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Sales Force Compensation and Customer-Centric Business Model in The 21st Century

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Abstract
Companies are changing the way they do business. Successful companies in the 21st century are focusing on developing long-term relationships with their customers. Sales efforts are shifting to reflect these changes. And because sales efforts are changing, compensation plans should also be revised as well. Instead of being rewarded for selling as much as possible and winning market share, sales people could be rewarded for building penetration of each customer, keeping customers longer, and increasing the value of each customer. Questionnaire was the principal source of the primary data collected. Both descriptive and inferential approaches were used for the analysis. Out of twenty-nine components that account for motivation of a sales person that was analyzed, the result revealed that six principal components account for 85.75%. This suggests that salary compensation, commission incentive, bonus payment, fringe benefits, recognition of awards for outstanding performance, opportunity for promotion and advancements were the major factors that accounts for sales person motivation in the 21st century.
Keywords: Job satisfaction; Reward Orientation; Social Interaction; Job Enrichment; Intrinsic Rewards; Extrinsic Rewards; Internal Marketing; Organisational Commitment; Integrating Interests.

Introduction

Personal selling and, consequently, sales management are undergoing dramatic changes. These changes are being driven by several behavioural, technological and managerial forces that are dramatically and irrevocably altering the way sales people understand, prepare for, and accomplish their jobs. Among the behavioural forces are rising customer expectations, globalization of markets and demystification of domestic markets; technological forces include sales force automation, virtual sales offices and electronic sales channels; and managerial forces consist of a shift to direct marketing alternatives, outsourcing of sales functions, and a blending of the sales and marketing functions. Sales management in the 21st century must be smart, nibble, and provide compensation-centered solutions to support the sales effort.

Sales people and those who mange them realize these changes affect every aspect of sales management from the way the sales department is structured to the selection, training, motivation, and compensation of individual salespeople. Sales organizations are being “reinvented” to better address the needs of the changing market place. A number of critical issues have been identified in reinventing the sales organization, including the following : building long-term relationships with customers, including assessing customer value and prioritizing customers; creating sales organizational structures that are more nimble and adaptable to the needs of different customer groups; gaining greater job ownership and commitment from sales people by removing functional barriers within the organization and leveraging the team experience; shifting sales management style from commanding to coaching ; leveraging available technology for sales, success; and better integrating sales- person performance evaluation to incorporate the full range of activities and outcomes relevant within sales job today. Successful organizations today place the customer at the center of firms strategies and processes. Such customer-centric- business models place the sales forces in a crucial role, as sales people are the first line of customer contact in most firms. Thus, sales people and the selling function are key success factors in modern organizations. This important comprehensive 21st customer-centric business model is called Customer Relationship Management (CRM), which proceeds to illustrate how the sales force compensation and a company’s strategic marketing planning in the 21st century interface with strategies and process in market-oriented, customer-centric firms.

Theoretical Review

There has been a shift from a transaction to a relationship focus in marketing. Customers become partners and the firm must make long-term commitments to maintaining those relationships with quality, service, and innovation. This represents a paradigm shift within marketing – away from an acquisition/transaction focus toward a retention/relationship focus. This is a philosophy of doing business, a strategic orientation, which focuses on keeping and improving relationships with current customers rather than on acquiring new customers. This philosophy assumes that many consumers and business customers prefer to have an on-going relationship with one organization than to switch continually among providers in their search for value. Building on this assumption and another that suggests it is usually much cheaper to keep a current customer than to attract a new one, successful marketers are working on effective strategies for retaining customers. Firm's relationships with their customers, like other social relationships, tend to evolve over time. Scholars have suggested that market exchange relationships between providers and customers often have the potential to evolve from strangers to acquaintances, to friends, to partners (Beverland, 2001:207-215).

The market and competitive challenges confronting executives around the world are complex and rapidly changing. Market and industry boundaries are often difficult to define because of the entry of new and unfamiliar forms of competition. Customers' demands for superior value from the products they purchase are unprecedented, as they become yet more knowledgeable about products (goods and services) and more sophisticated in the judgements they make. External influences from diverse pressure groups and lobbyists have escalated dramatically in country after country. Major change initiatives are under way in industries ranging from pharmaceutical and health care to telecommunications. Innovative business models that question the traditional roles of an industry are defining a new agenda for business and marketing strategy development. Companies are adopting market-driven strategies guided by the logic that all business strategy decisions should start with a clear understanding of markets, customers, and competitors. Increasingly, it is clear that enhancements in customer value provide a primary route to achieving superior shareholder value. Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with others. In a narrower business context, marketing involves building profitable, value-laden exchange relationships with customers. Hence, marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return (Kotler and Armstrong, 2006: 4-7).

Figure 1 presents a simple five-step model of the marketing process. In the first four steps, companies work to understand consumers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits, and long-term customer equity. As a first step, marketers need to understand customer needs and wants and the marketplace within which they operate. The five core customer and marketplace concepts are: needs, wants, and demands; marketing offers (product, services, and experiences); value and satisfaction; exchanges and relationships; and markets. The most basic concept underlying marketing is that of human needs. Human needs are states of felt deprivation. They include basic physical needs for food, clothing, warmth, and safety; social needs for belonging and affection; and individual needs for knowledge and self-expression. These needs were not created by marketers; they are a basic part of the human make-up. Wants are the form human needs take as they are shaped by culture and individual personality. A person in Nigeria needs food but wants a soft drink. Wants are shaped by one's society and are described in terms of objects that will satisfy needs. When backed by buying power, wants become demands. Given their wants and resources, people demand products with benefits that add up to the most value and satisfaction. Outstanding marketing companies go to great lengths to learn about and understand their customer's needs, wants, and demands. They conduct consumer research and analyze mountains of customer data. Their people at all levels – including top management – stay close to customers (Kotler and Armstrong, 2006: 6-7).

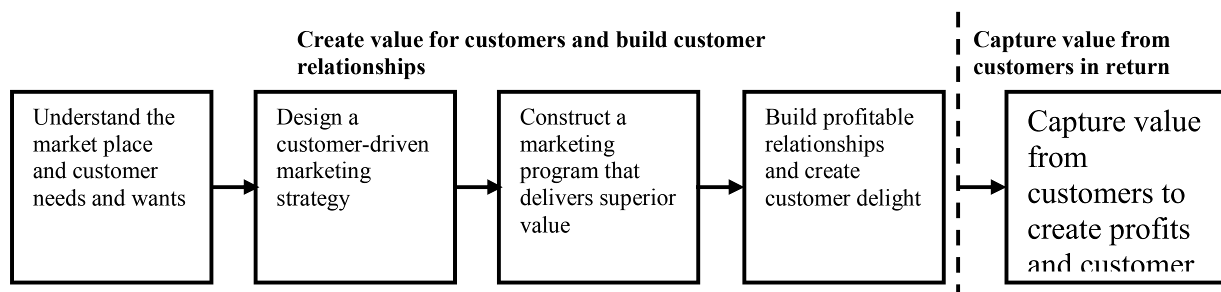

Figure 1: A simple model of the marketing process

Source: Kotler, P. and Armstrong, G. (2006), *Principles of Marketing*, New Jersy: Pearson Education

Consumer's needs and wants are fulfilled through a marketing offer – some combination of products, services, information, or experiences offered to a market to satisfy a need or want. Marketing offers are not limited to physical products. They also include services, activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything, such as banking and hotel services. More broadly, marketing offers also include other entities, such as persons, places, organizations, information, and ideas. Marketing occurs when people decide to satisfy needs and wants through exchange relationships. Exchange is the act of obtaining a desired object from someone by offering something in return. In the broadest sense, the marketer tries to bring about a response to some marketing offer. The response may be more than simply buying or trading products and services. Marketing consists of action taken to build and maintain desirable exchange relationships with target audiences involving a product, service, idea, or other object. Beyond simply attracting new customers and creating transactions, the goal is to retain customers and grow their business with the company. Marketers want to build strong relationships by consistently delivering superior customer value (Aaker, 2005:149-152).

The concepts of exchange and relationships lead to the concept of a market. A market is the set of actual and potential buyers of a product. These buyers share a particular need or want that can be satisfied through exchange relationships. Marketing means managing markets to bring about profitable customer relationships. However, creating these relationships takes work. Seller must search for buyers, identify their needs, design good marketing offer, set prices for them, promote them, and store and deliver them. Activities such as product development, research, communication, distribution, pricing, and service are core marketing activities. Once it fully understands consumers and the marketplace, marketing management can design a customer-driven marketing strategy. We define marketing management as the art and science of choosing target markets and building profitable relationships with them. The marketing manager's aim is to find, attract, keep, and grow target customers by creating, delivering, and communicating superior customer value (Coviello, Brodie, Danaher and Johnston, 2002: 33-46).

Many people, including some executives, mistakenly think that selling and marketing are synonymous. However, there are vast differences between the two activities. The basic difference is that selling is internally focused, while marketing is externally focused for example, when a company makes a product and then tries to persuade customers to buy it, that's selling. In effect, the firm attempts to alter consumer demand to fit the firm's supply of the product. But when a firm finds out what the customer wants and develops a product that will satisfy that need and also yield a profit, that's marketing. In marketing, the company adjusts supply to the will of consumer demand. A selling approach may be successful for a while, but if the customer is not given first priority, problems will occur. According to Lamb, Hair and McDaniel (2004: 24), some distinctions between selling and marketing are as follows in table 1:

Table 1: Distinctions between Selling and Marketing

	Selling	Versus Marketing
(i)	Emphasis is on the product.	Emphasis is on customers' wants.
(ii)	Company first makes the product and then figures out how to sell it.	Company first determines customers' wants and then figures out how to make and deliver a product to satisfy those wants.
(iii)	Management is sales volume oriented.	Management is profit-oriented.
(iv)	Planning is short run oriented, in terms of today's products and markets.	Planning is long-run oriented, in terms of new products, tomorrow's markets, and future growth.
(v)	Needs of seller are stressed.	Wants of buyers are stressed.

Source: Lamb, Hair, J. and McDaniel, C. (2004) *Marketing*, Mason: Thomson Learning.

The essence of marketing is the exchange process, in which two or more parties give something of value to each other to satisfy felt needs. In many exchanges, people trade money for tangible goods, intangible services etc. Although marketing has always been a part of business, its importance has varied greatly. According to Boone and Kurtz, 2004: 9-13), four major eras in the history of marketing are identified: (1) the production era, (2) the sales era, (3) the marketing era, and (4) the relationship era. But we should understand that these eras depict the general evolution in marketing. Although many firms have progressed to the fourth era, some are still in the first or second era.

Prior to 1925, most firms – even those operating in highly developed economic in Western Europe and North America – focused narrowly on production. Manufacturers stressed production of quality products and then looked for people to purchase them. The prevailing attitude of this era held that a good product (one with high physical quality) would sell itself. This production orientation dominated business philosophy for decades; indeed, business success was often defined solely in terms of production achievements. The production era did not reach its peak until the early part of the 20th Century. Henry Ford's mass – production line exemplifies this orientation. Ford's slogan, *they (customers) can have any color they want, as long as it's black*, and reflected the prevalent attitude toward marketing. Production shortages and intense consumer demand ruled the day. It is easy to understand how production activities took precedence. The prevailing attitude of the production era states that *a good product will sell itself* (Dwyer, Hill and Warren, 2000: 151-159).

The essence of the production era resounds in a statement made over 100 years ago by philosophers that *if a man writes a better book, preaches a better sermon, or makes a better mousetrap than his neighbour, though he builds his house in the woods, the world will make a beaten path to his door.* However, a better mousetrap is no guarantee of success, and marketing history is full of miserable failures despite better mousetrap designs. In fact, over 80 percent of new products fail. Inventing the greatest new product is not enough. That product must also solve a perceived marketplace need. Otherwise, even the best-engineered, highest-quality product will fail (Cardador and Pratt, 2006: 174-184).

What philosophy should guide a company's marketing effort? What relative weights should be given to the interest of the organization, the customers, and society? Kotler and Keller (2006:15-20) separated the concept of the production era into two: (i) the production concept, and (ii) the product concept. The *Production Concept* holds that consumers will favour products that are available and highly affordable. Therefore, management should focus on improving production and distribution efficiency. Managers of production – oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution. Although useful in some situations, the production concept can lead to marketing myopia. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective – satisfying customer needs and building customer relationships. The *Product Concept* holds that consumers will favour products that offer the most in quality performance, and innovative features. Under this concept, marketing strategy focuses on making continuous product improvements. Some manufacturers believe that if they can build a better mousetrap, the world will beat a path to their door. But they are often rudely shocked. Buyers may well be looking for a better solution to a mouse problem but not necessarily for a better mousetrap. Production techniques in the United States and Europe became more sophisticated, and output grew from the 1920s into the early 1950s. Thus,

manufacturers began to increase their emphasis on effective salesforces to find customers for their output. In this era, firms attempted to match their output to the potential number of customers who would want it. Companies with a sales orientation assume that customers will resist purchasing goods and services not deemed essential and that the task of personal selling and advertising is to convince them to buy. Although marketing departments began to emerge from the shadows of production, finance, and engineering during the sales era, they tended to remain in subordinate positions. Many chief marketing executives held the title of sales manager. The prevailing attitude of the sales era states that *creative advertising and selling will overcome consumers' resistance and convince them to buy* (Chonko, Dubinsky, Jones and Robert, 2003: 935-946).

Many companies follow the selling concept, which holds that consumers will not buy enough of the firm's products unless it undertakes a large – scale selling and promotion effort. The concept is typically practiced with unsought goods – those that buyers do not normally think of buying, such as insurance. These industries must be good at attracting down prospects and selling them on product benefits. Most firms practice the selling concept when they face overcapacity. Their aim is to sell what they make rather than make what the market wants. Such a marketing strategy carries high risks. It focuses on creating sales transactions rather than on building long-term, profitable customer relationships (Kotler and Armstrong, 2006: 10). A sales orientation is based on the ideas that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits. Not only are sales to the final buyer emphasized but intermediaries, are also encouraged to push manufacturers' products more aggressively. To sales-oriented firms, marketing means selling things and collecting money. The fundamental problem with a sales orientation, as with a production orientation, is lack of understanding of the needs and wants of the marketplace. Sales-oriented companies often find that, despite the quality of their salesforce, they cannot convince people to buy goods or services that are neither wanted nor needed. Some sales-oriented firms simply lack understanding of what is important to their customers. In the era of sales orientation, the term *marketing* was not in use. Instead, producers and sales departments headed by executives whose job was to manage a salesforce. The function of the sales department was simply to sell the company's output, at a price set by production and financial executives. Thus the sales-orientation stage was characterized by a heavy reliance on promotional activity to sell the products the firm wanted to make (Wagner, Klein and Keith, 2001: 289-306).

Personal incomes and consumer demand for goods and services dropped rapidly during the great depression of the early 1930s, thrusting marketing into a more important role. Organizational survival dictated that managers pay close attention to the markets for their goods and services. This trend ended with the outbreak of World War II, when rationing and shortages of consumer goods became commonplace. The war years, however, created only a pause in an emerging trend in business: a shift in the focus from products and sales to satisfying customer needs. According to Moorman and Lehmann (2004: 214-226), at the end of World War II there was an enormous pent-up demand for consumer goods created by wartime shortages. As a result, manufacturing plants turned out tremendous quantities of goods that were quickly purchased. However, the postwar surge in consumer spending slowed down as supply caught up with demand, and many firms found they had excess production capacity. In an attempt to stimulate sales, firms reverted to the aggressive promotional and sales activities of the sales – orientation era. However, this time consumers were less willing to be persuaded. What the sellers discovered was that the war years had also changed the consumer. The thousands of service men and women who spent time overseas came home more sophisticated and worldly. In addition, the war effort brought many women out of the home and into the workforce for the first time. Because of their experiences, consumers had become more knowledgeable, less naive, and less easily influenced. In addition, they had more choices. The technology developed during the war, when converted to peacetime activity, made it possible to produce a much greater variety of goods. Thus the evolution of marketing continued. Many companies recognized that to put idle capacity to work they had to produce what consumers wanted.

Moingeon and Soenen (2002: 172-194), wrote that in the marketing orientation stage, companies identify what customers want and tailor all activities of the firm to satisfy those needs as efficiently and effectively

as possible. In the marketing era, firms are marketing rather than merely selling. Several tasks that were once associated with other business functions became the responsibility of the top marketing executive, the marketing manager or director of marketing. For instance, inventory control, warehousing, and some aspects of product planning are turned over to the head of marketing as a way of servicing customers better. For the firm to be most effective, the top marketing executive must be involved at the beginning of a production cycle, as well as at the end. In addition, marketing needs to be included in short-term and long-term company planning. And for a firm's marketing to be effective, its top executive must have a favourable attitude towards marketing.

Boone and Kurtz (2004: 11-3), noted that the marketing concept, a crucial change in marketing management philosophy, can be explained best by the shift from a seller's market – one in which there were more goods and services than people willing to buy them. When World War II ended, factories stopped manufacturing tanks and ships and started turning out consumer product again, a type of activity that had, for all practical purposes, stopped in early 1942. The advent of a strong buyer's market created the need for consumer orientation in businesses. Companies had to market goods and services, not just produce and sell them. This realization has been identified as the emergence of marketing concept. Numes and Drezer (2006: 504-512), remarked that the concept introduces the marketer at the beginning rather than at the end of the production cycle and integrates marketing into each phase of the business. Thus, marketing, through its studies and research, will establish for the engineer, the designer, and manufacturing person, what the customer wants in a given product, what price he or she is willing to pay, and where and when it will be wanted. Marketing will have authority in product planning, production scheduling and inventory control, as well as in sales, distribution and serving of the product. Marketing would no longer be regarded as a supplemental activity performed after completion of the production process. Instead, the marketer would play a leading role in product planning. And marketing and selling would no longer be synonymous terms.

Lichtenthal and Tellefsen (2001L 1-4), observed that the fully developed marketing concept is a company – wide consumer orientation with the objective of achieving long-run success. All facets of the organization must contribute first to assessing and then to satisfying customer wants and needs. The prevailing attitude of the marketing era states that *the consumer rules! Find a need and fill it*. Marketers are not the only people working on this. Accountants in the credit office and engineers designing products also play important roles. Focusing on the objective of achieving long-run success differentiates the concept from policies of short-run profit maximization. Since the firm's continuity is an assumed component of the marketing concept, company-wide consumer orientation will lead to greater long-run profits than managerial philosophies geared toward reading short-run goals.

Urban (2004:77-82), confirmed that a strong market orientation – the extent to which a company adopts the marketing concept – generally improves market success and overall performance. It also has a positive effect on new – product development and the introduction of innovation products. Companies that implement market – driven strategies are better able to understand their customers' experiences, buying habits, and needs. These companies can, therefore, design products with advantages and levels of quality compatible with customer requirements. Customers more quickly accept the new products. This is the beginning of customer-driven marketing. Kotler and Keller (2006: 16-18), wrote that the marketing concept emerged in the mid-1950s. Instead of a product – centered "make and sell" philosophy, business shifted to a customer – centered "sense-and-respond". The job is not to find the right customers for your products, but the right products for your customers. The marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits.

Not long after the marketing concept became widely accepted by many turns, it came under fire. For more than 20 years critics have persistently charged that it ignores social responsibility, that although it may lead to an organization achieving its goals, it may at the same time encourage actions that conflict with

society's best interests. From their point of view, a firm may totally satisfy its customers, while also adversely affecting society. Hence, Kotler and Armstrong (2006: 10-12), identifies *Societal Marketing Concept* as a principle of enlightened marketing that holds that a company should make good marketing decisions by considering consumers' wants, the company's requirements, consumers' long-run interests, and society's long run interests. The societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and long-run welfare. Is a firm that satisfies the immediate needs and wants of target markets always doing what's best for consumers in the long-run? The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and the society's well-beings. Figure 2 shows that companies should balance three considerations in setting their marketing strategies: company profits, consumer wants, and society's interests.

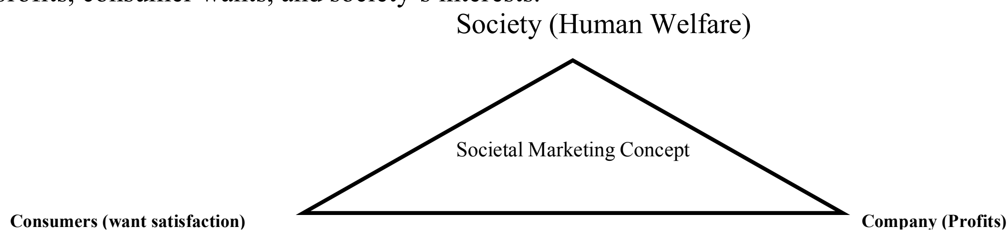

Figure 2: Three considerations underlying the societal marketing concept

Source: Kotler, P. and Armstrong, G. (2006), *Principles of Marketing*, New Jersy: Pearson Education Inc.
Setting their marketing strategies: Company profits, consumer wants, and society's interests.

Research Method

Method of Data Presentation and Analysis

Data from the study were analysed using descriptive and inferential approaches. Simple tables, charts and table of means were employed as descriptive tools. For hypothesis testing, t-test and correlation analysis were used to judge the significance of the result obtained. In formulating necessary mathematical model that would depict the relationship among the research variables for the purpose of predicting the values of dependent variables, regression analysis was used. SPSS for windows (SPSSWIN Version 15) was used to process and analyse the generated data. Principle Component (PC) extraction model was employed in the multiple-factor analysis to predict inter-dependency and interaction outcome among variables.

Analytical Framework

Principle Component (PC) extraction model was employed in the multiple-factor analysis to predict inter-dependency and interaction outcome among variables. Factor analysis is a statistical technique whose common objective is to represent a set of variables in terms of a smaller number of hypothetical variables. That is, it assumes the existence of a system of underlying factors and a system of observed variables, which is linearly dependent on the underlying factors. It assumes that there is a certain correspondence between these two systems and exploits this correspondence to arrive at conclusions about the level of influence of the respective underlying variables to the observed variables. The model has the advantage of determining interaction outcome through the use of pattern matrix and structural matrix, to arrive at the characteristics or variables that are most important in classifying, qualifying or capturing dimensions of change like woodland conversion. When the liner weights associated with common factors according to Jeon and Charles (1978) are arranged in a rectangular form, they are jointly referred to as factor path matrix or factor structure matrix or matrix of factor loadings.

Results and Discussion

It was necessary to determine the level of relationship that exists between the salesforce motivation and effective implementation of a CRM strategy in the pharmaceutical and health care industry in Nigeria. And in order to accomplish this purpose, the respondents were asked to rate the following statements as observed in table 2, that best

expresses the extent to which they agree or disagree with the opinion in a scale of answers for 5 = definitely agree to 1 = definitely disagree. The results were judged by means of 3 as shown in the table 2.

Table 2: Description Statistics showing Means Responses of Respondents on the Extent of Motivational Tool Usage Influence on Effective Implementation of a CRM Strategy in the Organizations.

S/N	Elements	Total	Minimum	Maximum	Mean	Std. Deviation	Remark
1.	Adequate salary gives a salesperson a considerable degree of effectiveness in achieving marketing objectives.	178	1	5	4.13	1.511	Very high
2.	Commission incentives is a strong motivating factor to get the salespeople to work hard in acquiring and capturing customer data based on interactions.	178	1	5	3.89	1.437	High
3.	Tying bonus payments to the accomplishment of sales goals help the salesforce focus on long-term customer satisfaction.	178	1	5	3.84	1.415	High
4.	Prividing fringe benefits work to increase the effectiveness of the salespeople to integrate customer focus across the organization.	178	1	5	4.16	1.519	Very high
5.	Special recognition awards encourage salespeople to achieve such specific goals as getting new accounts, selling specific products or relieving certain over stocked inventory positions.	178	1	5	4.03	1.484	Very Low
6.	Opportunities for promotion and Advancement move salespeople to closely monitor and control the interaction between customers and the organization.	178	1	5	3.83	1.401	High
7.	Involvement of the salespeople in the CRM planning process from the beginning ensures their full interest and commitment integration in the system.	178	1	5	3.96	1.490	High
8.	Praise and Encouragement from Management make salespeople work more hours in changing the firm to a new focus on customers.	178	1	5	4.02	1.511	Very high
9.	Increasing the level of responsibility, authority and control over jobs, helps salespeople to solve customer's problem promptly.	178	1	5	4.10	1.525	Very high
10.	ICT training programs for salespeople enhance the use of	178	1	5	4.05	1.512	Very high

	technology to store, leverage and disseminate customer information through the organization.						
11.	Forecasts, budgets, quotas and territories ensure that salespeople focus on highly defined and precise customer groups.	178	1	5	3.99	1.492	High
12.	Salespeople tend to be motivated if they believe that their effort to implement a CRM strategy will bring results, results will be rewarded, and the rewards are valued.	178	1	5	4.21	1.550	Very high
13.	Msecb	178	1.00	5.00	4.0169	1.43373	

Source: Analysis of Field Data, 2010.

The information in table 2 indicates a significant relationship between the motivational tool usage and the effective implementation of a CRM strategy in the industry. The findings show a close relationship that exists between a company's strategic CRM implementation and its salesforce motivational plan. The motivational tool has a direct bearing on the successful implementation of the CRM strategy. As an example of this relationship, assume that a pharmaceutical firm is planning to enter a new market segment to increase the firm's market share. Consequently, the company conducts data mining to determine the profitability of that market segment, by compiling personal, pertinent, actionable data about the potential customers. A straight salary compensation plan probably would help to implement this strategy. But on the other hand, a stronger incentive-perhaps a large commission – might be necessary when the strategy calls for aggressive selling to liquidate excess inventories of the firm. To get its salespeople to aid in successfully implementing its CRM strategy in the marketing plan, management needs to coordinate its motivational tools with the company's goals. But it is surprising how often a firm has a sales compensation system that is at odds with management's stated goals. Many firms, for example, typically say that they want a salesforce motivation plan that "emphasizes profitability". Yet these plans often have a commission component based on sales volume, rather than on gross margin or some other measure of profit. Other firms say that they want their salespeople to meet customer needs, but compensate them only on meeting sales quotas. This is a discouragement to effective implementation of a CRM strategy in the pharmaceutical and health care industry in Nigeria.

To implement an effective CRM strategy, management also should recognize that companies and their market positions change over time. Consequently, a salesforce motivation plan also should change to reflect the company's evolution in its business environment. One type of motivational tools is needed when a firm is just getting started and it wants to reach and maintain a certain level of sales volume. Another type of plan will be required later when this company is realigning territories, introducing new products, and adding new channels of distribution or new types of middlemen for effective CRM strategy. Companies are changing the way they implement the CRM strategy. Successful companies in this 21st Century are focusing on developing long-term relationship with their customers. Sales efforts must shift to reflect these changes; and because sales effort must shift to these changes; and because sales effort must change, salesforce motivational plans must be revised as well to reflect the current happening in the industry. Instead of being rewarded for selling as much as possible and winning market share, salespeople should be rewarded for building penetration of each customer, keeping customers longer, and increasing the value of each customer, in order to achieve a successful CRM strategy implementation.

Table 2 further shows that the objective of a salesforce motivation plan from the salesperson's perspective may differ from the company's perspective. These objectives may not mutually be exclusive, as in some situations, one goal may conflict with another. To a salesperson, every plan should provide a regular income, at least at a minimum level. The principle behind this point is that salespeople should not have to worry about how to meet living expenses. If

they have a bad month, if they are in seasonal doldrums, or if they are sick and cannot work for a period, they should have some income. However, this steady income should not be so high that it lessens the desire for incentive pay. In addition to a regular income, a good sales force motivation plan should furnish an incentive to elicit above-minimum performance. Most salespeople do better when offered a reward for some specific action than when no incentive is involved. It should be noted that it is not possible to design a workable system that offers the greatest degree of both security and incentive. The concepts are mutually incompatible. In practice, the company must develop a compromise structure in order to achieve a successful implementation of a CRM strategy.

The information in table 2 shows that simplicity is a hallmark of a good sales force motivation plan. However, sometimes simplicity and flexibility are conflicting goals, that is, a plan that is simple may not be sufficiently flexible, and a plan with adequate flexibility may achieve that goal at the expense of simplicity. A salesforce motivation plan should be simple enough for salespeople to understand readily; they should be able to figure out what their incomes will be. In general, there should be no more than three measures combined to calculate the salespersons' compensation. Also, a good salesforce compensation plan should treat the salespeople in an equitable manner. Nothing will destroy salespeople's morale faster than feeling that their reward is inequitable. One way to ensure fairness in any salesforce motivation plan is to strive to base it as much as possible on measurable factors that are controllable by the salesforce. Every salesforce motivational programme should be integrated with the entire sales management program. A good motivational policy should be a part of a well-planned and executed sales management program.

Satisfaction – When placed in the same job with the same compensation and incentive programs, different salespeople are likely to be motivated to expend widely differing amounts of efforts. This is because people with different personal characteristics have divergent perceptions of the links between effort and performance (expectances) and between performance and rewards (instrumentalities). They are also likely to have different valences for rewards they might obtain through improved job performance. The personal characteristics that affect motivation majorly include: (i) the individual's satisfaction with current rewards; (ii) demographic variables; (iii) job experience; and (iv) psychological traits.

Is it possible to pay a salesperson too much? After a salesperson reaches a certain satisfactory level of compensation, does he or she lose interest in working to obtain still more money? Does the attainment of non-financial rewards similarly affect the salesperson's desire to earn more of those rewards? The basic issue underlying this question is whether a salesperson's satisfaction with current rewards has any impact on the valence for more of those rewards or on the desire for different kinds of rewards. The relationship between satisfaction and the valence for rewards is different for rewards that satisfy low-order needs (e.g. pay and job security) than for those that satisfy higher-order needs (e.g promotions, recognition, opportunities for personal growth, self-fulfillments). Theories of motivation suggest that low-order rewards are valued most highly by workers currently dissatisfied with their attainment of those rewards. In other words, the more dissatisfied a salesperson is with current pay, job security, recognition, and other rewards related low-order needs, the higher the valence he or she attaches to increases in those rewards. In contrast, as salespeople become more satisfied with their attainment of low-order rewards, the value of further increases in those reward declines.

Other theories of motivation further suggest that high-order rewards are not valued highly by salespeople until they are relatively satisfied with low-order rewards. The greater the salesperson's satisfaction with low-order rewards, the higher the valence of increased attainment of high-order rewards. Perhaps the most controversial aspect of these theories is the proposition that high-order rewards have increasingly marginal utility. The more satisfied a salesperson is with the high-order rewards he or she is receiving from the job, the higher the value he or she places on further increases in those rewards. Previous studies have provided at least partial support for these suggested relationships between satisfaction and the valence of low-order and higher-order rewards. Some evidence is equivocal, though, and some propositions – particularly the idea that higher-order rewards have increasingly marginal utility – have not been tested adequately. The only study of valence for rewards conducted among salespeople provides support for some, but not all, of the preceding hypotheses. This survey of salespeople in two manufacturing firms found that salespeople relatively satisfied with current pay (a lower-order reward) had significantly lower valences for attaining more pay than those dissatisfied with current pay. Also, salespeople satisfied with their overall attainment of higher-order rewards had significantly higher valences for more of those

rewards than those dissatisfied with their higher-order rewards. Salespeople satisfied with their lower-order rewards, did not have significantly higher valences for higher-order rewards, as the theories would predict.

Summary of Findings

The major findings of the study include the following:

1. There is a significant relationship between the sales force compensation and implementation of the customer-centric business model in the 21st century.
2. Salary compensation, commission, incentives, bonus payment, fringe benefits, recognition of awards for outstanding performance, opportunity for promotion and advancement are the major factors that account for sales person motivation mix.
3. The sales force compensation plan has a direct bearing on the effective implementation of the customer –centric business model in the 21st century.
4. Effective sales force compensation is a crucial factor that can be used to direct a sales force performance in the 21st century.

Conclusion

1. A close relationship exists between a company's strategic marketing planning and its sales force compensation plan.
2. The sales force compensation plan has a direct bearing on the successful implementation of the customer-centric business model for the 21st century.
3. Instead of being rewarded for selling as much as possible and winning market share, sales people should be rewarded for building penetration of each customer, keeping customers longer, and increasing the value of each customer.
4. The ability to successfully motivate sales people is essential to maximize their performance potential. Compensation and reward systems are the single most important source of motivation for the sales person.
5. While financial compensation is at the heart of any compensation program, non financial rewards play a big role in helping to motivate sales people. Understanding the balance between financial and nonfinancial incentives is an important element in a successful reward program for customer-centric business model execution in the 21st century.

Recommendation

1. To get its sales people to aid in successfully implementing its customer-centric business model, management needs to coordinate its sales force compensation plans with the company's goals in the 21st century.
2. To implement its strategic marketing plans, management also should recognize that companies and their market positions change over time. Consequently, a sales force compensation plan also should change to reflect the company's evolution in its business environment. One type of plan is needed when a firm is just getting started and it went to reach and maintain a certain level of sales revenue. Another type of plan will be required later when this company is realizing territories, introducing new products, and adding new channels of distribution or new types of middlemen
3. Companies are changing the way they do business: understanding customer expectations, building service partnerships, empowering employees, striving to improve customer satisfaction through the continuous improvement of all its operations. Successful companies in the 21st century should focus on developing long-term relationships with their customers. And sales efforts should shift to reflect these changes, compensation plans should be revised as well. Instead of being rewarded for selling as much as possible and winning market share, sales people should be rewarded for building penetration of each customers, keeping customers longer, and increasing the value of each customer.
4. As money is a powerful motivator, salary compensation, commission incentives, bonus payment, fringe benefits, and other non–financial rewards should be used to stimulate the sales force committee-men to a successful implementation of a customer-centric business model in the 21st century.

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