

## **Analysis of car company sales management problems**

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**ABSTRACT :** *Car sales in China have continued to grow in recent years. Market competition is very fierce, at the same time, the competition for talent among major auto dealers is also intensifying. Company A is a dealership established earlier in China. Recently, the sales forces management has become a big problem to the company with its fast development. Employees' low satisfaction with the company and strong turnover rate make the efficiency of the company cannot be improved for a long time. What is worse, the left salespersons often carry off some of its important customers and finally becomes its threats by either joining in the competitors or setting up their own companies. This report first introduces the background of the company. Then, it concludes the puzzles which the company is facing with as three main problems and give our analysis and solutions based on the problems.*

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### **I. OVERVIEW OF CASE**

Company A is an early porsche dealership in China, which has been in operation for 14 years. Today, there are four centers in pudong, puxi, waigaoqiao and minhang. Thanks to its excellent economic and geographical advantages, the business of the company has been growing rapidly. The porsche sales company provides professional services for porsche customers in Shanghai and surrounding areas, which will help porsche create positive effects in the development of China's economic golden belt. As the authorized dealer of porsche in Shanghai, the company pays close attention to the individual needs of customers and strives to create a service experience beyond expectations. It not only provides customers with convenient daily consulting services, but also displays a full range of accessories and boutique products for customers to choose and buy. After 14 years of development, the company has 217 employees, including 111 sales staff. Among them, more than 85% of employees are under 30 years old, and those with technical secondary school or above account for the vast majority.

However, at the present stage, the company has encountered internal and external problems. Firstly, in the fierce competition of China's automobile market, many brands win sales through various ways, such as price reduction, promotion and so on, which has a certain impact on Company A. Competitor companies even employ excellent sales personnel of the same trade at a high price, which leads to the increase of the turnover rate of sales personnel in the automobile sales market. Secondly, there are many problems in the company. Employees' satisfaction with the company is not high, and the characteristics of strong turnover make the company inefficient for a long time. Some salesmen who left the enterprise also took some customers away, and even opened a new local 4s shop, which had a certain impact on the company. Therefore, it has become an urgent task for the company to motivate employees in the organization in a powerful and effective way, enhance their loyalty and work enthusiasm, and improve enterprise performance.

### **II. SALES FORCE AND ITS MANAGEMENT ISSUES**

#### **1. The brain drain has serious consequences**

The resigned salesmen go to the company's competitors to seek a higher position or set up another sales company, which brings the crisis of customer churn and business division to the enterprise. It has become an important issue to prevent salesmen from grasping too much customer information and from losing salesmen to bring losses and competition to enterprises.

#### **2. Unreasonable salary structure**

At present, the company's salary structure is divided into five parts: basic position salary, sales performance commission, year-end bonus, attendance bonus and additional allowances. Basic post salary has unified salary standard, namely each person every months 1500 yuan; With the increase of personal working years, the annual increase of 50 yuan. Commissions are set according to the sales volume of the salesperson. Sales commission accounts for more than 70% of the salary, and only 20% of the basic salary.

The low basic salary makes the employees unable to get basic living security every month, and the high

proportion of the salary makes the employees' salary fluctuate greatly, which results in too much psychological pressure of the employees and reduces their job satisfaction, thus resulting in the problems of too high working flow rate and low efficiency.

### **3. Single performance appraisal system**

At present, the performance appraisal of employees is mainly judged by management evaluation and sales performance accounting. Management evaluation can not objectively reflect the specific performance and performance of salesmen, with a certain subjective color; in addition, the accounting of sales performance will make employees focus on short-term interests, only pay attention to customers with strong purchasing intention and high economic basis; and lack of necessary patience with other customers, thus directly reducing the customer satisfaction of 4S stores.

### **4. There is no clear talent ladder, employee development plan and few career opportunities.**

The distribution of sales posts in the company is mainly divided into Sales Department managers, department business managers and ordinary sales personnel. The promotion space of salesmen is small, and the company has no clear employee development plan. This is a kind of constraint that can not see the direction of development and reduce work enthusiasm for the post-90s group who emphasize the sense of achievement and pursuit of high self-realization.

## **III. SOLUTIONS**

This paper proposes the following specific solutions to the above four problems

### **1. Sign confidentiality and non-competition agreement**

The company may enter into a non-compete agreement with the employee and restrict and prohibit the employee from engaging in the business that competes with the company after leaving the company. The contents of the contract may prohibit any employee from taking a part-time job or taking a post in any other employing unit that has a competitive relationship, or from producing the same kind of product or operating the same kind of business that has a competitive relationship with the original unit. This method can effectively prevent the loss of sales staff to the loss of customers and increase of competitors.

### **2. Optimize salary structure**

The company shall appropriately increase the basic post salary, appropriately reduce the proportion of commission, and improve the floating of excessive salary. The basic post salary should be higher than the local minimum wage level in Shanghai, equal to the local average salary, and provide basic living security for employees. At the same time, the company should also optimize the welfare system and promote employees' sense of fairness and satisfaction with salary through diversified salary structure, so as to improve employee performance. In addition, the company can provide employees with paid holidays, holiday gifts and blessings, and establish employee unions to organize employees to go out for group construction and play, etc., so as to improve employees' sense of identity and happiness of the company.

### **3. Enrich the performance appraisal system**

The company's performance appraisal should be based on comprehensive and accurate basic principles, and add multiple dimensions. Use quantifiable values to assess employee performance, such as customer satisfaction with sales staff's services: obtain customers' scores of sales staff through questionnaires, after-sales calls, etc., and assess employees' performance according to measurable scores. In addition, the number of repeat customers served by sales staff can be recorded, and the ladder reward system can be set according to the number of repeat customers. At the same time, in order to make employees focus on the long-term interests of the company, the company can also set individual annual performance goals for employees, if they achieve the goals, they can be rewarded.

### **4. Subdivide the post level and make employee development plan**

For ordinary sales staff, the company should carry out job segmentation. Positions can be set according to employees' entry time and business performance, such as trainee salesmen, assistant salesmen, formal salesmen, senior salesmen, sales instructors and other stepped positions. The salary of each position should be changed accordingly to give employees room for development.

According to the characteristics of most employees who are born in the 1990s, in order to meet the needs of employees for self-development, the company can provide certain learning funds to employees according to the situation of making profits, so that employees can further their study and improve their

professional skills and accomplishment. At the same time, the company should also provide employees with industrial training on time, which can be senior sales personnel training within the company, or hire external excellent lecturers to provide training services, so as to improve the ability to detect market needs of sales personnel and communication skills, and expand the thinking of employees.

#### **IV. SUMMARY**

In the situation of the increasingly fierce competition among automobile dealers, talents become one of the important resources for enterprises to compete for. Improving employee satisfaction, scientifically and rationally assessing employee performance, and establishing an elite sales team have become the top priority of company A.

After the above analysis, this paper believes that the most important defect of the company in sales management is that it does not consider the needs of the survival and development of employees. In the process of system formulation and decision-making, the feelings and needs of employees should be considered in order to seek good communication between enterprises and employees, so as to optimize the company's sales management from four aspects, including optimizing the salary system, enriching the assessment standards, staff development plan and competition restriction.

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