-add now?'"
The answer, he says, is that the sales rep becomes more of a consultant—a job with less tedium and paperwork, and more challenge and knowledge (n.d, 2000, "Death of the Salesmen", *The Economist)*.

In fact, this means that nonessential or trivial tasks are taken out of sales people, improving their efficiency, but it does not imply that sales people are useless. They are still needed in complex situations, where they do add value and can help or guide a buyer decision. Therefore, the role of sales force seems to be getting smaller in terms of task in the face of customers, but at the same time more complex and value adding.

The Management Accountant's Role

Management accounting has mainly two relationships to that of the sales force. First, it has a key role in ensuring efficiency and value creation in the sales force (measuring sales performance closely to analyse and monitor sales force effectiveness). Secondly, it has the opportunity to provide (latent) value to the sales force by converting existing accounting information into intelligence – enabling the sales force to implement the emerging customer-oriented strategies.

Management Accountant's Impact on Sales Force in Customer-Oriented Strategies

Tight integration between front-end sales, marketing, and support activities and back-end accounting, manufacturing, and distribution operations is seen as the key for unlocking CRM's enormous potential (Salomaa, n.d). Industries and enterprises that learn to track and account costs and revenues from the customer point of view, will very likely progress more rapidly than the ones that also execute customer-oriented operations, but do not understand to change their accounting correspondingly. It means that if a company truly exercises customer driven business, with the traditional product-oriented accounting, it fails to see the losses that that are hidden in its customer base.

These hidden losses appear in a form of customers, on which company invests more than it gets back in profits generated. Management accountants are in a position to reveal the hidden costs by analysing the credit costs, costs of the goods and services rendered, stockholding costs, delivery costs, ordering costs, staff salary costs, and sales revenue.

There are essentially four major reasons why management accountants have a logical role in assisting the sales force and the marketing function in moving to a customer-based approach.

First, management accountants can identify the information that's needed because they are familiar with the financial data being collected. Second, having existing databases they are in a position to collect the information. Thirdly, they possess advanced analytical techniques by which they can study the data. Finally, management accountants are therefore in a position of making recommendation, formulating activity plans, and supporting sales force in the field with business intelligence. "Analysis of business intelligence can identify patterns, signal trends, and ultimately increase overall profitability" (Fordham, D.R., 2002). Firms don't know how to leverage of their information. The real value added to the sales function comes from translating the stored data into intelligence and then applying that intelligence to develop and enable a customer-based strategy.

CRM is a new area that provides another avenue for accountants to consult, utilise their skills of analysis, management and auditing to enrich the client relationship through the sales force. The CPA can help clients and the sales force determine specific data needs, data collection methods and the hidden value from collecting that information (Woodlock, P., 2001). The CRM database can be queried by the customers' buying habits to generate customised sales solicitations. Sales force, having the customer's purchasing history available, is enabled to better understand customer needs, behavior and preferences. Woodlock, P., 2001).

Activity Based Costing (ABC) has been found important in improving a number of marketing processes, including customer profitability analysis, channel profitability analysis, channel optimisation, campaign performance analysis, and response management (Doyle, S. 2002). Foster (1996) (cited in

Salomaa, J. n.d.) states, “Customer account profitability (CAP) represents an important future direction in management accounting. Paradoxically, most management accounting systems focus not on the customer but on products, departments, or geographic regions. Only rarely can a management accounting system produce customer profitability figures.” The importance of customer profitability analysis increases, as business becomes more and more customer, and service, oriented – consequently investing in their customers.

Management accountants will enable the sales force to focus on the most important customers, “educating” the sales force with a tool to better decide what selected customers are offered with, and how offerings are produced and delivered. Sales force will have the necessary intelligence to implement the *customer retention strategy*, *customer development strategy*, and *customer acquisition strategy* (Salomaa, J. n.d.).

Finally, the management accountant has a significant role in motivating the sales force through effective incentive schemes that drives the sales force to implement the various push-strategies such as online sales compensation, customer service compensation etc.

Conclusion

Several forces are shaping the way firms relate with their customers, Internet and advanced techniques of DM largely reduce the need of salespeople. Information systems such as CRM software is able to shift customer knowledge traditionally held by salespeople to any other person in the organisation, thus sharing responsibility for both success and failure of sales and making it easier for less experienced people. Moreover, increased integration with suppliers further reduces the role of sales people for maintaining communications.

Never the less, far from disappearing, sales people are now responsible for more complex tasks. From pushing the sales of whatever product the firm produced, now the role of sales people is concentrated in areas where service is indeed required. A new role of consultants must be taken to achieve sales in certain areas. The urge of maintaining and understanding customers now force sellers into relationship managers. The now market-oriented organisations need to involve all members within, and sales people are not mere revenue collectors, but an essential part of the marketing strategy both in terms of strategy implementation and creation.

The management accountant has a significant role to play in enabling the sales force to build close relationships with their customer, thus unlocking the latent value sought through new marketing strategies such as CRM. By providing intelligence to sales people with insight to the customer profitability and their behaviour, sales people are armed to act selectively as consultants, educators, and partners rather than traditional merchants.

So, are sales forces being relegated to merchandiser? Far from that, forces driving the market are giving them more complex roles, but indeed transactional non-value adding sales people seem doomed to extinction.

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