

Types of Sales Organization

If sound practices are followed in setting up the sales department, the resulting structure takes on features of one or more of four basic types of sales organization : line, line and staff, functional, and committee. The grouping of activities into positions and the charting of relationships of positions causes the organization to take on structural form. The first two types (line and line and staff) are the most common. Functional and committee organization are rare. Most sales departments have hybrid organizational structures, with variations to adjust for personalities and to fit specific operating conditions. The sales department's structure evolves from the needs of the business. No two companies have identical sales organizations, because no two have identical needs. The customers, the marketing channels, the company size, the product or product line, the practices of competitors, and the personality and the personalities and abilities of the personnel are but a few of factor affecting the organizational structure of the sales department.

So numerous are the factors influencing the structure of individual sales departments that it is impractical to draw generalization about the many possible "mixed" types; the discussion that follows is an analysis of the four basic types. Organizational planners should know the chief features of each type, and its respective merits and limitations. If they have this background and understand the other factors influencing the structure of the sales department, they are equipped to evaluate its appropriateness. Read on to know more about sales organizations

- 1) Types of Sales Organization – Line Sales Organization
- 2) Types of Sales Organization – Line and Staff Sales Organization
- 3) Types of Sales Organization – Functional Sales Organization
- 4) Types of Sales Organization – Committee Sales Organization

Type of sales organization – Line Sales Organization

The **line sales organization** is the oldest and simplest sales organizational structure. It is widely used in smaller firms and in firms with small numbers of selling personnel. For instance, in companies that cover a limited geographic area or sell a narrow product line. The chain of command runs from the top sales executives down through subordinates. All executives exercise line authority, and each subordinate is responsible only to one

person on the next higher level. Responsibility is definitely fixed, and those charged with it also make decisions and take action. Lines of authority run vertically through the structure. And all persons on any one organizational level are independent of that level.

Types of Sales organization – Line and Staff Sales Organization

The line and staff sales organization is often found in large and medium sized firms, employing substantial numbers of sales personnel, and selling diversified product lines over wide geographic areas. In contrast to the line organization, the line and staff organization provides the top sales executive with a group of specialists and experts in dealer and distributors relations, sales analysis, sales organization, sales personnel, sales planning, sales promotion, sales training, service, traffic and warehousing, and similar fields, this staff helps to conserve the top sales executives time and frees them from excessively detailed work, they make it possible for their chiefs to concentrate their efforts where they have the most skill.



If the top sales executive is not equipped, through prior training or experience, to handle certain problems, staff specialists assist in increasing the effectiveness of the department by studying or providing detailed analysis to staff executives. The top sales executive has more time for planning and for dealing with higher priority matters.

Types of Sales Organization – Functional Sales Organization

Some sales departments use Functional sales organization. This type, derived from the management theory developed by Frederick W. Taylor, is based upon the premise that each individual in an organization, executive and employee, should have as few distinct duties as possible. The principle principle of specialization is utilized to the fullest extent. Duty assignments and delegation of authority are made according to function. No matter where a particular function appear in the organization, it is in the jurisdiction of the same executive.



In the functional sales department, salespeople receive instructions from several executives but on different aspects of their work. Provision for coordinating the functional executives is made only at the top of the structure; executives at lower levels do not have coordinating responsibilities. In contrast to the line and staff organization, all specialists in a functional organization have line authority of a sort or, more properly, they have function authority. Instructions, and even policies, can be put into effect with or without prior approval of the top level coordinating executive.

Types of Sales Organizations – Committee Sales Organization

In **committee sales organization** the committee is never the sole basis for organizing a sales department. It is a method organizing the executive group for planning and policy formulation while leaving actual operations, including implementation of plans and policies, to individual executives.

Thus, many firms have a **sales training committee** (comprised of the general sales manger, his or her assistants, the sale training manager, and perhaps representative divisional or regional sales mangers) that meets periodically to draft training plans and formulate sales training policies. Implementation of these plans and polices, however is the responsibility of the sales training manger, if the company has one, or of the line and or staff executives responsible for sales training in their own jurisdictions.



Other committees found in sales organization include customer relations, operation, personnel, merchandising, and new products. The use of committees in the sales department has advantages. Before policies are made and action is taken, important problems are deliberated by committee members and are measured against varied viewpoints. Committee meetings, where idea are interchanged and diverse opinions are present, promote coordination among members of the executive team. When problems are aired in the give and take of committee meetings, cooperation is likely to be better than under any other organization plan. Co – ordination is of utmost importance in **Committee sales organization**.