

AN EXPLORATION INTO THE ORGANIZATION OF THE SALES FORCE THE CASE OF HENKEL COMPANY IN AIN TEMOUCHENT -ALGERIA

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ABSTRACT

The aim of this study is to show that the sales force has become in recent years a strategic key in the marketing process. Its role has emerged with the evolution of the technological progress, the proliferation of products and brands, the competitive intensification and the bulk markets. These changes make increasingly difficult the marketing of products and services. The sales force is not only a marketing technique or a promotional tool but also a communication element that provides and collects information. In this research, we applied the organization of the sales force to Henkel Company in Algeria.

KEYWORDS: Sales Force – Organization – Sellers - Enterprise

INTRODUCTION

The Association Agreement with the EU and accession to the WTO for Algeria are the main challenges ahead. Therefore, Algeria and its companies are trying somehow to go from a so-called command to a market economy, leading real competition in the market for goods and services. The main goal of any business remains the commercialization of its products and services in the most cost effective manner. The company uses action means within marketing: product policy, distribution policy, price policy and communication; but all these policies represent only half of the company's path to the client because the other half is accomplished by the company's vendors. These vendors are part of a structured and hierarchical team which is designated by the expression - Force Sale- The peculiarity of the sales force is to rely on sellers. This can be seen not only as a sales technique but also as a means of communication or element to reach the customer by providing information about the company and by collecting information on the global environment of the company as market and competition. The company has various means, the sales force is one of these means. This research consists of two parts; the first, theoretical, where we will define the sales force; include its objectives, and its organization. We will also present the main points of the partnership Henkel-Enad(Algeria) and give the history of these two companies. The second part; practice, will be the subject of an investigation in Tlemcen which will inform us about the sales force perceived by intermediaries.

DEFINITION

Several definitions are available on the sales force. Claude House (1999) "*The notion of the sales force includes all persons who are responsible to meet with prospects or customers (direct or indirect) in order to sell them products or services.*" For his part, Chirouze Ives (1991) explains that "*the sales force and sales network or an enterprise sales team is all of its commercial staff direct contact with current or potential buyers.*"

For Philip Kotler (1997), *"the company employs a sales force composed of one or more persons contacts with current and potential customers."*

For these authors, the sales force is therefore a tool for promotion, communication, vector information whose purpose is to sell. The sales force is critical to the company because its effectiveness plays very often a vital role in the success or failure of a business; it is a waterfall assigned objectives.

SALES FORCE OBJECTIVES

The objectives of the Sales Force must consider the nature of the markets targeted by the company and the desired positioning in each market. These same goals are set by a cascade system. They depend primarily on the goals of general management, which affect the marketing goals, and finally those of the sales force. These are set quantitatively (turnover to realize market share to reach). They will then be translated by seller and adjusted for potential areas. This well presented goals cascade is not carried out only in one direction (Branch to the seller), a concert together at each step.

ORGANIZATION OF THE SALES FORCE

The sellers' effectiveness is not only based on their own potential but also on the quality of the organization of the work. The organization of the sales force aims at enabling vendors to work more efficiently. It thus comprises:

- The definition of tasks and functions to fulfil.
- Their award to a single vendor, or separation between two or more vendors.
- The definition of the powers and limits of powers.
- The indication of subordination and connections to ensure both inside the company and outside.

The Interest of the Sellers' Organization

Some companies, especially medium and small ones suffer from a lack of organization. It follows therefore:

- Excessive centralization of authority to which vendors must go up too often during their daily work.
- Lack of coordination between the tasks and activities. The core activity of the sellers is to visit clients to get orders. All other tasks requested of them cannot be met at the expense of the core business.
- Conflicts between vendors due to the imprecise delineation of sales territories.
- Duplicate jobs.
- Confusion, particularly if dual hierarchical and functional authority.
- Poor information dissemination in both directions descending and ascending.
- Poor organization therefore has adverse effects on the morale of vendors, it also increases the slow that suffer from the resolution of some problems.

Principles of the Organization

One of the organizing principles is the delegation of responsibility. Needless to disturb such a sales engineer to examine a table down if electrical worker contactors can. The second principle is that the authority must accompany responsibility. It is noteworthy that no one can be responsible if it does not receive the authority to exercise its responsibility. It is necessary that the seller has a number of powers to bind the company on time, prices, conditions of

sale, and the litigation or cancellation of orders. We can indeed make sales manager in its territory if the decision belongs to a superior. Of course the authority must be limited.

The principle is specialization; we cannot make too many different tasks. Once the network has some importance, we must specialize its members. On the other hand, we cannot recruit too many people with very different activities because it requires the Head difficult to acquire versatility. Regarding the critical size which is another principle of organization of the sales force, we cannot, however, under the cover of specialization, disperse tasks in fractions and push those who exercise them be incompletely filled. For example, a company that has a network of six sales of office automation equipment throughout the country can add to each of them a prospector, a demonstrator and a convenience store because each of these vendors risk in some parts to be incompletely occupied.

We must therefore create a cell only when the holder has sufficient activity. In practice, therefore, we will meet several sales sectors so as to create sufficient area to legitimize the creation of a Regional Sales Leader position, and if necessary of a prospector, a demonstrator, a convenience store attached to the region. The sales staff must be commensurate with the customers you want to reach. Note also that the organization of the sales force is, in essence, to define the missions entrusted to the sellers to fix the number of sellers and allocate them tasks to complete. We must not believe that the unique mission of sellers is always to get orders from potential customers. In reality, many and various tasks may be assigned to vendors, tasks that vary depending on the nature of the prospects, the place of performance of sales activity, and most of the objectives assigned to the vendors. These objectives may be very diverse, sometimes contradictory, between which there must create harmony.

The Structure of the Sales Force

The mode of organizing a sales force largely depends on the strategy adopted. If it sells a product to homogeneous customers, the company will opt for a sectoral structure. According to this form of organization, each representative working in a geographic area within which it sells the full range of company products. Besides its simplicity, the sectoral structure has many advantages. First, it allows a precise definition of responsibilities. Second, it leads to customization of the company to the customer's eyes and his entourage. Finally travel costs are relatively limited, each vendor moving in a limited territory. This organization gives each vendor responsibility for its sector, but it is only suitable for companies with a relatively limited and homogeneous range of products.

If, however, many products are affected, a more justified organization by product occurs. The requirement of a good product knowledge by representatives and product development managers by management have led many companies to organize their sales force from their range. The specialization of products by sales force is particularly good when the products are technically complex, heterogeneous, or numerous.

The company can organize its sales force by customer type. Such a structure allows the representative to be familiar with the needs of its customers. Customers are then classified by industry, size, purchasing volume or the seniority of business contacts. A sales force organized by clients is often the cause of a reduction in the overall cost of the sales force. But the disadvantage of a client structure appears when the different types of customers happen to be scattered across the country. There is in this case, overlapping areas, resulting in increased costs.

Finally, when a company sells a diverse range of products to many types of customers in a wide geographic area, sometimes it structures its sales force by combining several modes of organization. Representatives may be specialized per

couple: sector / product, sector / client, client / product or even by Triad area / product / customer. A sales organization therefore should not remain static. It must be regularly redesigned according to the development of the business, expanding the product range, and the appearance or disappearance of certain types of customers.

THE MAIN POINTS OF THE PARTNERSHIP HENKEL-ENAD ALGERIA

Henkel Algeria is a subsidiary of the German leader Henkel. It is the result of redemption of the three major complexes of an existing business (ENAD) of the host country Algeria. It has invested in a leading brand in Algeria (ISIS). In May 2000 Henkel concluded with a joint venture Enad a 60% stake. In 2005, she became the sole owner of the leading brand in Algeria. The complex is located in the industrial zone of the city of Ain Témouchent about 5Km north East from Ain Témouchent city. It covers an area of 20 hectares. An example of the Algerian-German cooperation: the joint venture Henkel-Enad. The association agreement with the EU and the accession to the WTO for Algeria are the main challenges. With all the corollary of compliance standards, environmental standards and quality, the role of private enterprises is crucial. The German Developmental Cooperation has decided to support Algeria in this important and long process to level the implementation of the modernization.

The German Ministry of Economic Cooperation and Development has given his agreement to the German society of technical cooperation for the project through the environmental management program with the Henkel Group Kaag. Henkel, Düsseldorf, had the merit of creating a mixed company with state-owned Enad for the production of detergents and so has the privilege to have the support of German development cooperation for the establishment of an environmental management system in its production plants. This resulted in an improvement in the management of the production chain, safety and health of workers and the environment to be a precursor model in this field in Algeria. Henkel in Düsseldorf and Enad Company therefore create a "joint venture" in May 2000 with a capital of \$ 89.6 million, where the German company holds 60% stake. Henkel is then considered the largest foreign investor in Algeria in recent years before it was dethroned by telephone operators; Egypt's Orascom with no less than 1.4 billion dollars and the Kuwaiti El Watania. To summarize, the main points and commitments by Henkel Enad Algeria Partnership Agreements are:

Creation of an investment program of USD 15M within 3 to 5 years.

Implementation of an ambitious training program: over 300 MDA

Resumption of the entire staff of the two units (Reghaia and Ain Témouchent)

Resumption of Chelghoum Laid after 18 months (January 2002)

\$ 500,000 for SEG conversion study.

This project will have a very positive impact for the Algerian-German company with over 2000 employees and also with all the companies under treating (better management of the flow of materials, energy saving and raw materials, recycling, training and staff development).

RESEARCH METHOD AND DESIGN

This research is a case study; it aims at illustrating the best role of the sales force in the strategy of a company and increasing our knowledge in this specialty. We have chosen in this study the company Henkel -Algeria Ain Témouchent. Our aim through this study is to identify the methodology of the organization of the sales force in order to make it

effective. Therefore, our problem and fundamental issues that have arisen and which required clarification are:

- How can we develop an effective sales force?
- How to organize it?

To address this issue, we have made the following assumption:

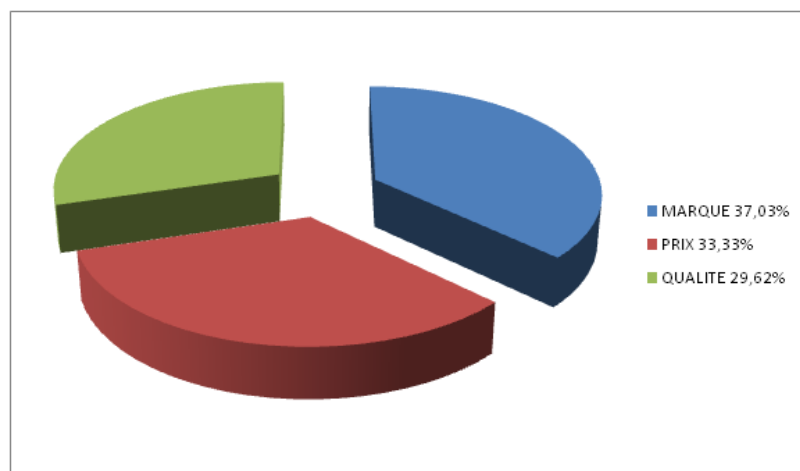
To have an effective and well organized sales force, we must choose the correct type for the sales strategy. In this study, we treated the case of a German-Algerian cooperation in the field of detergents. For this, a questionnaire and an interview were prepared to test the perception of intermediaries of the sales force of the company Henkel Algeria. This study which is a qualitative research looks for the causes of an attitude, a perception. The size of our representative sample involves 100 intermediaries but for a lack of funds, we restricted ourselves to residents of Tlemcen.

The questionnaire and the interview consist of several questions in particular issues with attitude scale. The attitude scales were used to 'quantify' the qualitative and to make the information more operational than it may seem at first. Moreover, the attitude scales are widely used in survey questionnaires to estimate the qualified brand awareness, evaluate branding and new product concepts, test the advertising themes and provide buying intentions.

RESULTS AND INTERPRETATION

The main results drawn from this study are summarized to state to what extent the questions raised by this research work have been answered and make correlation between the presented hypothesis and the real state of art that is pictured in the obtained results.

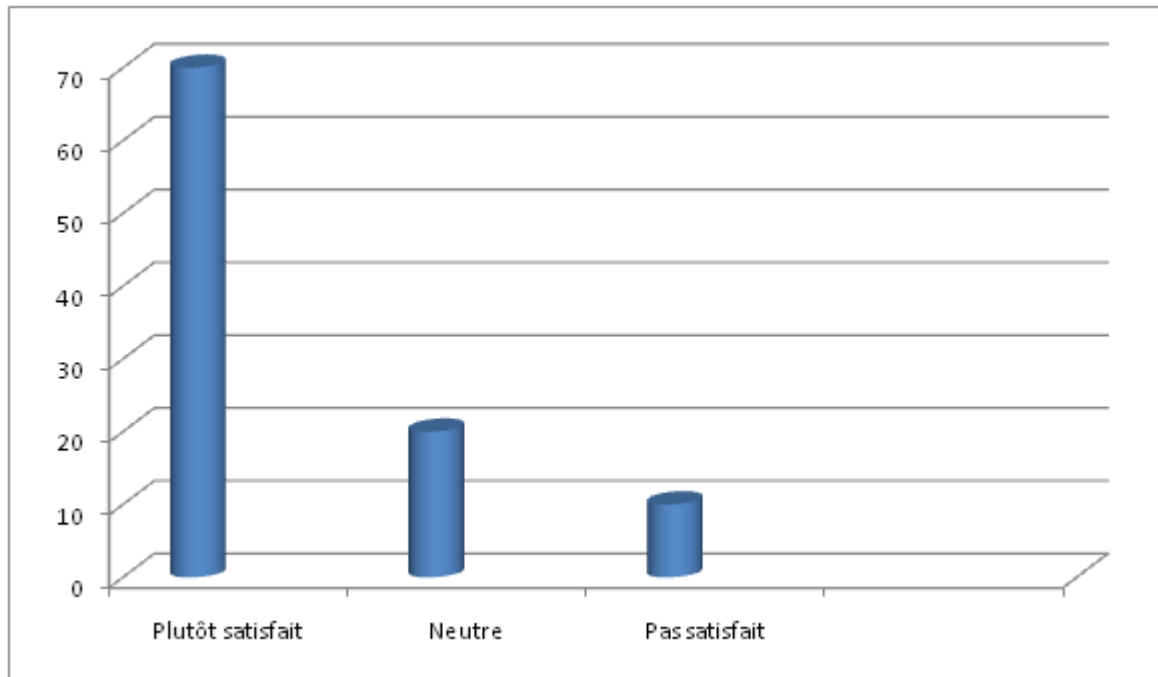
It was noted first in the responses of the majority of the questioned customers that most of them discovered the Henkel brand through advertising; in this case the television since almost all Algerian homes are equipped with a television. Moreover, the results obtained showed that the characteristics (brand, price, quality) why they buy a Henkel product were almost homogeneous. But after the factor analysis of the data, we found that the main elements that drive customers to choose a product are the brand Henkel in the first place followed by the price and the quality. Brand perception can be more important than the product itself. The graph below shows the reasons why customers choose a product



Graph 6.1: Reasons for the Acquisition of Henkel Products

Regarding the question on obtaining Henkel products, we found that 50% of the questioned people obtained Henkel products by the company's sellers, 30% of the outlets get them by intermediaries of the Henkel Company and 20% on their own. Nevertheless, the majority of the questioned people were satisfied with the supply operation.

In our study, we wanted to know the level of satisfaction with Henkel products. It was found that 70% of surveyed intermediaries were quite satisfied by Henkel products, 20% were neutral, while the remaining 10% were not satisfied at all as shown in the following graph:



Graph 6.2: Degree of Satisfaction with Henkel Products

Furthermore, the results obtained in the questionnaire showed that 80% (that is to say the majority) of the intermediaries agree with the pricing policy of the company Henkel Algeria. In terms of price / quality ratio of the products of this company, here too, the majority of intermediaries (75%) agree with the price / quality of the company Henkel Algeria.

Regarding the profile of the vendors that is to say, aggression, tact and managerial stewardship, it was found that the sellers of the company Henkel Algeria are not aggressive; they are very moderately managers and psychologists. From our observations, it appeared that Henkel Algeria communicates quite well and regularly with its environment following a policy and a strategy defined in advance and using specifically the advertising, the sponsorship and an effective sales force.

The company Henkel Algeria does not stop surprising. After a few years of practice that give it a leading position in the market for detergents, the company still plans to expand its business volume. It launched its new product on the market foaming detergents. This is the product "Le Chat Powerpearls" in addition to a range already very diverse. The placing on the market of this flagship product follows several researches with consumers. Henkel Algeria officials stressed that innovation is the company's spearhead and allowed it to anticipate changes in order to meet the consumer expectations.

Henkel Algeria is serious about the expectations and needs of its loyal customers. With this in mind, the company is about to launch on the market foaming detergents "le chat Powerpears hands." Moreover, the contribution of the Henkel Group in the results achieved by Henkel Algeria is not negligible. The German group Henkel provides Algerian structure with all necessary means to develop its skills. However, the launch of new products can only be done after probation quality services of Henkel Düsseldorf through technical training and transfer of know-how.

The company Henkel Algeria has a sales force where the sales teams have the means of their ambition; they are the ambassadors' brands and products to customers with real quantitative and qualitative objectives. These teams include a double challenge: to implant the largest number of products in the largest number of stores and develop a trusted relationship and partnership with distributors since the objectives in the medium and long term business is to increase its market share and the brand awareness.

"Henkel-Enad" Algeria as already mentioned is a joint venture between Enad, Algerian public company and "Henkel France", a subsidiary of the German group "Henkel". The company established in May 2000 which produces detergents (le chat, Isis) makes an annual turnover of more than EUR 100 million a year. Henkel-Enad Algeria employs nearly 1830 people. Success is noticeable and contributes to the solid Henkel policy of establishing "Henkel» in the Mediterranean region. It is likely that an export strategy will be considered.

Besides creating jobs, the partnership between Henkel and Enad is the realization of an ambitious upgrade program that allowed a significant improvement in the quality of its products through the acquisition and improvement of existing facilities. Skills transfers were made possible through training programs with the mother house but also through training Algerian firms. Finally, and more generally, major changes in mentality have taken their place. So Henkel was able to establish a new compensation system based on the quality of products and not on quantitative criteria only. Initially resistant to change, the staff finally accepted the changes that better reflect market requirements. This ability to change, in a field as sensitive as that of remuneration, is a proof that the public sector may prove competitive and attractive opportunities that exist for partnership and privatization

CONCLUSIONS

We can say that Henkel Algeria has known how to adapt to the constraints of the Algerian market and was able to adapt a unique distribution system among the other subsidiaries of Henkel worldwide. In this system, the company Henkel Algeria relies on its official distributors selected by the management of the company. These distributors must meet the objectives sought by the company. They must have a distribution network and have their own means of distribution. The latitude of the company Henkel Algeria is to accept or reject the recruitment of salespeople working with the distributor, to fix the model and the pay rate for vendors and to carry mainly the training of distributors and sellers. This system is a kind of distribution franchise. Private or public Algerian companies must try to derive benefit from this model; what has been done elsewhere by Coca Cola Company that has changed its sales force based on the model of the company Henkel Algeria.

To conclude, we should say it is not enough to have a good product policy, pricing or communication for a successful commercial action, we must also know how to sell. To do this the company must take into account all the necessary and difficult steps for the recruitment, the training and the management of the sales force

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