AN ASSESSMENT OF TRAINING AND SALESFORCE PRODUCTIVITY IN THE NIGERIA’S MANUFACTURING INDUSTRY: LESSON FROM NASCO COMPANY LTD, JOS

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ABSTRACT

Training is very important and so viable that organizations cannot do without it. If organizations want to succeed and even achieve goals and objectives, reliance on the skills and knowledge of their sales force to deliver products and services to the market place becomes imperative. Deploying and sustaining a highly skilled and competitive sales force requires a strong management commitment towards effective initial and ongoing training solutions. A remote training program is capable of delivering a continuous curriculum of training solutions to meet the needs of both new and veteran members of the deployed sales force. The problem under focus was to assess the impact of training on sales force productivity in the Nigeria’s manufacturing industry, using Nasco company Ltd, Jos as a case study. The data obtained from secondary sources were analyzed and the hypothesis formulated was tested using regression analysis. The result from the hypothesis tested revealed that there is a significant relationship between investment in training and profit of Nasco Company Ltd. Based on our findings we recommended that: rather than outsourcing the distribution of its products, Nasco Company should train its sales force personnel. Since investment in training of the sales force enhances the company’s productivity as well as company’s profit, the company under review should invest more on the training of its sales force.

Key Words: Training, Sales force, Productivity

INTRODUCTION

The basis for the development of any country depends on the level of training. Training is very important and so viable that organizations cannot do without, if an organization wants to succeed and even achieve its goals and objectives. Companies rely on the skills and knowledge of their sales force to deliver products and services to the market place. Deploying and sustaining a highly skilled competitive sales force requires a strong management commitment towards effective initial and ongoing training solutions (Hall, 2005). Sales management is ultimately responsible for the direction and content of the training provided to the remote sales force, by directly or indirectly managing the training needs. A remote training program is capable of delivering a continuous curriculum of training solutions to meet the needs of both new and veteran members of the deployed sales force. According to Lorge and Smith (1998), by providing product knowledge and sales skill training to the sales force, companies can position their products into the market place, knowing that the remote sales force has the necessary skills and information to make the sale, service their customers, and recognize additional sales opportunities.

The role that effective sales training plays in a firm's strategic advantage extends from home country to global business environments (Honeycutt, Ford and Simintiras, 2005). As a result, global powerhouses like Canon, Wyeth Pharmaceuticals, and Saab invest sales training dollars across national borders (Hall, 2005). In 2000, $56.8 billion (N8, 520 billion) were invested in training (Galvin, 2001) of which one-quarter or $14.2 billion were devoted to sales training (Wilson, Strutton and Farris, 2002). Global firms...
believe that investing in sales training programs contribute positively to sales force motivation (Liu, 1996), effectiveness (Piercy, Craven and Morgan, 1998), and performance (Pelham, 2002). On average, each member of the sales force generated approximately $15,000 (N225, 000) to $25,000 (N375, 000) of revenue per day, depending upon the territory. Therefore, the time dedicated to the training needed to be both practical and effective, off-setting the missed selling opportunities when the sales representative is out of their territory. Additionally, the sales training department’s curriculum had to be flexible enough to integrate new product training to warrant the travel and lodging costs associated with the training (Skiera and Albers, 1998).

According to Piercy et al. (1998), the need for training is very necessary for employee as well as organizational productivity. Training represents the single largest investment in enhancing employee productivity. Manufacturing industries in Nigeria are always emphasizing training of sales force and most often, substantial funds are being invested in it. In order to inculcate quality delivery (to satisfy customers), training and workshops are being arranged. For instance, Companies such as GCOML, SWAN, JIB, NASCO Foods, Coca-Cola, Integrated Dairies Ltd generally develop their own guidelines for training. The quantitative literature on sales force management has examined several methods by which sales force productivity can be increased. These include, but are not limited to, sales force compensation (Basu, Lal, Srinivasan and Staelin, 1986; Basu and Kalyanaram, 1990), sales force sizing (e.g., Lodish, Curtis, Ness and Simpson, 1988), call allocation (e.g., Lodish, 1971), territory design and alignment (Rangaswamy, Sinha and Zoltner, 1990; Skiera and Albers, 1998), and sales force benchmarking (Horsky and Nelson, 1996). Seemingly overlooked, however, has been the use of training as a means to increase the productivity of the sales force. This omission is surprising given that studies have consistently stressed that training is a prerequisite for successful selling (Churchill, Hartle and Walker, 1986). Training increases sales force productivity by giving salespeople the skills needed to perform their tasks effectively. For example, data from a Bell South video sales training program showed that training increased sales effectiveness by 50% (Martin and Collins, 1991). Training also increases profits by lowering the firm’s selling and supervision costs. A study of Nabisco’s sales training program by Klein (1997) found a $122 (N18, 300) increase in sales and a twenty-fold increase in profit for every dollar invested in training. Adept salespeople are particularly important for a firm to maintain its competitive edge in the face of keen competition (Ingram and LaFord, 1992). Today’s customers expect salespeople to have deep product knowledge, to add ideas to improve the customer’s operations, and to be efficient and reliable. These facts, highlights the crucial role of training sales force which brings about the profit maximization of the company. With this understanding in mind, it is very important to assess the training and sales force productivity in the Nigeria’s manufacturing industry.

Statement of the Problem
Sales teams are under constant pressure to meet customer expectations, while bringing in revenue for the company. As globalization brings the world closer together, these pressures increase. A recent Aberdeen survey revealed; companies that implement mobile sales force automation solutions are 1.5 times more likely to see an improvement in sales force productivity versus those that do not. Sales teams are looking at Mobile Sales Force Automation (SFA) technologies to arm their field representatives to be able to handle the ever increasing customer demands on a global basis. The challenge most companies face is that users are not fully utilizing or even using salesforce.com at all. They are noticing an increase in user resistance, not adoption, and
ultimately the desired ROI is not met. To have a productive sales force, firms must provide their salespeople with sales training. However, the benefits from sales force training come at a steep price. Training expenses have risen steadily over the years. These expenses include instructional materials, living and transportation expenses, instructional staff, outside courses and seminars, management time spent with the salesperson, and the opportunity cost of lost sales. Firms spend on average between $22,500 and $28,455 to train a salesperson (O’Connell, 1988), while in the technology sector, this training cost can be as high as $100,000 (Dubinsky, 1996). According to Futrell and Parasuraman (1984), the estimated cost of recruiting, training, and managing a sales trainee, combined with the opportunity costs of lost sales from an unmanned territory, can be as high as $75,000. Given the magnitude of training costs, firms are trying to make the most out of every dollar invested. The fact is, manufacturing companies seem to be facing daunting sales challenges on numerous fronts. From declining sales force productivity and shrinking margins to shorter product life cycles and increasingly demanding customers – the cost of sales is rising persistently. Sales people turnover is also a pervasive and costly problem that affects most sales forces (Learning International, 1989; Pinkowitz et al., 1997; Richardson, 1999). Recent research in industrial psychology (Honeycutt et al., 2005) and in sales force management draws a useful distinction between functional and dysfunctional turnover, depending on whether the departure of salespeople results in a benefit (functional) or a loss (dysfunctional) for the sales organization. In the light of the above, this study seeks to assess the training and sales force productivity in the Nigeria’s manufacturing industry.

Research Questions
This study sets to achieve the following:
1. How much training should be provided for sales force?
2. Does training enhance sales force productivity of Nasco Company?
3. Is there any significant relationship between investment in training of sales force and profit?
4. What are the challenges inherent in the training of sales force?

Objectives of the Study
1. To determine how much training should be provided for sales force
2. To ascertain how training enhances sales force productivity of Nasco Company
3. To find out any relationship between investment in sales force training and profit.
4. To examine the challenges inherent in the training of sales force.

Research Hypothesis
Hypothesis I
H0: There is no significant relationship between investment in sales force training and profit of Nasco Ltd.

Significance of the Study
This study will go a long way in enhancing the researchers’ knowledge on the training and sales force productivity in the Nigerian manufacturing industry, while appreciating the role of management in training their employees in service delivery in a highly competitive environment. We are optimistic that the knowledge derived from this research work will also be of importance to stakeholders both in the manufacturing sector and academic environment.

Scope of the Study
This study is focused on the assessment of training and sales force productivity. The period under review will be from 2006 – 2010. The period is
quite recent, hence, will enable the researchers to gain access to sales force service delivery and productivity in the Nigeria’s manufacturing industry.

**Literature Review and Theoretical Framework**

**Overview of Training**

One major area of the Human Resource Management function that is of great significance to the sales force and organization is training. Few people these days would argue against the importance of training as a major influence on the success of an organization. Employees are a crucial, but expensive resource. Hence, in order to sustain economic growth and effective performance (productivity), it is important to optimize the contribution of employees to the aims and goals of organizations.

Training is necessary to ensure an adequate supply of employees that are technically and socially competent and capable of career development into specialist departments or management positions. According to Honeycutt et al. (2003), training is a key element for improved organizational performance; it increases the level of individual and organizational competences. This could be seen in organizations like Coca-Cola, Honda, Toyota, GCOML, First Bank Plc, MTN, Glo Universities, etc. The further observed that training helps to reconcile the gap between what should happen and what is happening – between desired targets or standards and actual levels of work performance. Although many employers continue to have reservations about the cost and extent of tangible business returns from training, the development of skills has been identified as a key factor in sharpening competitiveness. There is therefore a continual need for the process of employee (sales force) development, and training fulfills an important part of this process. Training should be viewed therefore as an integral part of the process of total quality management. Casio (1989), puts it this way; “The economic and technological trends, the pace of innovation, change and development are growing faster year-by-year and as a result, provide clear signals that training is so relevant that both organizations and individual stakeholders must give a serious attention to.

**Assessing Sales Training Needs**

Assessment is the diagnostic part of the sales training process that seeks to identify gaps that may exist between salesperson’s deficiencies and the skills, knowledge, and attitudes necessary for success (Anderson, 1993 and Dubinsky and Barry, 1982). To be effective, sales training must be aligned with organizational change and understood within a strategic context (Attia, Honeycutt & Leach, 2005). Although selling activities may appear to be universal, the unique needs of sales representatives vary between cultures in the local selling environment: customs, methods, and strategies (Kallet, 1981). Sales training needs are most often identified through the judgment of sales/upper management, interviews with salespersons/customers, analyses of performance measures, and organizational/sales goals and objectives (Erffmeyer, Russ and Hair, 1991).

Global companies conduct more systematic needs assessment of their sales force than do local firms. For example, in Malaysia global firms reported needs assessment methods that were more specific, measurable, and that were employed to set training objectives (Jantan & Honeycutt, 2002). Training providers must determine training needs that solve participant problems, help identify suitable technology and training methods for different educational levels (Erffmeyer, Russ & Hair, 1992), collect trainee profiles, and understand sales trainee socioeconomic and cultural backgrounds (Huang, 1996).

**Sales Training Objectives Setting**

After assessing sales training needs, it is necessary to establish specific training objectives before designing and implementing the sales training program. Simply put, objectives are statements of
what will be accomplished through sales training. When objectives are aligned with strategic organizational objectives and identified salesperson needs, deficiencies, requirements and competencies, then sales training is maximized (Attia et al., 2005). They further listed the sales training objectives derived from global/cross-cultural research appearing over the past two decades to include:

- Improve sales force negotiation skills to increase successful sales encounters and long-term relationships for small/medium sized firms.
- Decrease sales training costs for local firms, improve sales force control for global companies, and improve customer relations and time management for both global and local firms.
- Improve sales force morale, sales routing, selling skills, market share, sales volume, and competitive position.
- Impart effective product, selling, intercultural skills, and increase salesperson knowledge about companies.
- Reduce turnover rates and increase salesperson motivation levels.
- Promote communication flow between parent companies and subsidiaries related to selling and compensation policies.
- Build customer information systems and databases, and disseminate parent companies market orientation practices.
- Improve salespersons’ negotiation skills, increase abilities to nurture and sustain long-term relationships and help evaluate performance (quantitative/qualitative) measures.

Sales training program design and implementation

Firms cautiously adapt and transfer training content and methods to locations within and abroad. For example, Geber (1989) recommended that global firms utilize local bi-cultural employees or consultants to identify gaps in training programs designed in the home country. Montago (1996), discussed how Korean trainers met with their U.S. managers and then modified the training concepts and ideas to address local cultural conditions. Jantan and Honeycutt (2002), reported that global firms in Malaysia translated training manuals, used joint headquarters/local trainers, and selected/integrated training methods to minimize cultural barriers. Also, different training methods were necessary to transfer salesperson negotiation skills/behaviors in northern European (UK, Netherlands, and Finland) and southern European (Spain and Portugal) countries because these two groups of nations exhibit distinct cultural characteristics (Roman and Ruiz, 2003). In Singapore for instance, local and global hotel training programs offered different program content, levels of demonstration, and in-class participation. Global firms also incorporated sales training into their strategic marketing plan (Honeycutt et al., 2005). Global firms’ sales managers in Malaysia, in contrast to their local counterparts, reported significant improvement in salespersons performance (sales presentation, communication, technical, and customer relations skills) after completing sales training (Jantan et al., 2004).

Global companies employ a higher level of demonstration methods, while local firms use on-the-job (OJT) training methods (Honeycutt et al., 2005 and Jantan and Honeycutt, 2002). Empirical studies conducted in Saudi Arabia (Erffmeyer et al., 1993), Singapore (Honeycutt et al., 2005), Malaysia (Jantan & Honeycutt, 2002), and Slovakia (Honeycutt et al., 1999), reveal that the sales training content of global companies consistently focused on market and customer information, in contrast to product knowledge for local firms. Also, ethical sales issues were significantly more prevalent in global sales training programs in Singapore (Honeycutt et al., 2005). Other issues that can affect sales training program content and methods include: translation
problems (Kallet, 1981 and Honeycutt et al., 1996), industry and corporate culture-related issues (Keater, 1994 and Keater, 1995), parent firm market orientation (Cavusgil, 1990; Effmfeyer et al., 1993 and Honeycutt et al., 1999), and technological capability (Flynn, 1987 and Zeira and Pazy, 1985). Additionally global companies, in contrast to local firms, devote greater resources – in the form of time, effort, and money – to train new sales representatives (Honeycutt et al., 2005; Jantan and Honeycutt, 2002 and Honeycutt et al., 1999). To minimize cultural mistakes, global firms do carefully select, adapt, and balance their training delivery methods across cultures.

**Market orientation and Critical sales skills**

Market orientation relates to the firm’s desired level of company-wide concern and responsiveness to customer needs and competitive actions (Kohli and Jaworski, 1990 and Narver and Slater, 1990). The construct indicates the extent to which the marketing concept has been adopted as a business philosophy (Jaworski & Kohli, 1993). Market orientation can be considered as a set of behaviors, activities and cultural norms that emphasize customers, competitors, and strong inter-functional coordination (Brown et al., 2002; Hurley and Hult, 1998) and Zhao and Cavusgil, 2006). Interests in market orientation have moved increasingly from issues of definition and measurement to those of implementation, and particularly the link between market orientation and the attitudes and behaviors of people employed in the organization (Narver et al., 1998 and Piercy et al., 2002).

In examining the impact of market orientation on the sales organization, Siguaw, Brown and Widing (1994), argued strongly that the firm-level behaviors incorporated in the market orientation construct indicate the level of meaningful support provided to salespeople. They argued for a strong correspondence between the market orientation desired as a firm level, and the market orientation displayed by the sales force. Certainly, market orientation has been associated with a number of positive salesperson attitudes and behaviors (Siguaw et al., 1994), and customer orientation has been widely considered as an important salesperson characteristic.

However, while market orientation has been widely studied in the marketing literature, and to a lesser extent in prior sales research, we have been unable to locate any previous studies concerning the relationship between market orientation and sales management control. In particular, prior research does not appear to have examined the impact of market orientation on sales manager control priorities, behaviors and corresponding competencies. Nonetheless, prior research suggests the advantages of a strong linkage between sales management strategy and a company’s overall competitive strategy (Olson, Cravens, & Slater, 2001), and a similar logic should apply to market orientation. Importantly, sales managers in different selling situations are likely to have different priorities regarding salespersons’ skills level (e.g. competence). Therefore, market oriented imperatives for the sales unit, in terms of the most important or critical salesperson skills should be associated with the sales manager’s behavior control strategy. Accordingly, the skills/management control relationship considers how well sales manager control level corresponds to the salespersons’ skills level. If the importance of skills for the organization’s selling situation is correctly assessed by the sales manager, and management control activities are consistent with salespeople’s critical skills needs, then a positive control level relationship should be present. The higher the importance of sales skills required by the selling situation, the higher the level of behavior-based control will be. This should provide the manager with the basis to more effectively develop these skills in salespeople and then monitor their application by salespeople to
the customer relationships for which they are responsible

**Concept of Productivity**
Webster’s Dictionary defines productivity as a state of yielding or furnishing results, benefits or profits. This definition may be intuitively appealing, but it is of little use to managers of economic activities since it overlooks the resources used to yield the results. Economists like Prokopenko (1987) and Garvin (1992), overcome this short coming by defining productivity as the ratio of output to input, or the results achieved per unit of resource; a measure of how effectively the resources are utilized.

This entry emphasizes the roles of sales management in increasing the productivity of the sales force and the firm. There is an extensive body of literature covering techniques for measuring and improving sales force productivity (Poole and Warner, 2001). The aim of this entry is to provide an overview or conceptual framework to enable sales force as well as the firm and select the techniques to be used for its implementation.

According to Lawlor (1985), the conceptual approach to improvement can help sales managers to focus on productivity program results instead of on program activities. If for instance, as a result of the program, the values of fixed and variable inputs are decreased and output is increased, the sales force and firm’s productivity must increase. Conversely, if the improvement program fails to achieve any of these results, it will be a failure regardless of the amount of enthusiasm and activity it generates among the sales force and within the firm. Garvin (1992), further opined that the approach also emphasized the need for developing adequate measures for evaluating the performance of improvement programs, measures that track reductions in variables and fixed inputs and increases in outputs to ensure actual productivity (i.e sales force) improvement.

**Effects of Sales training on Sales force productivity**
According to Honeycutt et al., 1993; Dubinsky, 1996), sales training typically has three stages: assessment (establishing training needs and objectives); training (selection of trainers, trainees, training facilities and methods, program content and implementation) and evaluation (assessment of program effectiveness). It involves the systematic attempt to describe, explain and transfer “good selling practices” to salespeople (Leigh 1987). The most common sales training objective is to increase sales performance (El-Ansary, 1993; Honeycutt et al., 1993; Jackson and Hisrich, 1996; Churchill et al., 1986).

Salespersons’ productivity represents behaviours that are evaluated in terms of their contributions to the goals of the organisation (Walker et al., 1979). Skill level is one of the antecedents of sales performance (Churchill et al., 1985; Sujan et al., 1988) and refers to the individual capacity to implement sales tasks (Leong et al., 1989).

Research suggests that training may increase the salesperson’s knowledge base and skill level, resulting in higher productivity (Anderson et al., 1995). Also, findings from Ingram et al. (1992), suggest that the most significant factors contributing to salespeople’s failure can be addressed through training. Similarly, according to the results of Piercy et al. (2002), sales managers rated sales training as one of the most important factors in improving sales force performance as well as sales force productivity.

From this point of view, training enhances learning so that salespeople reach more acceptable productivity levels in less time than learning through direct experience alone (Leigh, 1987). Results that partially agree with this influence have been found by Christiansen et al. (1996) in an exploratory study based on three companies gathering data from salespeople. In relating the above discussion to sales management research, several authors argue that sales training can be effective in achieving training objectives, the most
common of which is geared towards increasing sales performance and sales force productivity (Donaldson, 1998), but only if managers have the appropriate attitudes towards involvement in the training.

**METHODOLOGY**

The study was undertaken to assess the impact of training on sales force productivity in Jos metropolis. It is simply because the services offered by sales force personnel in this very important sector have gone through varying degree of changes and sophistication in recent times. To achieve that, secondary source of data was used to obtain the information. Information about the cost of training sales force of Nasco Company and the profit realized for the periods between 2006 - 2010 was used to analyze the data. From the data collected, the hypothesis formulated was tested using regression tool of analysis.

**DATA ANALYSIS AND RESULTS**

To ascertain whether or not there is a significant relationship between investment in sales force training and profit, regression statistical tool was employed.

The SPSS package was used to analyze the data. The results are presented below:

**Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R.</th>
<th>R Square</th>
<th>Adjusted R. Square</th>
<th>Std. Error of the Estimator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.999</td>
<td>.998</td>
<td>.074</td>
<td>.00861</td>
</tr>
</tbody>
</table>

**Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B</td>
<td>Beta</td>
<td>T</td>
<td>Sig.</td>
</tr>
<tr>
<td></td>
<td>.265</td>
<td>.010</td>
<td>29.299</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>2.981E-08</td>
<td>.000</td>
<td>26.386</td>
<td>.001</td>
</tr>
</tbody>
</table>

**Interpretation**

R, which is 0.999 (coefficient of relationship) explains the strength of relationship between investment in training sales force and profit. This means that there is a strong positive relationship between the two variables. It therefore implies that if there is a significant drop in investment in sales force training, there will be a corresponding decrease in profit. R² (coefficient of determination) measures forecasting power of the independent variable. Since R² = 0.998, it means that about 99% of the total variation in y (profit) is accounted for by a 100% increase in x (investment in sales force training). The values of t – computed for both a and b which are 26. 386 and 29.299 respectively show that they are greater than the t – tabulated (1. 960). This suggests that null hypothesis be rejected. This implies that there is significant relationship between investment in sales force training and profit.

**CONCLUSION**

This research study was aimed at assessing the impact of training on sales force productivity in the Nigeria’s manufacturing industry, taking an empirical study of Nasco Company Ltd Jos. Overview of training, Assessing sales training needs, Sales training objectives setting, Sales training program design and implementation, market orientation and critical sales skills, concept of productivity and sales training effects on sales force productivity were discussed. Furthermore, from the hypothesis tested, the result revealed that there is a significant relationship between investment in training and sales force productivity of Nasco Nigeria Ltd.
RECOMMENDATIONS
Based on our findings, we hereby advance the following recommendations:
I. Nasco Company should always remember to consider the potentials of its sales force at the organization, activity, and individual levels.
II. Rather than outsourcing the distribution of its products, Nasco Company should train its employees.
III. Since investment in training sales force enhances sales force productivity as well as company’s profit, the company under review and indeed other companies as well should invest more in the training of their sales force.

REFERENCES


