

**PGDM (RM)**  
**Sales & Distribution Management**  
**RM - 302**

**Trimester – III, End-Term Examination: March 2019**

Time allowed: 2 Hrs 30 Min  
Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Long Questions)	10 Marks each	3*10 = 30
B	Compulsory Case Study	20 Marks	20
		<b>Total Marks</b>	<b>50</b>

**Section A**

Q1. What should be your (detailed ) approach to selling a :

- a) L.G. Refrigerator, 220 Lit.
- b) New launched Amul ice-cream stuffed with dry fruits.

Q2. How will you analyse the performance of your sales executives based on the following data:

Metrics	Raghu	Srikanth	Kapil	Mohinder
Sales (Units)	50	55	48	60
Market coverage (%)	60	52	70	65
Recovery (days)	30	38	35	40
Target achieved(%)	60	65	50	60
Target for Outstandings (days)	30	30	30	30
Target Market coverage (%)	100	100	100	100

Q3. You are Area Manager of Eureka Forbes water purifier in Greater Noida. Your best performing sales executive has been consistently failing in the last two quarters. He has no personal problems that you know of. If he does not over achieve his target in the next quarter







## INJECT PLASTICS

Inject Plastics is a plastics molding and manufacturing company with plants in Louisiana, Texas, and New Jersey. Inject Plastics manufacturing operations are very flexible. They can shape everything from delicate medical devices to car parts and toothbrush handles. Inject Plastics created molds, made plastic of the appropriate strength and flexibility out of petroleum products, and then created the plastic part for their buyers. The finished parts are shipped to their customers who handled final product assembly and sales.

Due to raw material needs, Inject Plastic's manufacturing plants are located near major oil refineries. The sales staff had to discover customers, coordinate manufacturing and logistics needs, and service accounts. Because of the huge number of applications of plastic parts in the U.S. economy, the individual salespeople called on a wide variety of manufacturers across many industries.

Last year Inject Plastics generated \$200 million in sales, a 12-percent increase from last year. The plastics molding and manufacturing industry was quite mature. Because of the huge number of plastics applications, industry sales tended to follow the trends in the overall U.S. economy. Although Inject Plastics was relatively small for the industry, their manufacturing and sales expertise had generated sales growth higher than industry averages as well as higher profit margins over the last 10 years.

The plastics molding and manufacturing business was highly competitive. Sales were generated by having the lowest unit costs along with flexible delivery. Most large purchasers used just-in-time inventory systems which meant that Inject Plastics had to have highly flexible manufacturing and logistics systems. Even small savings could shave prices which could mean the difference between getting and losing an order.

## THE CUSTOM WEB SITE INITIATIVE

Nine months ago the logistics manager suggested that Inject develop a customized Web strategy. Inject would build an individual, password protected Web site for each customer. An individual site was necessary to protect customer trade secrets. The customer could log into the site and check the status of orders and shipments. The customer would also be able to make new orders, adjust previous orders, and ask questions of the manufacturing, logistics or sales staff. Each salesperson would be responsible for answering the customer sales questions from the Web site for customers in their terri-

tory. The manufacturing and logistics manager would answer other questions.

Inject accepted this proposal and spent \$200,000 setting up the customized customer Web strategy. Inject also hired a new technology staffer to maintain the site, coordinate customer questions, and ensure that a prompt and accurate response is given to each customer question. The new technology staffer's pay is \$60,000 including benefits.

The district sales managers were concerned that the customized Web strategy would be resisted by the sales force, if change lowered commissions. After thinking it through, Mr. Brand decided that the 1-percent commission would apply to both Web sales and sales processed by the salesperson for firms located in their territory.

The salespeople were very enthusiastic about the customized Web site initiative when it started on July 1. Because a lot of routine order taking, inventory management, and logistics issues would be communicated directly to the relevant Inject manager, the customized Web initiative freed up a lot of salesperson time. The salespeople used this time to generate a record number of new customers. Sales to new customers were a major factor behind the 12-percent increase in sales. Existing customers were also impressed with the service improvements and increased their orders.

By December approximately 25-percent of all orders were being placed through the individual customer Web sites. Much of the routine communication between customers and Inject no longer went through the salespeople and instead often went directly to logistics and manufacturing.

## DECEMBER MEETING WITH MR BRAND

Mr. Brand started off the sales executive meeting by lavishing praise on the four sales managers. He noted that average sales per district had increased to \$50 million. Customer complaints were down and the sales growth for Inject greatly exceeded the industry average.

Mr. Caine, the logistics manager added additional good news. Raw materials and work-in-process inventory levels were down. Turn-around on orders had improved. The number of manufacturing mistakes were also down, primarily due to cutting down on miscommunication between Inject and their customers. Overall, manufacturing and logistics costs per dollar of sales had declined, which had padded Injects profit margins. After answering a few questions, Mr. Caine left the meeting.

Mr. Brand then started a new PowerPoint presentation. The presentation focused on salesperson efficiency. Because the customized Web program had



improved customer communication and handled an increasing amount of routine sales tasks, the efficiency of the sales staff had decreased. "Our new technology has improved productivity everywhere but the sales staff. Salespeople continue to get large commissions, even though an ever larger proportion of sales efforts are being automated through the custom web initiative. I think that by this time next year 50 percent of routine orders and customer contacts will be through the Web."

"We need to change our sales incentive program," Brand continued, "and make the sales force more efficient. Inject is going to do this through three changes. First, the commission rate for sales to existing customers would be cut from 1 percent to 0.1 percent. Second, the commission rate for the first 12 months of sales to new customers would be 2 percent. We really want the salespeople to generate new business. With all of the sales time freed up with the Web program, the salespeople can concentrate on getting new customers. Third, the annual salary of salespeople would increase from \$25,000 to \$60,000. We are doing this to retain our best salespeople. Average total compensation in the industry is \$75,000 per salesperson, we want to remain competitive in retaining our best salespeople. Fourth, each district will terminate three salespeople. This would cut the total number of salespeople from 40 to 28."

Brand went on to inform them that salespeople being laid off would be notified on January 2nd and that their last day of work would be January 16th.

"Before we make any final decisions and notify the salespeople," Brand stated, "each district sales manager needs to get some information to me. First, identify the three salespeople that will be laid off. I also need the criteria you used to select the salespeople for termination. Second, estimate the total sales costs in your district

next year. I don't think that the number of new customers or sales generated from new customers will drop. The 2 week salary of the fired salespeople can also be disregarded because it is not a reoccurring cost."

"Third, send a copy of your draft letter terminating each employee. I want to review them before they are sent. Last, let me know how you are going to communicate the changes in the compensation plan to the salespeople we are retaining. We want to maintain a high morale level with the people who are the future of the company."

At this point, Jeff Corwin pointed out that both he and the company had promised the salespeople that the custom Web site initiative would not affect sales pay. "How do we know that these staffing changes will not harm the growth in sales. If it is not broke, why fix it?"

Mr. Brand seemed a bit taken back by Jeff's comment. Brand off-handedly said that "If you think that my strategic change will hurt sales, put your objections in writing along with specific estimates of how you think your suggestion will affect both sales costs and revenue generation. Remember, we are in a highly competitive industry. We must keep striving to lower costs if we want to survive."

Brand then wrapped up the meeting. He said, "Each of you has a week to get all of the information to me. After I get your reports, I will make a final decision on Inject's sales strategy. You are not to communicate any information about this potential strategic change to anyone on your staff."

Roger was in a state of shock. Since sales performance had been so good last year, he was expecting to be able to tell his salespeople that the senior executives were proud of them and supported all of their hard work. Exhibit 1 provides information on the ten people in

**EXHIBIT 1 Salesperson Performance and Compensation Last Year: Southeast District**

Salesperson	Sex	Age	Years with Company	Total Sales Last Year	Salary	Commission	New Customers Generated	Total Sales By New Customers
Bret	M	62	32	\$6,000,000	\$25,000	\$60,000	9	\$700,000
Cathy	F	35	7	\$6,250,000	\$25,000	\$62,500	6	\$500,000
Ethan	M	42	15	\$4,900,000	\$25,000	\$49,000	5	\$300,000
Gretchen	F	28	2	\$4,300,000	\$25,000	\$43,000	5	\$330,000
Mark	M	63	41	\$4,850,000	\$25,000	\$48,500	4	\$220,000
Matthew	M	50	5	\$4,900,000	\$25,000	\$49,000	4	\$600,000
Sam	M	45	10	\$4,750,000	\$25,000	\$47,500	6	\$270,000
Susan	F	48	22	\$5,300,000	\$25,000	\$53,000	5	\$300,000
Trey	M	48	17	\$5,000,000	\$25,000	\$50,000	5	\$340,000
Wally	M	26	1	\$3,700,000	\$25,000	\$37,000	2	\$75,000

Note: New customers and sales generated by new customers is for the entire year. Sales by new customers is part of the total sales last year. For example, Bret had sales of \$5,300,000 from existing customers and \$700,000 from new customers



PGDM PM, 18-20  
Real Estate Management  
PM-305

Trimester - II, End-Term Examination, March 2019

Time Allowed: 2 Hrs 30 Min  
Max Marks: 100

Roll No. \_\_\_\_\_

Instructions: All questions are compulsory to write. Roll No. on every page of the question paper, wrong anything except the Roll No. will be treated as Unfair Means. All other instructions on the reverse of Answer Card should be followed. Particularly:

Sections	No. of Questions to attempt	Marks	Weightage
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B	Comprehensive Case Study	25 Marks	20%
		Total Marks	

464

Roger's district, along with their sales performance and compensation last year. Instead of praise, he had to fire three salespeople and tell the rest that their compensation package had been radically changed. Roger wondered if the new plan would cut the pay of his remaining staff. If that happened, he might lose his best people. He would also have to restructure the sales territories to cover the customers from the laid off salespeople. This would add further turmoil to his sales staff.

CASE ANALYSIS

Roger wondered if Oberon, the company president was aware of Brand's plan to fire one-third of the sales force. Mr. Oberon has an "open door policy," so it would be possible to drop in and alert him to the proposed strategy. As his stomach churned, Roger wondered if he should follow-up on that job feeler for a sales management position he got from a competitor 2 weeks ago.

CASE 16

Q3. A mall coming up between Delhi and Greater Noida on the main road and adjacent to the highway has a dilemma: How should the developer position the mall? What should be the size of the mall? (5+5)

Q4. (a) The area of a plot is 200 m<sup>2</sup> x 100 m<sup>2</sup>. 70% of the plot area has to be maintained as a green area. The FAR for the plot is 5. How many floors can be constructed for the given FAR approval? State assumptions if any. (4+3)

(b) Show two different types of building layouts for an FAR of 4. Take suitable examples and explain. (3)