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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR THREE**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 334**

**COURSE TITLE: SALES MANAGEMT**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 25/08/2021 TIME: 3.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

When leaders set quotas but provide no incentive for sellers to go above and beyond, reps aren't likely to make an effort to improve their sales performance further. When that happens, companies tend to experience a drop in performance after their numbers are met, resulting in a loss of potential deals. To help avoid that dip, here are five sales compensation best practices that will motivate reps and encourage them to achieve and exceed quota.

Accurate and precise [quota planning](https://www.xactlycorp.com/blog/sales-planning-fundamentals-3-quota-planning/) is a necessity for sales team success. If leaders set the bar too low, reps are unlikely to reach higher. If they set it unrealistically high, they might feel discouraged and give up. Using [historical data](https://www.xactlycorp.com/products/xactly-advanced-quota-planning) helps leaders determine what is attainable and set realistic stretch goals.

Alongside quota planning, leadership should also consider different [sales commission structures](https://www.xactlycorp.com/blog/sales-commission-structures/) within the overall compensation plans. For example, a [tiered commission](https://www.xactlycorp.com/blog/tiered-commission-structures/) structure uses different levels of pay rates to motivate reps to continue improving performance—even after they hit their numbers.

To be effective, sales incentives must be authentically motivating. If incentives aren't enticing enough, reps won't be motivated to reach and exceed their goals. When sellers weigh the cost (effort) against the benefit (compensation), their earnings must be structured, so the benefit emerges the clear winner.

Of course, it's essential to make sure that leaders have [accurate sales forecasting](https://www.xactlycorp.com/blog/4-key-ways-xactly-forecasting-empowers-sales-leaders) in place to improve pipeline visibility, enhance seller performance, and gain early insight into commissions’ earnings. That way, organizations can avoid a nightmare scenario—such as paying out high incentives when performance is low (often due to poor forecasting and compensation planning).

Comp plans should also be customized to specific roles to reflect their unique responsibilities. For example, companies wouldn't use the same compensation model for a manager and their reporting reps. Leaders should focus on creating incentives that drive middle- and bottom-performers to increase performance and reward those who consistently over-perform. These incentives encourage specific behaviors that will help organizations achieve sales and revenue goals.

Sales compensation plans must drive the behaviors you seek. If organizations reduce incentives after reps meet 120% of their quota, your sellers receive a clear signal to stop once that level has been completed. That means organizations are missing out on sales opportunities and achieving peak performance because reps hit their numbers and stop selling.

Give your [incentive compensation plan](https://www.xactlycorp.com/blog/what-is-incentive-compensation/) some time to align with organizational goals. Once that happens, you should then revisit data to determine if rep engagement has improved. If they are still just meeting or barely exceeding quota, take a closer look at your commission plan and the actions it’s driving.

If your sales reps are barely hitting quota and then reducing their efforts, it’s often because they’re only meeting the expectations you set. Try raising the bar. If their rewards are worthwhile, your sellers will rise to the occasion, which will result in higher performance rates and ROI for you.

**QUESTION ONE (30 Marks)**

1. From the above extract, discuss five compensation best practices that can best motivate sale force. (10 Marks)
2. Explain the three common compensation plans. (6 Marks)
3. Illustrate why organization should make incentives worth the effort. (4 Marks)
4. Illustrate how the right targets can be set and discuss the impact of over or under targeting for commissioned sales team. (6 Marks)
5. In your understanding state the requirement of a good compensation plan. (4 Marks)

**QUESTION TWO**

1. Define Motivation. (2 Marks)
2. Discuss why sales personnel’s need constant motivation. (8 Marks)
3. Discuss the common sales force training techniques. (10 Marks)

**QUESTION THREE**

1. Define Prospecting. (2 Marks**)**
2. Discuss the common steps in Prospecting. (8 Marks)
3. Discuss the focus of sales management in the 21st Century (10 Marks)

**QUESTION FOUR**

1. Discuss the common mistakes in sales. (10 Marks)
2. Discuss the traits of an effective salesperson. (10 Marks)

**QUESTION FIVE**

1. Discuss the key departments that are critical to the sales department and explain why. (8 Marks)
2. Describe the role of a key account manager in a business. (6 Marks)
3. Discuss three internal sources of recruits in sales. (6 Marks)