CHAPTER SEVEN

MARKETING ORGANISATION

Introduction

The role and functions of marketing have undergone a tremendous change in recent years. It is being rapidly transformed from an art based on mere experience and skill into a profession based on a systematised body of knowledge. Marketing means creation of customers. It means satisfaction of human needs of society.

Instead of trying to market what is easiest to make, the entrepreneur has to find out what the consumer is willing to buy. In other words, the creative efforts are to be directed to "people", and their wants and needs, rather than to "products".

With the mechanisation of small industry, mass production at low cost has become a reality. The problem now pertains to organised mass distribution i.e. making available to consumers the products that industry is capable of producing. This process calls for better understanding of scientific marketing; needing more people to perform marketing functions.

Marketing failures are usually either on the distribution side or on the product side. Intelligent marketing, starting from the stage of conception of the product to its final destination - the consumer can help to avoid many failures.
Marketing has, thus, the responsibility to see that goods are subject to quality control, to ensure that they reach the customer in the desired standards. Too often, we may be inclined to forget about the goods after they have been sold to retailers, not taking responsibility till the end, when they have been bought and consumed. This neglect does damage to the small scale industry. It can hardly survive once it receives a setback in the market. As such, a small industrialist has to be very vigilant on this account. Since, marketing covers everything from the stage of the production to its consumption; a small scale unit has to be market conscious.

We can thus see the new aspect of marketing (where the consumer is the central figure for production decision and the consumer satisfaction, the end of the function) which needs to be properly implemented in the buyer's market (in majority fields). In order to be successful in the market therefore there is a need for creating an independent organisation which exclusively looks after these functions.

The size and constitution of such an organisation would depend upon the policies, the nature of product, the coverage of markets, the competition and the financial position of the small scale unit. There may be only a manager employed by a smaller unit for contacting the markets in the region and nearabout. However, a small unit having an all India market may employ larger sales staff, to assist the manager. The units
which have limited local markets may employ a salesman to assist their proprietor/partner.

The study of the small scale industry in the Poona Region has thrown out some interesting facts regarding their approach to marketing organisation for their units.

For the purposes of this study, marketing section was considered to be independent whenever, a manager was appointed to look after this function independently and on a full time basis and supported by or not supported by the salesmen/sales assistants as the case may be.

Those units which did not have an independent section as defined above were classified as units having no marketing section. In such units either the proprietors or one of the partners looked after this function with or without the assistance of sales staff.

Those managers/proprietors/partners who were minimum graduates either in technology and/or in any other discipline were taken as "qualified". There were entrepreneurs, specifically in engineering group who had completed courses like I.T.I., engineering diploma etc. were also taken as qualified. All the others were termed as "non-qualified".

Those managers/proprietors/partners who were earlier employed with some other units, may be from the same or allied line of products, before starting their own unit, were termed as "experienced". Those who did not have any such experience
were termed as "non-experienced" for the purpose of this study.

The same set of factors described above for being "qualified" and/or "experienced" or otherwise was also taken as base in case of salesmen/sales assistants also.

Let us now examine the position of the existence of marketing section or otherwise, as per the group of industries.

(A) ENGINEERING : (A3 Units)

(1) Material Handling Equipment

There was no independent marketing section in existence with the unit. Proprietor himself looked after this function. Proprietor himself was qualified engineer and experienced in the line of products (9 years). Total strength of the unit was 6 employees.

(2) Hydraulic Pumps

There was no independent marketing section in existence with the unit. One of the partners looked after this function. He was a qualified engineer and also was experienced in the line of products (5 years). Total strength of the unit was 25 employees.

(3) Cycle Parts

There was no independent marketing section in existence with the unit. One manager appointed to look after accounts and administration, also looked after this function. He was a qualified engineer and also was experienced in the line of
products (20 years). The total strength of the unit was 100 employees.

(4) Material Handling Equipments

There was no independent marketing section in existence with the unit. One of the partners looked after this function. He was a qualified engineer and was also experienced (15 years) in the line. The total strength of the unit was 19 employees.

(5) Machinery

This unit did not have an independent marketing section. One of the partners looked after this function. He was qualified and experienced (7 years). Two salesmen were employed. Both were qualified and experienced. The total strength of the unit was 50 employees.

(6) Gear Boxes

An independent marketing section was in existence with the unit. A qualified and experienced (5 years) manager was appointed to look after this function. There were 4 salesmen who were not qualified but experienced (2 years each) and were assisting the manager. To look after the day to day administrative work of the section 2 sales assistants were appointed who were non-qualified but experienced (2 years). The total strength of the unit was 85 employees.

(7) Valve Guides

There was no independent marketing section in existence with the unit. One of the partners looked after this function. He was qualified and experienced (10 years). No other employee
was appointed. The total strength of the unit was 20 employees.

(8) **Resistance Welding Machines**

This unit did not have an independent marketing section. The proprietor himself looked after this function. He was a qualified engineer and experienced in the line of products (10 years). The total strength of the unit was 10 employees.

(9) **Motors**

There was no independent marketing section in existence with this unit. Proprietor himself looked after this function. He was a qualified engineer and had an experience in the line of products (10 years). A salesman was also employed. He was non-qualified but had an experience of working in the field (6 years). The total strength of the unit was that of 50 employees.

(10) **Turbine Pumps**

There was no independent marketing section in existence with this unit. The proprietor himself looked after this function. He was experienced (10 years) and also was a qualified engineer. The total strength of the unit was 100 employees.

(11) **Industrial Safety Gloves**

This unit did not have an independent marketing section. One of the partners looked after this function. He was experienced (7 years) and also qualified. The total strength of the unit was 15 employees.
(12) **Crank Shafts**

This unit did not have an independent marketing section. Proprietor himself looked after this function. He was experienced (15 years) and also a qualified engineer. The total strength of employees was that of 40.

(13) **Material Handling Equipment**

There was no independent marketing section in existence with the unit. One of the partners looked after this function. He was experienced and also qualified. A salesman was also appointed. He was appointed on commission basis only. He was non-qualified but experienced. Commission was paid linked with the sales. The total strength of the unit was 12 employees.

(14) **Motor Cycle Accessories**

This unit had an independent marketing section in existence. A marketing manager was appointed. He was qualified and experienced (3 years). Four salesmen were appointed to assist the marketing manager. They were qualified and experienced (5 years). There was a sales assistant working in this section. He was looking after the administrative work. He was non-qualified but was experienced (5 years). Total strength of the unit was 95 employees.

(15) **Dynamometers**

Marketing section was there in existence as an independent unit. It was looked after by a manager. He was qualified and
experienced (15 years). The total strength of the unit was 40 employees.

(16) Agricultural Pumps

An independent marketing section was there in existence with the unit. A manager was appointed. He was qualified and experienced (8 years). The total strength of the unit was 20 employees.

(17) Precision Gauzes

An independent marketing section was in existence with the unit. It was looked after by a marketing manager. He was a qualified engineer and was experienced (10 years). Four sales engineers were employed to assist him. They were all qualified engineers and experienced (average 5 to 7 years). In all 7 sales assistants inclusive of 2 typists were appointed to look after the administrative work in the section. All of them were qualified and experienced (average 2 years). The total strength of the unit was 135 employees.

(18) Rolling Shutters

Independent marketing section was in existence with the unit. A marketing manager was appointed to look after the same. He was a qualified engineer and also experienced in the line of products (10 years). To assist him 3 salesmen were employed. All of them were qualified engineers and were experienced (average 5 years). Two sales assistants were also appointed to look after the administrative work of the section.
Both were qualified but had no experience when appointed. The total strength of the unit was that of 100 employees.

(19) **Agricultural Implements**

Independent marketing section was in existence with the unit. It was looked after by a manager. He was non-qualified but experienced (10-15 years). Two salesmen were employed who were non-qualified but experienced (5 years average). One sales assistant was appointed to look after the administrative work. He was also non-qualified but was experienced (2 years). The total strength of the unit was 55 employees.

(20) **Job-work Units**

Out of the 24 job-work units, excepting a single unit, no other unit had the marketing section in existence as an independent entity. This unit manufacturing allen caps etc. was run by a proprietor and had an existence of more than 5 years from the base year (1971). It had a capital base of Rs. 0.46 lakh and reached an average sales volume of Rs. 1.73 lakhs. It spent Rs. 0.07 lakh as marketing expenses which comes to 4% of sales. The unit had one marketing manager appointed who looked after the function of marketing. He was not a qualified person, but had experience earlier.

**Summary** : (Please see Table 31-A)

(1) Excepting 3 units which had proprietary form, all the other 5 units (3 partnership + 2 Pvt. Ltd.) had either partnership or Pvt. Ltd. form.
Table 31-A: Units Reporting Marketing Section

<table>
<thead>
<tr>
<th>Unit</th>
<th>Form of Organization</th>
<th>Period of existence base year 1971</th>
<th>Capital (Rs. lakhs)</th>
<th>Sales average per annum 1969-71 (Rs. lakhs)</th>
<th>Marketing expenses (Rs. lakhs)</th>
<th>Percentage to sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agril. pumps</td>
<td>Partnership</td>
<td>Within 3 yrs</td>
<td>1.00</td>
<td>2.00</td>
<td>0.30</td>
<td>12</td>
</tr>
<tr>
<td>Agril. implements</td>
<td>-do-</td>
<td>More than 5 yrs</td>
<td>0.80</td>
<td>14.00</td>
<td>2.80</td>
<td>20</td>
</tr>
<tr>
<td>Rolling shutters</td>
<td>-do-</td>
<td>More than 5 yrs</td>
<td>4.29</td>
<td>18.00</td>
<td>2.70</td>
<td>15</td>
</tr>
<tr>
<td>Precision gauzes</td>
<td>Pvt. Ltd.</td>
<td>More than 5 yrs</td>
<td>4.50</td>
<td>9.82</td>
<td>1.47</td>
<td>15</td>
</tr>
<tr>
<td>M.Cycle Accessories</td>
<td>Proprietary</td>
<td>More than 5 yrs</td>
<td>2.00</td>
<td>4.01</td>
<td>0.40</td>
<td>10</td>
</tr>
<tr>
<td>Gear boxes</td>
<td>Pvt. Ltd.</td>
<td>More than 5 yrs</td>
<td>7.00</td>
<td>18.00</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>Dynamometers</td>
<td>Proprietary</td>
<td>More than 5 yrs</td>
<td>2.10</td>
<td>4.80</td>
<td>0.53</td>
<td>11</td>
</tr>
<tr>
<td>Allen caps (J/W)</td>
<td>Proprietary</td>
<td>More than 5 yrs</td>
<td>0.46</td>
<td>1.73</td>
<td>0.07</td>
<td>4</td>
</tr>
</tbody>
</table>
(2) Excepting one unit which had it for 3 years all the remaining units had the period of existence for more than 5 years from the base year (1971).

(3) The common range of capital observed was between Rs. 1.00 lakh and Rs. 4.50 lakhs.

(4) The minimum sales volume was observed to be of Rs. 4.00 lakhs (with 2 exceptions) for having an independent marketing section.

(5) The common range of percentage spendings of sales as marketing expenses was between 11% to 20% of sales.

In short, it was thus observed that units having an independent marketing section, had a sound financial base, a minimum of 5 years period of existence with the minimum sales range of average Rs. 4.00 lakhs per annum. The spendings as marketing expenses were not less than 11% of sales.

Let us now examine the structure of their marketing section in a summarised way. (Table no. 32-A).

(1) All these units appointed Managers to look after their marketing section. Out of these, two managers were not qualified. However, majority of these had an experience of selling for more than 5 to 7 years.

(2) These managers were appointed as per the marketing policies decided by the units.

(3) Three units out of eight units did not employ salesmen. Out of these 3 units, two units were proprietary
<table>
<thead>
<tr>
<th>Units</th>
<th>Head of Marketing Section</th>
<th>Qualifications</th>
<th>Experience (Average years)</th>
<th>Salesmen (Number employed)</th>
<th>Qualifications</th>
<th>Experience (Average years)</th>
<th>Sales Assistants (Number employed)</th>
<th>Qualifications</th>
<th>Experience (Average years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Pumps</td>
<td>Manager</td>
<td>Graduate</td>
<td>8</td>
<td>Nil</td>
<td></td>
<td></td>
<td>Nil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Implements</td>
<td>Manager</td>
<td>Non-Graduate</td>
<td>10</td>
<td>2</td>
<td>Non-Graduate</td>
<td>5</td>
<td>1</td>
<td>Non-Graduate</td>
<td>2</td>
</tr>
<tr>
<td>Rolling Shutters</td>
<td>Manager</td>
<td>Graduate</td>
<td>7</td>
<td>3</td>
<td>Graduate</td>
<td>5</td>
<td>2</td>
<td>Graduate</td>
<td>Fresh</td>
</tr>
<tr>
<td>Precision Gauges</td>
<td>Manager</td>
<td>&quot;</td>
<td>10</td>
<td>4</td>
<td>Dip, in Engg.</td>
<td>7</td>
<td>7</td>
<td>Non-Graduate</td>
<td>2</td>
</tr>
<tr>
<td>M. Cycle Accessories</td>
<td>Manager</td>
<td>&quot;</td>
<td>3</td>
<td>4</td>
<td>Graduate</td>
<td>5</td>
<td>1</td>
<td>Non-Graduate</td>
<td>5</td>
</tr>
<tr>
<td>Gear Boxes</td>
<td>Manager</td>
<td>&quot;</td>
<td>5</td>
<td>4</td>
<td>Non-Graduate</td>
<td>5</td>
<td>2</td>
<td>Non-Graduate</td>
<td>2</td>
</tr>
<tr>
<td>Dynamometers</td>
<td>Manager</td>
<td>&quot;</td>
<td>15</td>
<td>Nil</td>
<td></td>
<td></td>
<td>Nil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allen Caps</td>
<td>Manager</td>
<td>Non-Graduate</td>
<td>10</td>
<td>Nil</td>
<td></td>
<td></td>
<td>Nil</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
and one unit had partnership form of organisation. All these units had their capital investment upto Rs. 2.00 lakhs and their sales not exceeding Rs. 4.00 lakhs (average).

(4) All the remaining units had employed salesmen. One unit employed 2 salesmen (Agricultural Implements) who were non-qualified but experienced. The other unit (Rolling Shutters) employed 3 salesmen with all of them qualified and experienced. All the remaining 3 units employed 4 salesmen each with all of them qualified and experienced. The average experience of these salesmen employed was for 5 years.

(5) The same set of 5 units as observed in (4) above also employed one or two sales assistants as per their requirements. Only one unit was an exception (Precision Gauzes) which employed 7 sales assistants inclusive of typists. Excepting the sales assistants employed by one unit (Rolling Shutters) all the remaining sales assistants were non-qualified but had an average experience of working in that capacity for minimum 2 years. Sales assistants employed by the units manufacturing rolling shutters were qualified but fresh graduates.

(6) In fact employing salesmen/sales assistants was mainly dependent upon the coverage of markets by these units. Almost all these units excepting the job-work manufacturing unit had Statewide markets. The number of salesmen, there-
fore, depended upon actual coverage of markets. The competition for the product also had its role to play in deciding about the salesmen and so also the nature of product. Tougher the competition, more the salesmen employed. Excepting the unit manufacturing precision gauzes all the other units had a reasonable competition in the market as reported by them.

(7) Excepting one unit (Agricultural Implements) all the other units employed qualified and experienced salesmen. This was, thus, observed to be done to provide an expert service to the clientele on one hand and for boosting up the sales in the tough competition on the other. Most of these products excepting one unit (agricultural implements) were complex in their technology and for a salesman selling these products, knowing the technology appeared to be a necessity as reported by these units.

(8) Sales assistants who did only administrative work such as billing, filing tax forms, warehouse receipts, gate passes challans etc. were mostly non-graduates with average experience of 2 years. (Please see Table 33-A on next page).

With an exception of two units all the employees of marketing sections of other units had a ratio of average 5% to 8% to their total employees employed. One unit from the above exception had employed 12% of total employees for its marketing section and the other employing the minimum amongst all i.e. 3% of total employees in its marketing.
Table 33-A: The Comparison of Strength of Employees in Marketing Section vis-a-vis Their Total Employees

<table>
<thead>
<tr>
<th>Unit</th>
<th>Strength of marketing section (inclusive of Manager/ Salesmen/ Sales assistants)</th>
<th>Total strength of employees</th>
<th>Percentage of (2) to (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Pumps</td>
<td>1</td>
<td>20</td>
<td>5%</td>
</tr>
<tr>
<td>Agricultural Implements</td>
<td>4</td>
<td>55</td>
<td>6%</td>
</tr>
<tr>
<td>Rolling Shutters</td>
<td>6</td>
<td>100</td>
<td>6%</td>
</tr>
<tr>
<td>Precision Gauzes</td>
<td>12</td>
<td>135</td>
<td>12%</td>
</tr>
<tr>
<td>Motor Cycle Accessories</td>
<td>6</td>
<td>95</td>
<td>6%</td>
</tr>
<tr>
<td>Gear Boxes</td>
<td>7</td>
<td>85</td>
<td>8%</td>
</tr>
<tr>
<td>Dynamometers</td>
<td>1</td>
<td>40</td>
<td>3%</td>
</tr>
<tr>
<td>Allen Caps</td>
<td>1</td>
<td>15</td>
<td>5%</td>
</tr>
</tbody>
</table>

section. The former unit manufactured precision gauzes and had an all India market with almost monopoly in the product manufactured but had to face competition from imported gauzes. The latter unit manufactured dynamometers which had mainly Statewide market in addition to one more nearby State.

(B) ELECTRICALS AND ELECTRONICS: (5 Units)

(1) Electrical Accessories

This unit did not have an independent marketing section.
It was reported not necessary because of the ancillary nature of the unit.

(2) **Electronic Equipments**

Independent marketing section existed with this unit in order to serve a large sales volume of Rs. 18.00 lakhs average per annum. In addition to the manufacturing of regular products, developmental activity was also undertaken by the unit and new products developed were required to be pushed in the market by finding out or creating market for them. There were 2 officers who were graduates by qualification and had around 5 years experience in selling earlier. There were 3 more salesmen to assist these officers who happened to be non-graduates but their average experience was for 5 years each. One of the two officers who happened to be senior was nominated as manager of the section. The total strength of the unit was 90 employees.

(3) **Resistors**

This unit did not have an independent marketing section. Proprietor himself looked after this function. He was a graduate engineer and was having an approximate experience of 15 long years in the line. The total strength of the unit was 16.

(4) **Regulators**

There was no independent marketing section in existence with the unit. One of the partners looked after this function.
He was qualified in technology and had approximately 15 years experience in the line. The total strength of the unit was 20 employees.

(5) **Recording Instruments**

There was a small independent marketing section in existence with the unit. One manager was appointed in-charge of this section. He was a qualified engineer and had around 12 years experience in the line. To help him, 2 salesmen were appointed. Both were qualified and experienced (5 years average). The total strength of the unit was 90 employees.

**Summary**

Out of the 5 units examined only two units had an independent marketing section in existence. Their comparative position is as under: (Table no. 31-B).

**Table 31-B : Units Reporting Marketing Section**

<table>
<thead>
<tr>
<th>Unit</th>
<th>Form of organization</th>
<th>Period of existence base year 1971</th>
<th>Capital Rs. lakhs</th>
<th>Sales Ave.p. a.(1969-71) Rs. lakhs</th>
<th>Marketing expenses to sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Equipments</td>
<td>Pvt.Ltd.</td>
<td>More than 5 years</td>
<td>7.75</td>
<td>18.66</td>
<td>Not available</td>
</tr>
<tr>
<td>Recording Instruments</td>
<td>Partnership</td>
<td>More than 5 years</td>
<td>1.12</td>
<td>5.13</td>
<td>0.56</td>
</tr>
</tbody>
</table>
(1) The unit manufacturing electronic equipments had a very large sales volume and had an all India market. In addition, the unit had to seek new market potential for the products developed by the unit. All this necessitated and justified the existence of an independent section with the unit.

(2) Similar was the case with the unit manufacturing recording instruments. Its major business was with Government/Semi-Government/Private laboratories and a small section was created to keep communication with these clients and catch up with the developments made by them. Technologies developed by them were put into practice by this unit. This necessitated the existence of an independent marketing section.

Let us now examine the structure of their marketing section in a summarised way. (Table 32-B on next page).

(1) Both the managers employed were qualified graduates. One of them earlier employed by former unit had around 5 years experience. The other had it for 12 years.

(2) All the 3 salesmen employed by the former unit were non-graduates but were in the selling line for around 5 years. Both the salesmen employed by the latter unit were graduates with average experience for 5 years.

(3) None of these units had employed any sales assistants as seen earlier in the engineering section.
Table 32-B: Analysis of the Marketing Organisation

<table>
<thead>
<tr>
<th>Unit</th>
<th>Head of Qualification</th>
<th>Experience (Average years)</th>
<th>Salesmen (No. employed)</th>
<th>Qualification (Average years)</th>
<th>Experience (Average years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Equipments</td>
<td>Manager Graduate</td>
<td>5</td>
<td>3</td>
<td>Non-graduates</td>
<td>5</td>
</tr>
<tr>
<td>Recording Instruments</td>
<td>Manager Graduate</td>
<td>12</td>
<td>2</td>
<td>Graduates</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 33-B: The Comparison of Strength of Employees in Marketing Section vis-a-vis Their Total Employees

<table>
<thead>
<tr>
<th>Unit</th>
<th>Strength of marketing section (Manager/Salesmen/Sales assistants)</th>
<th>Total strength of employees</th>
<th>Percentage of (2) to (3) (Approx)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Electronic Equipments</td>
<td>5</td>
<td>90</td>
<td>5%</td>
</tr>
<tr>
<td>Recording Instruments</td>
<td>3</td>
<td>90</td>
<td>3%</td>
</tr>
</tbody>
</table>

On an average, the strength of both the units, employed for marketing section was around the same. (Table 33-B).
The sales of the unit employing 5 employees were quite on higher side i.e. around Rs. 18.00 lakhs. The sales of the latter unit were hardly around Rs. 5.00 lakhs. Both the units had an all India market and from the above considerations, the strength was justified.
(C) CHEMICALS : (14 Units)

(1) Oil Seals

This unit did not have an independent marketing section. One of the partners looked after this section. He was a qualified chemical engineer with 10 years practical experience. The total strength of the unit was 50 employees.

(2) Resins

This unit did not have an independent marketing section. Proprietor himself looked after this function. Proprietor was not qualified but had around 15 years' long experience in the line. The total strength of the unit was 35 employees.

(3) Rubber components

This unit did not have an independent marketing section. Proprietor himself looked after this section. He was qualified graduate and also had 5 years experience in the line. The total strength of the unit was 35 employees.

(4) Rubber components

This unit did not have marketing section in existence. The proprietor himself looked after this section. He got qualified in the technology from abroad and also had gained around 5 years practical experience earlier. The machinery was automatic. There were hardly 6 employees working with the unit.

(5) Rubber Components

This unit did not have an independent marketing section in existence. One of the partners looked after this function.
He was qualified in the subject and experienced (average 15 years). Two sales assistants were appointed by the unit to do the administrative job. One of them independently looked after administrative work of sales function. This assistant was not qualified and only had around 2 earlier years/experience.

(6) Chemicals

This unit had an independent marketing section in existence. A manager was appointed in-charge of the section. He was non-qualified but was in the sales line for around 15 years. The total strength of the unit was 20 employees.

(7) Chalk sticks

This unit did not have an independent marketing section. Proprietor himself looked after this section. He was qualified in the subject and had around 5 years experience in the line. The total strength of the unit was 42 employees.

(8) Dyes

The unit did not have an independent marketing section. One of the partners looked after this function. He was qualified and experienced (approx. 15 years). Two sales assistants were appointed to take care of the administrative work relating to sales. Both of them were not qualified but each had an average 5 years earlier experience in the line. The total strength of the employees with the unit was 30 employees.
(9) **Polythene bags**

The unit did not have an independent marketing section. The proprietor himself looked after this function. He was qualified and experienced (approx. 10 years). in the line. The total strength of the unit was 10 employees.

(10) **Foundry chemicals**

There was no independent marketing section, in existence with the unit. The proprietor himself had to look after this function. He was qualified and experienced (12 years approx.). The total strength of the unit was in all 22 employees.

(11) **Aromatic chemicals**

There was no independent marketing section, in existence with the unit. Proprietor himself looked after this function. He was qualified and experienced (approx. 8 years). The total strength of the unit was 5 employees.

(12) **Soaps**

The unit did not have an independent marketing section. One of the partners looked after this function. He was not qualified but had practical experience in the line of approximately 10 years. The total strength of the unit was 5 employees.

(13) **Fibreglass Plastics**

The unit had an independent marketing section in existence catering to all India market. One manager was
appointed in-charge of the section. He was qualified in chemical engineering and had an earlier experience in the sales field of around 5 years. Two sales assistants were appointed for the section, for looking after the administrative work. Both were qualified and had hardly any experience when got employed.

(14) Polythene Tubing

The unit did not have an independent marketing section. One of the partners looked after this function. He was qualified and experienced (5 years approx.). The unit employed in all 30 employees.

Summary

Table 31-C: Units Reporting Marketing Section

<table>
<thead>
<tr>
<th>Unit</th>
<th>Form of organization</th>
<th>Period of existence</th>
<th>Capital Base Year 1971</th>
<th>Sales Ave.p. Rs. lakhs</th>
<th>Marketing expenses Rs. lakhs</th>
<th>Percentage to sales %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Partnership</td>
<td>More than 5 years</td>
<td>0.14</td>
<td>0.50</td>
<td>Not available</td>
<td>Not available</td>
</tr>
<tr>
<td>Fibreglass Plastics</td>
<td>Pub.Ltd.</td>
<td>More than 5 years</td>
<td>4.50</td>
<td>6.00</td>
<td>0.60</td>
<td>10%</td>
</tr>
</tbody>
</table>

Both units are the extremes of the examples which had established marketing section for extremely different purposes (Table 31-C). The former unit was almost sinking so far as the demand for its traditional products was
concerned. It had started the diversification of products. Hence, at this juncture to achieve the goal of existence and then growth, an experienced person was absorbed as manager and was given powers to see the unit through difficult times and circumstances. However, the latter unit manufacturing reinforced fibre-glass plastic products had secured an all India market. The product was an import substitute and though the competition was not much severe, 3 to 4 manufacturers were coming up faster, with 2 units already gone into production. Hence to serve the wide market achieved, to create the new market and also face the developing competition effectively, the unit had established an independent marketing section.

Let us now examine the structure of their marketing section in a summarised way: (Table 32-C).

Table 32-C: Analysis of Marketing Organisation

<table>
<thead>
<tr>
<th>Unit</th>
<th>Head of Qualification</th>
<th>Experience (Average years)</th>
<th>Sales assistants (Number appointed)</th>
<th>Qualification</th>
<th>Experience (Average years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>Manager Non-graduate</td>
<td>15</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fibreglass</td>
<td>Manager Graduate</td>
<td>5</td>
<td>2 Graduate Fresh</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) We saw earlier as above the purpose of appointing a manager by the former unit. Experience in the line was
considered more important in this case. No other aid was
given to the manager since the unit was facing tight
financial position.

(2) The manager appointed by other unit was qualified
in technology and was experienced. Two sales assistants
were appointed to help the manager who were qualified fresh
graduates.

(3) None of these units had appointed salesmen.
This was because the former unit could not afford employ­
ing them at the sinking stage of its finances and the
latter had contacts through its manager with all major
clients.

The Comparison of Strength of Employees in Marketing
Section vis-a-vis Their Total Employees

The former unit manufacturing chemicals appointed
one manager as against the total employment of 20 employees
which in per-centage comes to hardly 0.2%. But the posi­
tion of the unit was very precarious and had appointed the
only manager with a totally different understanding of
searching and developing markets for its products.

The latter unit manufacturing fibre-glass plastics
employed in all 3 employees as against total 30 employees
employed which comes to around 10%.

In general, it was observed that a majority of units
i.e. 12 units out of 14 did not have independent marketing
sections. This was because of the fact that all these units
were still serving the local market as basic market and then were trying to move out with a few exceptions. The capital structure also was below Rs. 2.00 lakhs with an exception of 3 units. The sales hardly exceeded Rs. 4.00 lakhs with an exception/3 to 4 units. Hence, in this limited financial outlay it was hardly possible for the units to employ staff for sales independently.

(D) **PAPER PRODUCTS** : *(5 Units)*

1. **Water Proof Paper**
   
   The unit did not have an independent marketing section. One of the partners looked after this function. He was qualified and had around 10 years experience in the line. Two sales assistants were employed to help him. Both were not qualified but had approximately 5 years experience. The total strength of the unit was 40 employees.

2. **Boxes**
   
   This unit had an independent marketing section in existence. One manager was appointed in-charge of the same. He was qualified and had about 7 years selling experience when he joined. Two sales assistants were employed to look after the administrative work. Both of them had not qualified themselves but had an average 2 to 3 years experience of working on the job. The total strength of the unit was 23 employees.
(3) Coated Papers

The unit did not have an independent marketing section in existence. One of the partners looked after this function. He was qualified and was experienced also (5 years). The total strength of the unit was 8 employees.

(4) Boxes

This unit did not have an independent marketing section. One of the partners looked after the function. He was not qualified but had practical experience in the field (10 years). The total strength of the unit was 12 employees.

(5) Cardboard Paper

This unit did not have an independent marketing section. One of the partners looked after this function. He was qualified and had a selling experience of about 5 years. The total strength of unit was 9 employees.

Summary

(1) Only one unit out of a total of 5 units had an independent marketing section. This unit manufactured boxes. It had a Private Limited form of organisation. Its sales were around Rs. 6 lakhs. It had a State-wide market in addition to the local market. One manager was appointed in charge of the section, who was qualified and experienced. To assist him 2 sales assistants were
appointed who carried out the administrative work of the department. Though, educationally not qualified, they had about 3 years experience when joined. Thus, there was a strength of 3 as against 23 total employees i.e. about 9% of total employees.

(2) Other units from this group did not have an independent marketing section. We have seen, while studying forms of organisation on page 136 that all the units had partnerships excepting a unit which had private limited form. No proprietorship was there. This function was, therefore, looked after by one of the partners who were qualified (one exception) and experienced. The average experience ranged between 5 to 10 years. Sales assistants were employed by one unit who were non-qualified but experienced (average 5 years).

(3) One of the possible reasons for these units not maintaining an independent marketing section, was that most of them were selling their products in the local markets only and had almost a fixed clientele who gave them repeat orders. It was a sort of personal selling, e.g. coated paper was mainly required by bread manufacturers in the region. Repeat orders were placed by them on yearly basis on the same unit. Unit manufacturing boxes manufactured them for 4 to 5 units as per their specifications on repeat order basis continually. The supervision work
was managed by one of the partners. This might have been the reason for the units not having an independent marketing section.

(E) MINERALS AND METALS: (8 Units)

(1) RCC Spun Pipes

This unit had an independent marketing section. One manager was appointed as in-charge of the section. He was qualified and had 5 years practical experience. There were 4 salesmen employed. They were non-qualified but had around 5 years experience in the line. The total strength of the unit was 125 employees.

(2) Ceramic Products

There was no independent section in existence with the unit. Proprietor himself looked after this function. He was qualified and experienced (7 years). The total strength of the unit was 10 employees.

(3) Cement Articles

No independent marketing section was there in existence with the unit. Proprietor himself looked after the function. He was qualified and experienced (about 25 years). The total strength of the unit was 12 employees.

(4) Castings

The unit did not have an independent marketing section. One of the partners handled the function himself. He was qualified and had around 5 years experience in the line. The total strength of the unit was 20 employees.
(5) **Utensils**

The unit did not have a marketing section. One of the partners looked after this function. This was a sort of ancestral business. The partners were not qualified educationally but had a long outstanding experience of around 30 years, in the business. The total strength of the unit was 125 employees.

(6) **Castings**

There was no independent marketing section in existence with the unit. Proprietor himself looked after this function in addition to his other functions. He was qualified having had around 12 years experience. The total strength of the unit was 4 skilled permanent personnel and around 10 to 15 temporary staff on daily wages.

(7) **Cement Tiles**

Though the unit had a State-wide coverage of area it did not have an independent marketing section. One of the partners looked after this function himself. He was qualified and experienced (10 to 12 years). The total strength of the unit was 8 permanent and 10-12 daily wage employees.

(8) **Castings**

The unit did not have an independent marketing section in existence. One of the partners looked after the function. He was qualified and experienced (about 6 years). The total
strength of the unit was 3 permanent and around 15 temporary employees.

Summary

(1) Only a unit manufacturing spun pipes had an independent marketing section with a qualified manager appointed as in-charge and was assisted by 4 salesmen. The unit had a wide coverage of market within the State. Majority consumers were Government/Semi Government departments and bigger construction companies, municipalities etc. Since the coverage was wide, it had to maintain an independent marketing section to serve them better and to keep a constant communication with these agencies. The annual average sales volume of the unit (Rs. 6.60 lakhs) also justified the necessity of an independent section. The strength of the marketing section was around 10% of the total employees.

(2) The remaining units did not have any independent machinery set up to look after this function, though their proprietors, partners who looked after this function themselves. The overall sales volume did not exceed Rs. 3.00 lakhs per annum on an average of these units with an exception of a unit manufacturing utensils which had its sales per annum of Rs. 9.50 lakhs (apprx.).

(3) Unit manufacturing ceramic products had started its production hardly within one year from the base year (1971) and manufactured products mainly for one big oil
engine manufacturer in the region to begin with. Hence it did not find it necessary to maintain an independent marketing section.

(4) Units manufacturing castings did not require to go into market independently. Two of these 3 units mainly supplied their production to their parent units and processed outside orders in the remaining capacities. The only unit independently working, had a comparatively larger clientele repeatedly approaching in a year and thus its sales volume also was on an average around Rs. 3.00 lakhs per annum. All these factors were mainly observed responsible for these units not having any independent marketing section. The financial position of the former two units was also not so good to have maintained a sales force with profits.

(5) Utensil manufacturer had most of its clientele which included even its distribution channel members approaching the unit for booking orders. This, therefore, mainly caused unit not to keep an independent marketing section. There was no dearth of demand. In fact there was a dearth of capacities to meet the demand.

(6) One unit manufacturing cement products was in a very precarious financial position as seen earlier on page 139. Hence it could not have maintained such section even if it meant to do so.
(F) MISCELLANEOUS : (6 Units)

(1) Toilet Soap Paper

There was no independent marketing section in existence. The proprietor himself looked after this function. He was qualified with a long standing experience of around 15 years. The total strength of the unit was hardly 15 employees.

(2) Writing Pens

This unit did not have an independent marketing section. The proprietor himself looked after this function. He was qualified and had around 15 to 20 years experience in this line of product. The unit employed 10 employees.

(3) Weights

There was no independent marketing section in existence with the unit. This function was looked after by the proprietor himself. He was qualified and experienced (15 years average). The total strength of the unit was 20 employees.

(4) Single Edge Blades

There was no independent marketing section in existence with the unit. The proprietor himself looked after this function also. He was qualified and had around 10 years experience earlier. The total strength of the unit was 6 employees.

(5) Sanitary Ware

In fact this was the biggest unit observed in this
group. Its sales were Rs. 5.00 lakhs per annum. It had an all India market. But all its sales were handled by the distributors appointed. The unit by itself did not do much of the selling activities by employing salesmen. One of the partners looked after this function. There was no independent marketing section with the unit. The partner was qualified and had around 7 years experience to his credit. Around 50 employees was the total strength of the unit.

(6) Pens and Inks

This unit also did not have an independent marketing section in existence. One of the partners looked after the marketing function. He was qualified but did not have any experience earlier. The unit had employed 18 employees in total.

Summary

None of the units examined in this section had any independent marketing section in existence with them. The main reason observed for this feature was that these units, excepting the one manufacturing sanitary ware, were operating on a very small scale and mostly had regional market only. Two of these units viz. single edge blades and pens and inks had an existence of hardly around 5 years and the third one manufacturing writing pens and had it for not more than 5 years. Excepting two units all the other units had proprie-
tory form of organisation and excepting the unit manufacturing sanitary ware, the capital investment of all the other units was within Rs. 0.50 lakh and their sales within Rs. 1.00 lakh. We can thus get an idea of smallness of operations of units in this category. It was therefore, obvious that within such small means, these units could not maintain an independent marketing section.

In the absence of an independent section, this function was looked after by their proprietors/partners. All these proprietors/partners were qualified graduates and excepting one partner from the unit manufacturing pens and inks, all the other proprietors/partners were having a minimum of 5 years average experience in the line. Three of the proprietors had it around 15 years.

The total employees of the units fell in the range of 10 employees to 20 employees.

We can thus see the smallness of operation of these units, their earning capacities leading to an absence of an independent marketing section.

Conclusion

(A) On an average, 22% of the units were observed to be having an independent marketing section from each of the groups.

(B) All the remaining units from all the groups were looked after by their proprietors/partners so far as
the marketing function was concerned with or without employing salesmen or sales assistants.

(C) The purpose behind distinguishing between (A) and (B) above was to see whether this function was looked after as an independent function or not. When proprietor/partner looks after this function, it was but natural that he would not find sufficient time to devote to studying the markets in depth, developing them further and maintaining them in the era of competition. An independent manager appointed to look after the function could work independently for these objectives under the guidance of company policies laid down by each unit. The proprietors looked after this function in addition to other functions. In case of partners it was observed that one of the partners looked after this function, in addition to certain other functions. At least in case of partnerships, it is desirable to have delegated the functions clearly for smooth working which was not observed to be there.

(D) Various characteristics observed of those units having an independent marketing section were as under:

(a) The period of existence of these units was more than 5 years.

(b) All these units were manufacturing independent products and were selling them in the competitive markets.

(c) The investment observed to have been made was between Rs. 1.00 lakh as minimum and Rs. 7.00 lakhs as maximum
(d) The range of sales volume handled by these units was minimum Rs. 2.00 lakhs and the maximum of Rs. 18.00 lakhs.

(e) Marketing expenses of these units were in the range of minimum 4% and maximum of 20% of their sales.

(f) The above observations indicate that for having an independent marketing section, the units ought to have— 

i) a minimum period of existence of 5 years in the market, selling products, 

ii) a minimum investment of Rs. 1.00 lakh 

and (iii) a sales volume of approximately Rs. 2.00 lakhs 

with (iv) marketing expenses as minimum of 4% of sales.

It appears that usually the units could financially afford to maintain independent marketing sections at these minimum levels viz. capital investment, the period of existence in the market selling their products and at the minimum sales volume achieved within this period.

These sections were headed by the managers as in-charges. The employment of salesmen/sales assistants varied from unit to unit depending upon the sales volume, coverage of markets, competition, the nature of products, financial capability etc.

(G) Excepting one or two units, the managers and salesmen were observed to be "qualified" and "experienced" (as explained in the beginning of the Chapter).

(H) Sales assistants were commonly employed to do the administrative jobs such as billing etc. and were usually
non-qualified with a little experience of one or two years earlier or fresh employees.

(Q1) It was observed that by establishing an independent marketing section, the sales volume positively went up for the reason that concentrated efforts were made for the same by a full time employee. More the sales, more are the profits, and thus, the expansion can be faster. The small units not employing any employee for this section were observed either unaware of this or did not give much importance for this aspect. They only thought of saving expenses over this section. It is, therefore, necessary and also desirable that a small unit having reached a minimum level of Rs. 1.00 lakh sales p.a. should think of employing a Manager holding independent charge of a marketing function and units below this level of sales should at least employ a salesman depending upon their earnings, to specifically take care of their sales efforts. This will also help the units to face competition successfully and can plan better sales promotion strategies.

(J) Establishment of an independent marketing organisation will (i) help the units to change outdated approach to marketing and to formulate policies appropriate for their emerging successful in the buyer's market. (ii) help the unit locate potential markets and to assess them for increasing sales volume. (iii) help secure a
better control over the product till it reaches the consumer (iv) help secure the reaction of the consumers, the information about the distribution channels etc., (v) help the product promotion through contacts and collect information about competitor's strategies and methodology or product selling and (vi) help the management to direct and dovetail the production to market requirements.

It is, therefore, desirable that small industry appreciate the need for well organised marketing section as far as possible, as a part of their total organisation.