CHAPTER I
MARKETING CONTROL SYSTEMS

Control is a basic managerial function but often it has been associated with financial matters and sometimes with production systems. Though certain fundamental elements, both essential and valid are equally applicable for people, things, situation and organisations. In the organisation also control has been misunderstood as the top management responsibility and the lower level management is devoid of this function. This notion led to the dearth of control literature in different functional areas such as marketing. In this background, firstly, there is a need to study the concept and nature of control and subsequently, the approaches of marketing control.

1. CONTROL AND CONTROL PROCESS

Control has been conceptualised mostly in terms of its process and less in terms of techniques and framework. Henri Fayol concluded that "control consists in verifying whether everything occurs in conformity with the plan adopted. It has for object to point out weaknesses and errors in order to rectify them and prevent recurrence. It operates on everything, things, people, action".¹ Fayol's idea is that measuring, comparing and taking corrective actions are the elements of control.
Dalton and Lawrance consider that control is a formal system for setting objectives, measuring performance and taking action in order to enhance performance. They have clarified control as a formal system and included objective setting as an element of control where Koontz, O'Donnel and Weihrich consider "control as measurement and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are accomplished." But Ouchi has extended control further "from monitoring and comparing outcomes with standards to rewarding and adjusting strategy."

The discussion so far highlights that considerable consensus exist among the experts that control is a process of measuring and monitoring performance but the difference lies in its scope and details. The basic steps of control have been clarified in the definition of Fayol but others have tried to make it either more simplified or more detailed. It has been explained involving three steps - (i) establishing standard (ii) measuring performance against these standards; and (iii) correcting deviations from standards and plans. A different view of control process has been presented with the help of three phases of (i) Planning (ii) Execution, and (iii) Evaluation of action that occur before during or after the action or event respectively. Here the standard has been broadened in terms of planning and an additional element of execution.
has been added which gives idea predominantly of managerial functions than merely control. All the other elements of control have been incorporated in evaluation (like corrective action, feedback etc.). Maciariello has further extended the scope of control and has added some more dimensions of the control process. His three steps of control are (i) formulation of 'expectations' (ii) resource 'allocation'; and (iii) 'monitoring performance'.

Corrective action has been included in the last step, whereas an additional factor of resource allocation has been added as an element of control. But a more detailed analysis of control process has been given by Mockler who considered that "control is a systematic effort (i) to set performance standards consistent with planning objectives; (ii) to design information feedback system; (iii) to compare actual performance with these predetermined standards; (iv) to determine whether there are any deviations and to measure their significance; and (v) to take any action required to assure that all corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives".

The above is a comprehensive analysis of steps of control alongwith the objectives behind it. The other feature he has considered is that of designing an
information feedback system is a part of the control process.

2. NATURE OF MANAGEMENT CONTROL SYSTEMS

The nature of control in the organisation has been described in many ways. It has been considered as a coordinated and integrated system, a total organisation system, has got structure and process, includes both formal and informal controls,\(^9\) it is restrictive as well as regulative,\(^10\) involves executive action and higher level support, an extension of corporate planning, closely related with other management functions but not synonymous with management, a complex function involving more than just comparing, measuring, and taking corrective action. These features of control have been explained and emphasized at many places in different ways. Two other important features require some explanation as they have relevance with marketing control systems.

(1) Although control is a function of every manager but some managers particularly at lower level consider that responsibility to exercise control rests only at the higher level. The over emphasis of control at the top and upper level gives the impression that little controlling is needed at lower levels, where control is an essential managerial function for all levels.\(^12\) The vast majority of
control problems however, are encountered at lower levels in a business organisation.\(^{13}\)

(2) The other feature of control is that it is usually built around a financial structure,\(^ {14}\) and is basically rooted in accounting.\(^ {15}\) But control is no longer a special province of financial and accounting personnel and limited to the traditional financial control tools but now covers a wide variety of control techniques and situations. The application of control has increased at all levels and the accounting tools and techniques are also widely applied. It is, however, true that traditional financial control techniques have given way to the modern non-financial controls.

The impact of these two features are that:

(i) control could receive limited application in non-financial area especially marketing, and

(ii) when the control began to be applied in marketing, accounting techniques could get a way for application in it.

The present day marketing executives are engaged in the analysis and evaluation of sales, market share, salesman's performance, sales expense by product, new product development, service efficiency, profitability by product, advertising effectiveness and other servicing cost in order to compare weekly, monthly, or quarterly performance in each area against pre-determined
standards. This facilitates the managers in proper implementation of marketing programmes for the general good of the organisation.

3. MARKETING CONTROL SYSTEMS

From the review of marketing literature, Kenneth A Merchant concluded that marketing control has not received much managerial, research or textbook attention. Similarly no agreement has been reached as to what activities should be included in the scope of marketing control.

Whatever definitions of marketing control are available, they emphasize the cybernetic system of control in terms of process. Buell defines the managerial control of marketing operations "as a means by which marketing management measures progress towards attainment of marketing goals so that timely action may be taken to improve performance or modify the goal if performance is not in accordance with plans". He has given a direction of corrective action in the form of change of goals. A more comprehensive idea regarding marketing control has been put forward by Park and Zaltman in the form of a system of methods, procedures and devices used by marketing managers to assure compliance with marketing and organisational policies and strategies. They further consider marketing control as a monitoring device rather
than a corrective device which would be used only after observing a discrepancy between the initial goal and actual outcome. The explanation extended by them has broadened the scope of marketing control system in totality of the organisational policies and strategies but the scope of corrective decisions have been made limited upto monitoring only. Merchant concluded marketing control as everything that helps ensure that the people in the organisation are acting so as to implement properly the marketing strategy that has been agreed upon.

In simple words, it can be said that marketing control is a systematic effort which allows the managers to compare marketing performance with the predetermined standard, plans or objectives so that corrective actions may be taken to assure that marketing resources are being used in most effective and efficient manner.

Most of the firms evaluate marketing performance periodically and systematically to unearth the causes of potential weaknesses to take corrective actions. But there are firms which are contented with the limited indicator of performance measure and surface data. They do not recognise the benefits accruing from control. The mechanisms of control are needed especially in marketing for quick recognition of problem situation untill it is too late for corrective action. Only with adequate marketing controls, the marketing managers make adjustment in the
objectives, strategies, or implementation of specific marketing programmes and the overall marketing mix.  

4. COMPONENTS OF MARKETING CONTROL SYSTEM

Formal marketing control requires two important components - structure and process. The structure focuses on the responsibility centre (e.g. marketing department, sales department etc.) where the process includes interrelated phases of programming, budgeting, operation and measurement, and reporting and analysis for control.

An overview of marketing control indicates that generally it has these six components, which are more related with control process: (1) Marketing plan (2) Marketing key variables (3) Performance standards (4) Assessment (5) Corrective action and (6) Communication and Feedback.

4.1 Marketing Plan:

Marketing Plan comprehensively documents marketing situations, opportunities, objectives, strategies, action programmes etc. The goals and objectives are stated in quantitative and qualitative terms for different products and markets. The plan focuses on the issues of marketing mix elements. Sales revenue, profit, market share, advertising expenditure etc. are clearly stated in marketing plans which are needed for control.
4.2 Marketing Key variables

Out of many marketing activities some are so important that they should not be left without being controlled as a continuous failure in any one of them may prevent the achievement of organisational objectives inspite of the fact that other activities are successfully accomplished. They are essential for effective discharge of managerial responsibilities; require prompt and timely action; volatile in nature; changes in them are not easily predictable; and they can be measured either directly or with the help of some surrogate. The nature of the variables vary from industry to industry, time to time and organisation to organisation depending upon the nature of task and environment in which the organisation operates.

There are many types of marketing key variables identified like sales and specific marketing expense, order book position, market share, gross margin percentage to sales, institutional sales, key account order, customer satisfaction etc. But the key variables can be considered from the angle of input and output variables which are shown in Exhibit 1.1.
Exhibit 1.1: Input and Output Variables for Marketing Control

<table>
<thead>
<tr>
<th>Input Variables</th>
<th>Output variables</th>
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<tbody>
<tr>
<td>Price</td>
<td>Sales</td>
</tr>
<tr>
<td>Product R&amp;D</td>
<td>Market share</td>
</tr>
<tr>
<td>Advertising</td>
<td>Profit</td>
</tr>
<tr>
<td>Promotion</td>
<td>Communication Result</td>
</tr>
<tr>
<td>Distribution</td>
<td>Distribution result</td>
</tr>
<tr>
<td>Marketing Research</td>
<td>Consumer Attitude and Behaviour</td>
</tr>
<tr>
<td>Marketing Administration</td>
<td></td>
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This is not an exhaustive list. The other variables of importance may be marketing cost reduction, guaranteed supply, popularisation of the product, packaging and transportation etc. Normally, the input variables are controlled with the help of budgets where output variables are controlled through performance standards.

The variables are identified either through long experiences, own intuition, based on statistical facts or any other relevant information or through the contribution of sub-objectives of the organisation. All the functional objectives are critically and systematically evaluated for the determination of control variables.
The control variables are also known by the other terminology like Key Result Areas (KRA), key variables, strategic factors, control variables, key success factors, key result factors and pulse points.

4.3 Performance standard

Generally, the marketing control requires quantified performance standards to work as acknowledged measure for evaluation but it is difficult to set proper standard for marketing control as the exogenous factors impinging upon marketing programme implementation dilute the base for evaluation. Based on the past performance, sales forecast, industry data, and government projections, the standards are set in terms of physical units, monetary units, ratios etc. Systematic and comprehensive planning specify the standards in sufficient details in terms of output; input and productivity level. Some output standards are sales volume, market share, level of product recognition, input standards are marketing research expenses, sales administration expenses, merchandise inventory level etc; and productivity standards among others are return on investment, profit as a percentage of sales etc. The standards can be set at very specific level such as for salesforce control the standard may be sales calls per day, average sales revenue per sales calls, sales call cost etc.
4.4 Assessment (Evaluation):

The evaluation of performance against standards is the essence of marketing control as out of control conditions are separated for proper monitoring. The evaluation is a continuous process in marketing and it ranges from daily through yearly basis depending upon the nature of product, market and environment, but the managers give detailed attention to unusual or exceptional items, when the gap between standard and performance widens, and it does not require additional attention when the performance is within a prespecified range. The evaluation is of no use unless the causes of deviation are not properly analysed.

4.5 Action (corrective action):

The ultimate purpose of any control is to bring the performance to the prespecified standard which is made possible by taking corrective action on the basis of evaluation. The need for corrective action arises due to the performance gap or variance. The decision basically starts from action - no action stage. If the decision is to take action, the causes are objectively assessed to see whether controllable or uncontrollable situation exists and then the actions are taken accordingly.

Sometimes, standards are imperfect or difficult to be achieved, and ultimately, they are forced to be changed. In case of post action control, the future period planning
are affected. Market share when analysed after one year period, the control becomes future directed but when the sales analysis is done for shorter duration, monitoring is possible within the period. Evaluation of sales promotion programmes when undertaken during the programme implementation period facilities modification in programme, within the period. Control system leads to corrective action when applied properly.

4.6 Communication and Feedback:

Informations are required for evaluation and corrective actions and they vary with organisational levels. At lower level, it is detailed, specific and quantitative, focused on deviation from standard where at higher level it is more general, summarised, focusing on key variables. The information also vary in terms of internal and external sources. The performance and standard reports are internal where the environmental changes generate external information for control purposes. Marketing control needs formal and informal reporting also. Formal reports are written, periodic and pass through a formal channel (from sales persons through marketing manager) where informal reports are made available through face to face meeting, telephone contacts etc. Normally, informal communication occurs throughout the conduct of the operation.
The other dimension of information is the aggregated and disaggregated data which are used for marketing control. The aggregate data on price, sales and profit can be disaggregated like sales by product, territories, major accounts etc. Similarly, Marketing expense data can be disaggregated in terms of advertising, sales promotion, salesforce, sales administration etc. The basic purpose of disaggregation of data is to communicate information in the manner desired for evaluation and corrective action.

5. APPROACHES TO MARKETING CONTROL

Marketing control has to ensure that the resources and opportunities are utilised up to their maximum extent. To comply with these requirements a comprehensive framework for control is needed so that all aspects of marketing should be evaluated. But the literature available on marketing control is mute on this particular area and what we find are the piecemeal approach of looking into this problem. Even the text book attention to this side is limited and a generally agreed upon framework is lacking. Some approaches of control applied in marketing are discussed below.

5.1 One approach for marketing control is based on input and output variables. For controlling inputs the reliance is mainly on the budgets like advertising, sales promotion, sales administration, marketing research etc. and for controlling output variables the techniques used to analyse
are separate performance standards like market share analysis, sales analysis, profitability analysis. In addition to that some performance standards are used for evaluation of advertising, sales promotion, distribution and salesforce etc.  

5.2 The other approach towards marketing control is to recognise the marketing department as a revenue responsibility centre with order getting (marketing) and logistic activities. The evaluation of marketing efforts is difficult because of changes in the marketing environment and to meet the budgetary commitment for selling expenses constitute a minor part of the evaluation. In this approach only budgetary control system has been specified for input and output.  

5.3 The another approach towards marketing control is based on the application of accounting techniques which facilitates the evaluation of possible course of action like discontinuing a product, adding a channel, or increasing promotional expenditure. Marketing cost analysis of relating marketing activities to sales in order to measure profit of marketing segments have been proposed. The working capital invested in accounts receivable and inventories are considered to be the parts of assets being managed for the evaluation of sales revenue generated under the ROAM (Return on Assets Managed)
approach. Similarly, the use of return on investment (ROI) has been applied widely in marketing like advertising expenditure decision, product introduction and improvement decisions and sales management. The Gross Marketing Earning (GME) and Net Marketing Earning (NME) calculations based on cost sheet pattern have been proposed for advertising and sales promotion expenditure and a variety of ratios can be calculated to pin point the area offering profit improvement opportunities. Variance analysis and budgetary control have been proposed to analyse the performance deviation due to price decline, volume decline and unfavourable changes in mix of product. Apart from that, Break Even Analysis is also considered for controlling marketing activities. The application of variance analysis for fixation of responsibility on managers has been described by Hutbert and Toy. The main variances calculated are market share variance, volume variance, price/cost variance etc. Dave and Murthy based on their research found that management accounting techniques which are widely used in evaluation of responsibility centres are Break Even analysis, budgetary control, accounting ratio, return on investment, standard costing, inventory control, capital budgeting etc. Bhadada has suggested the application of accounting ratio, budgetary control and profitability control for the evaluation of marketing departments of textile mill units.
All the approaches sighted above are the accounting answer to marketing control. These techniques are applied for many marketing input and output control and this is one way to look into the techniques applied for marketing control.

5.4 Taking into account the different approaches applied in marketing control, four types of control have been specified by Kotler which are annual plan control, profitability control, efficiency control and strategic control. The relevant approaches for these types of control are being shown in Exhibit 1.2 and a brief discussion follows on these approaches.

Exhibit 1.2: Approaches to Marketing Control

<table>
<thead>
<tr>
<th>Types of control</th>
<th>Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Annual Plan control</td>
<td>Sales analysis, market share analysis, customer attitude tracking studies etc.</td>
</tr>
<tr>
<td>2. Profitability control</td>
<td>Profitability by product, territories, customer group, channel etc.</td>
</tr>
<tr>
<td>3. Efficiency control</td>
<td>Efficiency of salesforce, advertising, sales promotion etc.</td>
</tr>
<tr>
<td>4. Strategic control</td>
<td>Marketing audit, marketing effectiveness rating</td>
</tr>
</tbody>
</table>
5.4.1 ANNUAL PLAN CONTROL

In annual plan control, the plans are made for a year and the performance is monitored during and after the plan period. The approaches include sales analysis, market share analysis and customer attitude tracking studies. Sales analysis is a detailed study of sales in terms of product, product line, region, salesperson, customer type, time period or method of sales etc. The study of overall current sales is insufficient and diagnosis of firms strength and weaknesses become difficult due to the working of 80-20 principle (Iceberg principle) which states that a large portion of total sales come from small portion of customers, product or territories. Moreover, the present figures are not material in themselves but they become only when they are set against some standards which are generally the sales budgets, sales forecast and last period sales.

Ideally speaking, the data for sales analysis should be analysed for as many indicators as possible and for narrower sales categories but generally limited number of control units are selected depending upon the nature of company and product as the multiplicity of indicators give different signals which make the marketing control a difficult task. Furthermore, the bases of evaluation also give different ideas, about current performance.
Controlling on the basis of last year sales volume is only a superficial way as great many factors affect sales volume such as economic condition, competitors' action, companies' marketing policies etc. The other basis is the sales budget or forecast figure which the company reaches after proper evaluation of the market potential and company's strengths. They are considered to be more suitable standards for performance evaluation.

Sales analysis explains performance of the organisation in relation to its own set standards but it lacks explanation of the nature of its performance in relation to its competitors. Market share measurement is treated to be an effective tool for management diagnosis as it compares the firm with average performance of all other companies in the industry implying that a firm should be able to keep pace with all its rivals in terms of total sales. The PIMS (Profit Impact on Marketing Strategies) data support that under most circumstances, enterprises that have achieved a high share of the markets they serve are considerably more profitable than their smaller share rivals because of economies of scale, market power and quality of management. It is better to calculate as many number of market shares as possible taking into account the cost of calculation and kind of data available. Out of many types of market share analysis, most commonly used shares are overall market share expressed as a percentage.
of companies sales of a product in terms of total sales (or market potential) of that product in the industry; served or allocated market share expressed in terms of sales of a company's product in relation to the sales of that product in a particular region (or government allocated market) or to a particular type of customer; and relative market share expressed as a company's sales of a product in relation to either the top competitor, market leader or the companies of a particular sector. The selection of analysis depends upon the nature of industry, requirements of the organisation and accuracy and timely availability of data. But market share is not used as a primary measure of marketing performance as it includes outside environmental implication which do not effect all firms equally, gives false sense of security, a loss of market share may be due to management decision to improve profitability by eliminating unprofitable territories, signals that something is wrong but does not indicate the cause, and targets selected in terms of market share may be in conflict with other goals of the firm such as short run and long run profit, minimum risk of loss or maximum prospects for survival. Even after all these weaknesses, market share is widely used as a language of expression of the target and evaluation.
In addition to the quantitative measures like sales analysis and marketing share analysis etc. the companies try to gauge the attitude and satisfaction of customers and other intermediaries from time to time. The information gathered from the market serves as guide for changing the market offering, channel etc. The methods which are adopted for the customer attitude tracking studies are complaint and suggestion system where the customer either directly write to the company or informs the field salesforce, dealers, retailers etc. The management evaluates the opinion of the customers and then take proper action. The companies also maintain the panel of customers who inform about their attitude towards company’s policies, products etc. from time to time. Sometimes the discussion of the customer panel members are organised by the company so that free and frank ideas may be generated. In addition to the above, the companies survey the customers to know about their opinion regarding product and services, marketing programmes etc. As these types of surveys are costly so the companies take help of their own field staff for the purpose rather than opting for any outside agency. The scope of this method for current period control is limited and small companies can not afford to go for this technique in a systematic manner and on continuous basis.
5.4.2 PROFITABILITY CONTROL

The sole objective of profitability control is to pinpoint where the company is making profit or losing money so that the company may modify its marketing programmes accordingly. A wide variety of products are marketed to the different types of customers through various channels which require that the profitability should be analysed for the product and product line, market segments, channel members, sales territories etc. This enables management to identify the trouble spot.

For profitability analysis the basic need is to determine the cost and revenue for the respective breakups. The revenue data are made available more easily than the cost data. The cost data are available in the ledger accounts maintained on the basis of natural cost like salaries, wages, taxes, insurance and advertising expenses etc. which are not in usable form without being broken down and allocated to different activities. Three steps are involved in allocation of marketing cost and reaching at a profit by product, segment or territories.

1. Reclassify the natural costs into functional costs as per the purpose or activities e.g. the salaries paid may be allocated to advertising, personal selling, marketing research, transportation, storage etc.
2. Reallocate the functional costs to the marketing segment, channel, product etc. The reallocation is a major problem because some costs are direct for some activities but may become indirect for the other.\textsuperscript{53} Furthermore, the arbitrary basis is selected for allocation of costs. The salespersons salary is a direct cost for evaluation of sales territories profitability but becomes indirect for evaluation of product profitability and on what basis the salary will be divided for two products is arbitrary. A third type of costs which are also indirect but their allocability is much more difficult than the previous one are sales administration expenses and corporate image cost.

3. A detailed profit and loss account is prepared for the territories, product, customers, channel etc. or any other breakdown desired for control on the basis of net sales minus allocated costs. The actual form of profit and loss statement will depend upon the nature of company being analysed, the purpose of marketing analysis, and the informations available.\textsuperscript{54} The top management generally finds full cost approach more useful where most marketing sources have utilised the full and direct cost approach.\textsuperscript{55} Decisions based on profitability have particular relevance in the area of product introduction and abandonment, pricing and determination of marketing effort.\textsuperscript{56}
5.4.3 EFFICIENCY CONTROL: Marketing departments are interested in analysing the efficiency of their different activities as to whether the resources utilised give the desired amount of output. But sometimes quantitative measures are not available to analyse them. The indicators adopted depend upon the nature of industry, requirements of the company, the resources available for analysis etc.

Advertising efficiency is difficult to measure as the relationship between advertising expenditure and the resultant revenue can not be specifically established. Some indicators are used for the purpose like customer opinion about the advertisement content, awareness about the product, percentage of target audience who read the print advertisement etc. The management can take corrective action by changing the media or messages if the desired result is not forthcoming.

Sales promotion efficiency is measured on the basis of interest of buyer in the product after or during the implementation of the programme, cost of promotion programmes and resultant sale, display cost per sales rupees, number of enquiries generated after the promotion programmes etc.57

Similarly, distribution efficiency is analysed for the transportation and channels. The indicators are the offtake of material through a transportation mode, cost of
railway freight to truck load, ratio of damaged goods to method of transportation mode, cost of railway freight to truck load, ratio of damaged goods to method of transportation, inventory turnover etc. The distribution channels are evaluated on the basis of quantity sold through different channels to understand the relative efficiency of one channel over the other. Due to multiplicity of indicators, the results generally conflict so the companies select limited number of indicators for the purpose of arriving at a decision for corrective action.

5.4.4 STRATEGIC CONTROL

The strategic control is operative at the corporate level and it is more than the analysis of efficiency and profitability etc. It is qualitative in nature for investigating the marketing thrust and activities to allow thorough inspection of entire marketing operation. This control, in large organisation is generally aided by a formal marketing audit which helps in strategy selection and revision of objectives. It is a thorough, critical and unbiased look at goals, organisational structure, use of resources and marketing operations. Marketing audit is intended for prognosis as well as diagnosis and is a practice of preventive and curative marketing medicine.

Marketing audit has been defined as "a comprehensive, systematic, independent and periodic examination of
company's or business unit's marketing environment, objectives, strategies and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance. It is conducted on a regular basis as a tool of management rather than a 'criticism of management' and audit conducted in normal circumstances is more useful than crisis period audit. The audit may be conducted by marketing executives, by a task force from the company, personnel specialising in auditing job within the organisation or by outside consultants. The later is costly but assures impartiality where the former lacks objectivity.

The components included in marketing audit vary from organisations to organisations. A detailed marketing audit generally includes: (1) marketing environment audit which studies the macro environment like demographic, economic, political, cultural aspects and task environment about markets, competitors, suppliers, dealers etc. (ii) marketing strategy audit which includes the study of appropriateness of marketing objectives, goals and strategies (iii) marketing organisation audit of formal structure, functional efficiency etc. (iv) marketing systems audit provides information regarding marketing information system and marketing planning system etc, (v)
marketing productivity audit uncovers sources of excessive cost and poor profitability contribution and is related with efficiency control and (vi) marketing function audit deals with the marketing mix elements. The components discussed above are comprehensive and it is not possible for smaller medium and resource poor organisations to include all components.

The approaches so far explained are applicable at the marketing division or corporate level but the control is required at regional, area and territory level also. One of those important areas of activity is the salesforce management where the control is exercised by the area manager or regional manager. The control problem of salesforce are different than whatever is applied at corporate or marketing division level. The succeeding discussion highlights the approaches applied in salesforce control.

6. SALESFORCE CONTROL SYSTEMS

The techniques applied for salesforce start from their placement in the sales territories. The sales persons are assigned a territory which is a grouping of customers and prospects so that they should properly cover the market. These territories are helpful in controlling selling expenses and assisting in the evaluation of salesforce. In designing the sales territories the sales potential is assessed so that the evaluation may become
easier. The way in which the territories are designed, have an impact on the salesperson's performance. So the territorisation is one area of study for the evaluation of salesforce. But the territories in themselves are not the mechanism of control but they assist in evaluation and control of salespersons.

The framework for salesforce evaluation is not specified. One approach has been given by Stanton and Buskirk in terms of output and input focus. The output focus includes sales volume, quota, gross margin and accounts whereas the input factors used for evaluation are calls, days worked, selling expenses, and non-selling activities. There are evidences available that salesforce control have been more outcome based due to relatively little monitoring, managerial direction and straight-forward objective measures of result rather than methods salespeople use to achieve results.

Most widely used approaches are sales quota, sales budgeting, efficiency evaluation and behaviour based control. Sales quotas are the quantitative performance goal assigned to a marketing unit e.g. salesperson to aid in planning, evaluation and control of salesforce. The quotas are of many types, but the commonly used quotas are - Sales volume quota which is expressed either in monetary units or in quantities of sales to be made within a
specified period of time. The gross margin, net profit or budget/expense quota are also set by some companies which stress more on generation of profit than only sales volume. Hardly, expense quotas are used in lieu of other quotas but they are supplementary to sales volume quota. To allocate the time and effort of salespersons, some companies set activity quotas like number of sales calls, number of product demonstration to be made, number of hours for collection, erection of point of purchase display, report writing etc. This quotas becomes important when non-selling activities dominate. A combination quota is also set where more than one type of quotas are joined together like sales volume quota and activity quota.

The sales budgets prepared for controlling salesforce are having two components - revenue and expenses. Sometimes the selling expense budgets are prepared separately wherein the salaries, commission, and other expenses for the salesforce are determined. The revenue side of the budget is nothing but the replication of the sales volume quota. With the help of these two, the sales managers control the expenses to be incurred on the salesforce and the revenue to be generated by them.

For analysis of salesforce efficiency many indicators are used like average sales call per day, average sales per sales call, average contribution margin per sales calls, sales call time per contract, order call ratio, average
travel cost per sales call$^7_1$. In addition to that salesforce expense to sales ratio for the territories and salespersons are calculated. Similarly, where the non-selling activities are important, based on their responsibilities, appropriate standards are set for participation in promotion programmes, obtaining dealer display and co-operative advertising contract, training distributor's personnel, credit collection and reporting etc.

In addition to the quantitative measures, qualitative and behaviour based evaluation of salesforce is also done by the companies. The areas where qualitative controls are applied are product knowledge, presentation quality, closing abilities, services performed,$^7_2$ customer relation, personal appearance and health, co-operativeness, resourcefulness, acceptance of responsibilities etc.

7. CONSEQUENCES OF CONTROL

Struggling to improve performance, sometimes the managers get lost in implementing the marketing plan and use tight control measures, setting aside its effect on human behaviour. The studies show that the high performance standards lead to employee apathy, frustration, manipulation of data, informal group formation etc.$^7_3$ The different types of barriers to control are erected by the executives whose performance is evaluated. To counter such
dysfunctional behaviour, the framework for control necessitates an integrated and co-operative spirit throughout the marketing organisation. Control is an effective medicine for prevention and cure but the executives have to decide its proper dosage.
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