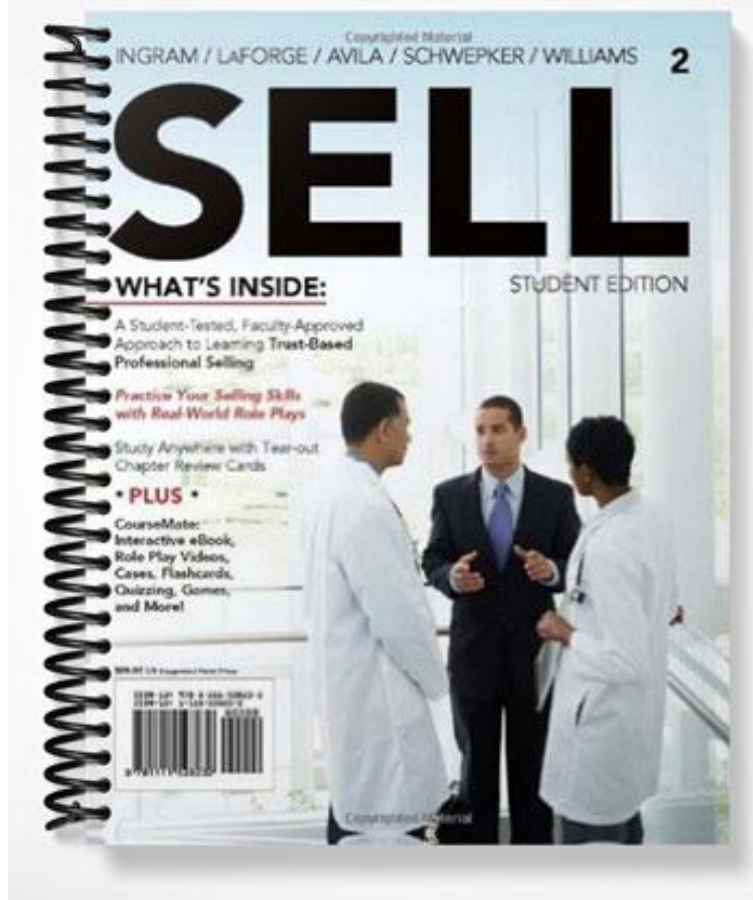


SOLUTIONS MANUAL



Chapter Two — Building Trust and Sales Ethics

Learning Outcomes

1. Explain what is trust.
2. Explain why trust is important.
3. Understand how to earn trust.
4. Know how knowledge bases help build trust and relationships.
5. Understand the importance of sales ethics.

Chapter Outline

- I. **Introduction**
- II. **What is trust?**
- III. **Why is Trust Important?**
- IV. **How to Earn Trust**
 - A. Expertise
 - B. Dependability
 - C. Candor
 - D. Customer Orientation
 - E. Compatibility/Likeability
- V. **Knowledge Bases Help Build Trust and Relationships**
 - A. Industry and Company Knowledge
 - B. Product Knowledge
 - C. Service
 - D. Promotion and Price
 - E. Market and Customer Knowledge
 - F. Competitor Knowledge
 - G. Technology Knowledge
- VI. **Sales Ethics**
 - A. Image of Salespeople
 - B. Deceptive Practices
 - C. Illegal Activities
 - D. Non-Customer-Oriented Behavior
 - E. How Are Companies Dealing with Sales Ethics?

Exercises

Developing Professional Selling Knowledge

1. **What is the essence of trust for a salesperson?**

Students' answers will vary. The answers should include some description of the buyer relying on the salesperson's words or actions in situations where such reliance involves risk to the buyer.

2. If trust means different things to different buyers, how is a salesperson to determine what trust means for each buyer?

The salesperson must determine what trust means for each buyer by asking questions, listening to the responses, and making general observations. This is the only way the salesperson will be able to learn what trust attributes are critical to relationship-building for a specific buyer.

3. Why is trust important to a salesperson?

Today's customers are more sophisticated, more informed (or at least have access to more information), and more aware of traditional manipulative "sales tactics." In addition, buying organizations are interested in taking advantage of efficiencies associated with using a smaller number of suppliers. Salespeople who understand these characteristics know that the stereotypical type of selling (e.g., manipulative, pushy, aggressive) is ineffective and that building mutually beneficial relationships with their customers is the only way to compete in the new millennium. Trust is important to a salesperson because it is essential for building these long-term relationships.

4. How might a salesperson go about earning trust?

Students' answers will vary, but they should include discussion of the basic building blocks of trust, including expertise, dependability, candor, customer orientation, and compatibility/likeability.

5. What does it mean for a salesperson to have a customer orientation?

Customer orientation means the salesperson is as concerned about their customers' interest as his or her own. It means truly understanding the customer's situation and then presenting fair and balanced solutions addressing the customers' needs. In other words, it means looking out for the customer. This requires salespeople to be honest, candid, and fair when dealing with the customer.

6. How would you rank the five trust builders in order of importance?

Students' answers will vary, but should include each of the five components (expertise, dependability, customer-orientation, candor, compatibility).

7. Explain why expertise is such an important relationship builder.

Expertise is such an important trust builder because it gives the salesperson credibility and is associated with several of the other trust builders. Credibility affords the salesperson a degree of the buyer's trust prior to the salesperson actually earning it. Expertise may help the salesperson earn the buyer's trust through the other trust builders. For example, salespeople with greater expertise are more likely to have greater competence and/or make more significant contributions.

8. How do knowledge bases help build trust and relationships?

Knowledge bases help build trust and relationships because they empower the salesperson to use the trust-building variable more effectively. For example, as salespeople gain more product knowledge, they are better able to demonstrate expertise and customer orientation (by more precise matching of solutions to needs) and make a stronger contribution.

9. Do you think certain knowledge bases are more important than others? Why?

Students' answer will vary but should include appropriate rationale based on the chapter content. Knowledge bases viewed as more important may vary depending up the buyer-seller relationship and the type of selling situation.

10. What are the three areas of unethical behavior? Discuss each.

The three areas of unethical behavior are deceptive practices, illegal activities, and non-customer-oriented behavior. Deceptive practices refer to any attempt by the salesperson to mislead or otherwise deceive the buyer. For example, a salesperson may exaggerate a product's benefits knowing that the buyer's decision will be based on (or that the buyer is relying on) those exaggerations. Illegal activities refer to a variety of activities in which the salesperson knowingly breaks the law. For example, a salesperson padding an expense reimbursement report is breaking the law. Non-customer-oriented behavior refers to actions taken by the salesperson that 1) are in conflict with the buyer's interests, and 2) are done so when other options are available that are more customer-oriented.

Group Activity

Ask students to think about their experiences with salespeople. Have them write down a short list of things salespeople have done that built trust and a short list of things salespeople have done that have damaged trust. Next, divide the class into small groups and have them discuss and combine their lists. Ask each group to present its list.

The purpose of this exercise is help students better understand trust-building and trust-damaging behaviors through shared experiences. Try to get students to share stories and identify how the behaviors described in those stories match one or more of the five components of trust.

Experiential Exercises

Building Relationships after the Sale

Objective: Your students will discover the importance of follow-up activities in building relationships.

Time Required: 10 to 15 minutes, or longer if working in groups.

Teaching Tip: Have students work in small groups to develop answers to the questions. Then let each group present its answers to the rest of the class.

Not many years ago, salespeople often thought that their jobs were complete once the order was signed. Today, for a business to survive, repeat business is critical. A greater emphasis has been placed on the follow-up stage of the selling process. Continued building of the relationship should be your goal well after the sale.

1. Show appreciation after the sale. How might you accomplish this?

Some suggestions include: a thank you card/letter/email, a follow-up phone call, a follow-up visit, or some other small but significant act not only thanking the customer for the business, but reassuring the customer that he/she made the right decision.

2. Monitor delivery and installation. Why is this important?

Answers should include some discussion of the following: First, monitoring delivery and installation demonstrates a customer orientation which helps to build trust. In addition, it gives the salesperson the opportunity to ensure that delivery and implementation are without incident, or the opportunity to quickly address incidents that arise.

3. Learn the names of the switchboard operator, receptionists, office manager, users of the product, etc. How might you accomplish this and why is it important?

A salesperson can learn the names of people in the customer's organization by asking for names, obtaining business cards, reading nametags, reading nameplates, and then keeping good records to ensure retention of the information. Knowing and using people's names helps the salesperson demonstrate customer orientation, dependability, compatibility and competence, each of which helps to build trust. Trust is essential to initiating, developing, and maintaining successful relationships.

Video Exercise

Building the Trust and Sales Ethics

Scene 1A, Meet the Eager Beaver, run time 2:42 minutes.

Professional salespeople will face a number of situations that will require that they make ethical choices throughout their careers. Sales people will relate with a multitude of people who are competitors and may want to use this relationship to gain information and ethical dilemma that Lisa faces.

Mark – Manager for Player One

Lisa – Sales Rep for Alpha Tech – Security system provider trying to earn the customer away from Goodman

Jim – Sales Rep for Goodman – Current provider of security system

Ask your students:

1. Which area of unethical behavior does Mark want Lisa to engage in?

Mark wants Lisa to share with him information about how much one of his competitors paid for its security system software. If Lisa were to share that information, she would be engaging in non-customer-oriented behavior.

2. Discuss how Lisa's answer can institute trust in her relationship with Mark as well as avoid her engaging in unethical behavior.

Lisa's avoidance of breaching the confidentiality she shares with her other customer, serves to ensure Mark that she can be trusted with his company's information. It is important to note that while sharing such information may seem useful in the short run (i.e., help get a sale), it is unlikely that prospective clients would ever truly trust a salesperson who does so. In fact, the buyer could have been testing the salesperson's integrity, and not really concerned about the information.

Chapter 2 Case

Schmidt Business Forms

Background

Congratulations! As a new salesperson for Schmidt Business Forms, you have just completed training and have been assigned the southwest territory. Schmidt Business Forms designs and manufactures a full line of stock and customized forms for use in all types of business. Operating throughout the United States and Canada, Schmidt is recognized as one of the three leaders in the industry.

Current Situation

Doctors' General Hospital was once a major account in your territory. Over this past year, virtually all the hospital's forms business has been switched from Schmidt to one of your main competitors. Due to the large volume and many types of forms used, Doctors' has placed the purchasing responsibility for all forms in the hands of Jim Adams in the purchasing department. An experienced professional purchasing agent, Adams has been in this position for several years and has purchased significant volumes of forms from Schmidt in the past. In the course of calling on Adams at his office in the hospital, you have learned that Doctors' dropping Schmidt as a forms source did not happen overnight. Although the loss of this account was not related to any single problem, you have learned that the switch

to your competitor was basically due to a combination of events that resulted in a loss of trust in Schmidt. Several shipments did not arrive as promised, causing major problems for both billing and admissions. Even though the final proof copies were correct, a newly designed, multipart computer form was found to be short one of its pages. This required emergency room staff to take the time to use a copier (located one floor up) until the forms could be rerun and delivered two weeks later. The final straw concerned an admissions form that Schmidt had been supplying the hospital for more than three years. For some reason, a new shipment of the admissions forms was the wrong size and would not fit into patient files without being folded. In each event, the prior salesperson worked with Adams to get the problems resolved and the correct forms delivered. Discounts were also given to help offset the inconvenience incurred. Nevertheless, Schmidt has lost the account, the previous salesperson has quit the company, and you have inherited the challenge of winning back Adams and Doctors' General Hospital.

Discussion Questions:

1. Put yourself in the role of the salesperson for Schmidt Business Forms in the selling situation just described and review the Trust-Building Behaviors presented in this chapter. Using the following worksheet as a guide, discuss and give examples of how you might use each of the Trust-Builders to re-establish a relationship with Jim Adams and win back the Doctors' General Hospital account.

Students' answers will vary, but each should demonstrate the students' understanding of how to build trust through the various components. Here's an example.

Customer Orientation: First, I would make sure Jim understands that my objective is to make sure his needs, and the needs of the hospital in general, are met. Second, I would talk with Jim and the people who use the forms to make sure I understand their needs, including types of forms, sizes, order schedules, and so forth. Third, I would make sure Jim knows that I have identified the reasons for the previous problems and made sure my company has implemented (and tested) the necessary corrective measures. Finally, I would share with Jim his concern about placing another order with Schmidt Business Forms and ask only for the opportunity to place a trial order.

Chapter 2 Role Play

Randall Consumer Electronics

Case Background

Randall Consumer Electronics (RCE) specializes in manufacturing home appliances. RCE is a new company trying to break into the market. They have had trouble breaking into the larger accounts (Lowes, Sears, Home Depot). As an account development specialist for RCE, you are making an initial sales call to Mary Miller, director of purchasing for Lowes. The purpose of the initial call is to assess Lowes current needs and to determine why Lowes has not opted to carry RCE at this time. According to the initial information you gained from a short conversation with Miller, she appears to have erroneous information that RCE regularly misses delivery deadlines and RCE quality is average at best.

At first Miller was hesitant in keeping her appointment with you. She has decided to keep your appointment but the tone of her voice has you concerned. You are also unsure of where she heard the erroneous information. During your conversation with Miller, she alluded to the fact that one of your competitors passed on this information to her.

Role Play Activity

Location—Mary Miller's Office; *Action*—Role play the questions you will ask of her concerns. Then role play how you will begin to earn Miller's trust. You should be prepared to use the trust builders.

Chapter 2 Continuing Case

Because the National Copier Company (NCC) has only been in business for five years, Brenda Smith is concerned that most of her competitors are older than she is. The prospective customers she has been calling on state they know they can count on her competitors because they have a long track record. As NCC expands into new markets some

of her prospects are not familiar with her company. One prospective customer, who works for one of the most prestigious and largest medical offices (30 doctors) in the area, told her he has been buying copiers from the same company for over twenty-five years. He also told her his sales representative for the company has been calling on him for over seven years, and he knows when he calls on his copier supplier for advice he can count on him for a solid recommendation. Brenda realizes these are going to be tough accounts to crack.

Brenda does have an advantage due to the high quality of NCC products. In a recent trade publication, NCC's copiers tied for first in the industry on ratings of copier quality and dependability. NCC was also given a high rating for service. Brenda has had this information for two weeks now and has brought it up in conversations with her prospective customers without much success. To make matters worse, one of her competitors must have started rumors about NCC. In the past month, she has heard the following rumors:

- "NCC is going out of business because of financial troubles."
- "NCC has missed several delivery deadlines with customers."
- "NCC's copiers have a software glitch that cannot be corrected."
- "NCC has cut its service staff."

Brenda knows these rumors are not true, but prospects might believe the rumors. At a recent sales meeting, Brenda's manager suggested that their competitors must be getting nervous about NCC's success, causing them to start such vicious rumors.

Brenda is sitting at her desk trying to figure out what to do next and she is not exactly sure how to proceed.

Questions

1. What would you recommend Brenda do to handle the challenges she faces?

Students' answers will vary but should focus on trust-building activities. In particular, Brenda needs to build her knowledge base, including knowledge of her industry, company, products, services, prices, markets, customers, competitors, and technology. Do so will give her confidence and improve her credibility within her territory.

2. Brenda appears to have an advantage with her products and services. Develop a plan for Brenda to build trust in NCC with prospective customers.

Again, students' answers will vary. However, the plans students develop should include a heavy reliance on activities designed to demonstrate competence, dependability, and customer orientation.

3. What do you recommend Brenda do to compete effectively against competitors that have a long and successful track record?

First, Brenda needs to engage in activities designed to develop a sense of compatibility with her customers. This will help her gain access and build trust. In addition, Brenda needs to become an expert in her industry and market, knowing exactly how her products compare with those of her competitors. Using this information, Brenda needs to look for opportunities arising based on her product's (and company's) competitive advantages, and/or her customers' dissatisfaction with their copier providers.

4. How should Brenda go about handling the rumor mill?

Because the text contains no specific recommendations or guidelines for this sort of situation, students' answers will vary. However, the recommendations should center on strategies for correcting the misinformation and building trust. Recommendations should not include any behavior that may be considered unethical, like making disparaging statements regarding the competitors.