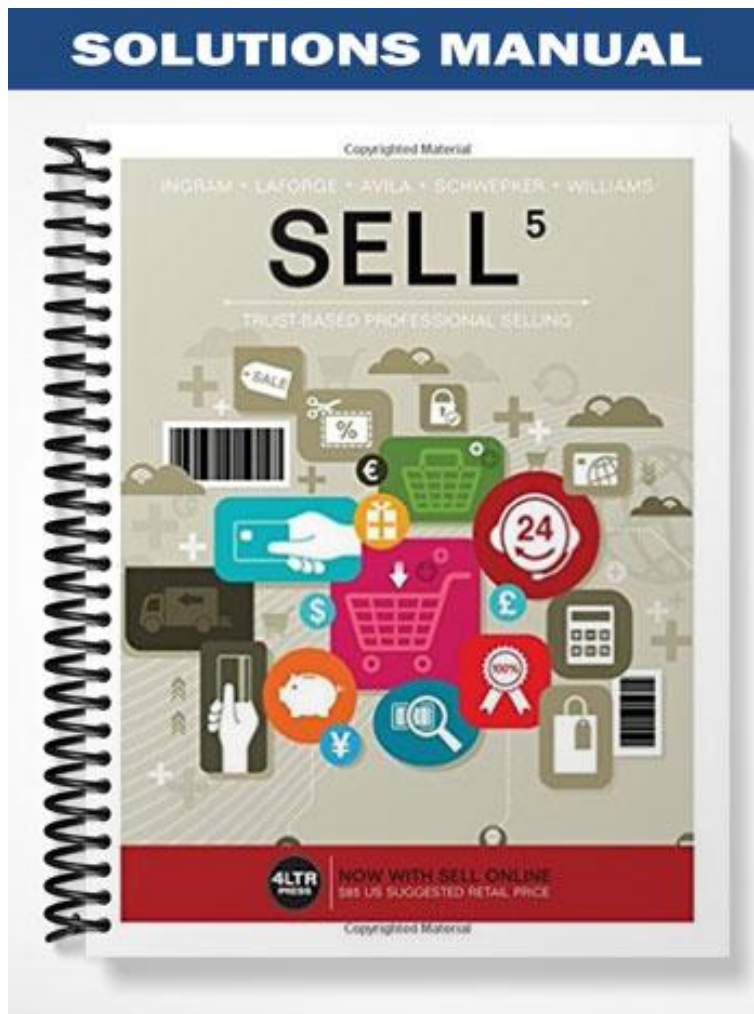


SOLUTIONS MANUAL



Chapter Two—Building Trust and Sales Ethics

Learning Outcomes

After completing this chapter, you should be able to explain and understand:

1. what trust is.
2. why trust is important.
3. how to earn trust.
4. knowledge bases help build trust and relationships.
5. 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/Likability
- 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 and Sales Executives
 - 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 are 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 this know that the stereotypical type of selling (e.g., manipulative, pushy, and 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 a discussion of the basic building blocks of trust, which include expertise, dependability, candor, customer orientation, and compatibility/likability.

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

Customer orientation means that the salesperson is as concerned about his or her customers' interests as his or her own. It means truly understanding the customer's

situation and then presenting fair and balanced solutions addressing the customer's 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 all the five components (expertise, dependability, customer-orientation, candor, and compatibility).

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

Expertise is such an important relationship builder because it gives the salesperson credibility and is associated with several the other trust builders. Credibility affords the salesperson a degree of the buyer's trust prior to the salesperson actually earning it. Expertise may also 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 variables 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' answers will vary, but they should include an appropriate rationale based on the chapter content. The knowledge bases that are viewed as more important may vary depending upon 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. A salesperson padding an expense reimbursement report is an example of breaking the law. Non-customer-oriented behaviors are practiced

by salespeople and companies that concentrate on short-term goals. They allow the practice of outmoded sales tactics.

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 to 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 the following: a thank you card/letter/email, a follow-up phone call, a follow-up visit, or some other small but significant act; the sales person should not only thank the customer for the business but should also reassure 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 that helps to build trust. In addition, it gives the salesperson an opportunity to ensure that delivery and implementation are without incident, and 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 name tags, reading nameplates, and then keeping records to ensure retention of the information. Knowing and using people's names help the salesperson demonstrate customer orientation, dependability, compatibility, and competence, each of which helps to build trust. Trust is essential for initiating, developing, and maintaining successful relationships.

Chapter 2 Case

Kelly Meyers' Dilemma

Background

Kelly Myers has spent the past three months trying to gather all the information she needs to submit a bid on an order that is very important to her company. Bids are due tomorrow and the decision will be made within a week. She has made a great impression on the purchasing agent, Janet Williams, and she has just ended a conversation with her sales manager who believes Kelly needs to make one more call on Williams to see if she can find out any additional information that might help her prepare the bid. Kelly's boss specifically wants to know who the other bidders are.

Current Situation

Later that day, Kelly visited with Janet Williams. During the course of the conversation with Williams, Kelly asked who the other bidders were. Williams beat around the bush for a while, but she did not reveal the other bidders. She did mention the other bids were in and pulled the folder out of the filing cabinet where they were kept. Janet opened the file and looked over the bids in front of Kelly.

There was a knock on the door and Janet's boss asked if he could see her for a minute and she walked down the hall with her boss. Kelly realized all the bids were left out in front of her. There was a summary sheet of all of the bids on top and she could easily see all the bids. When

Williams returned she returned the folder to the file and the two made some small talk and ended their conversation.

Kelly returned to her office and completed her bid and turned it in to Janet Williams the next morning. Kelly knew her bid would be the lowest by \$500.00. One week later Kelly learned she won the bid.

Questions

1. What are the ethical issues involved in this situation?

Disclosure of confidential data by Janet Williams to Kelly would be unethical.

2. If you were Kelly Myers, do you think Janet Williams intended for you to see the competitive bids? What would you have done given this situation? Why?

Janet Williams pulled the folder out of the filing cabinet that contained the bids with an intention to reveal the bids to Kelly. Kelly should have avoided looking into the bids, thus gaining the purchasing agent's trust. Students' answers will vary. However, they should address the points mentioned above.

Chapter 2 Role Play

Brisbane Uniform Company

Case Background

Brisbane Uniform Company (BUC) specializes in providing uniforms to hotels and restaurants. BUC is a new company from Australia trying to break into the U.S. market. They have had trouble breaking into larger accounts (Marriott, Hilton, Sheraton) because as a new company, they don't have the name recognition in the United States.

As the account exec in the area, you have been working on a new Hilton hotel with over 5,000 rooms and 500 employees. Recently you submitted a proposal and the buyer, Mark Dunn, has told you he is leaning your way with the order. He also told you that this order must come off without a hitch as his hide is on the line if things go wrong. You know there could be a problem down the road as one of your unions has been negotiating a contract that is about to expire. The last time this contract came up, there was a strike and orders were backlogged for weeks. The hotel has many customized uniforms and has to have these for their grand opening in three months. What is your obligation to the hotel having this information? This order will make your

year and probably send you on a trip to Rome for exceeding quota.

Role Play Activity

Location: Mark Dunn's Office

Action: Role play a sales call with Mark Dunn addressing the issues in the case.

Chapter 2 Continuing Case

Building Trust

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 that 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 that 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 they 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. By doing this, Brenda will improve her confidence and 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.

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 based on her products' (and the company's) competitive advantages, and/or her customers' dissatisfaction with their copier providers.

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

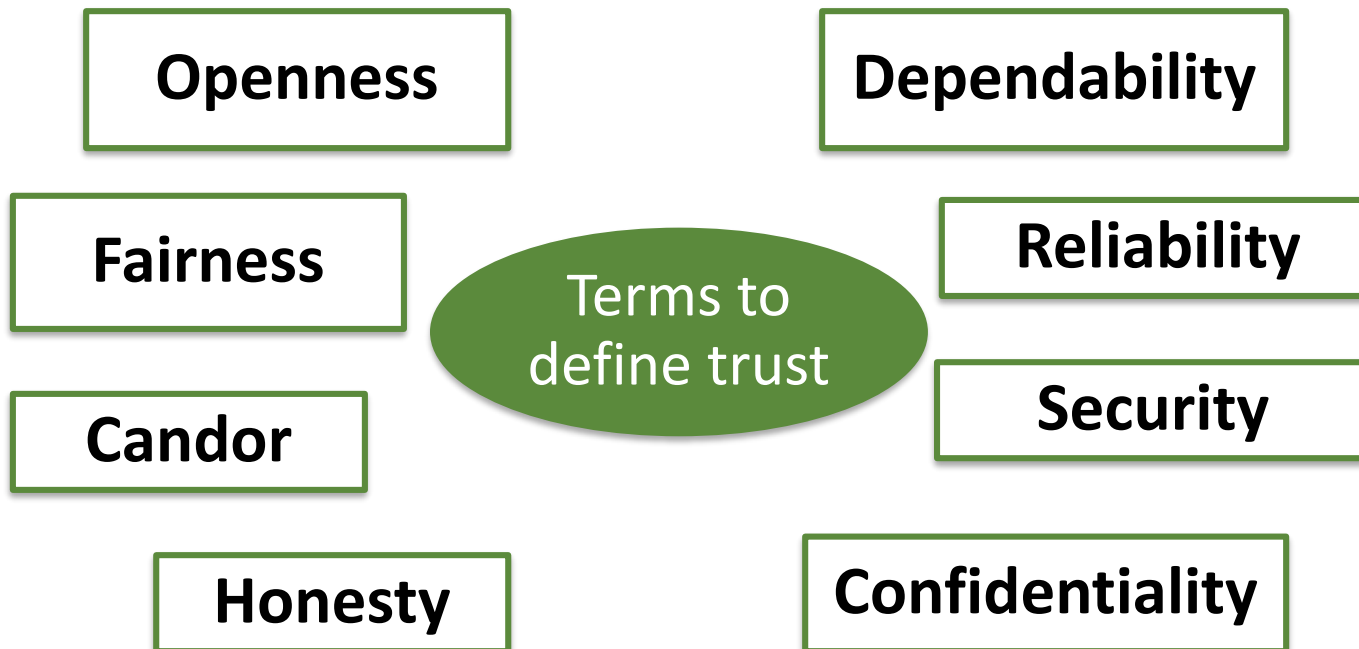
Because the text contains no specific recommendations or guidelines for this sort of situation, students' answers will vary. However, the recommendations should center on strategies for correcting the misinformation and building trust. Recommendations should not include any behavior that may be considered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

LEARNING OUTCOMES

- 1 Explain what trust is
- 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

Trust

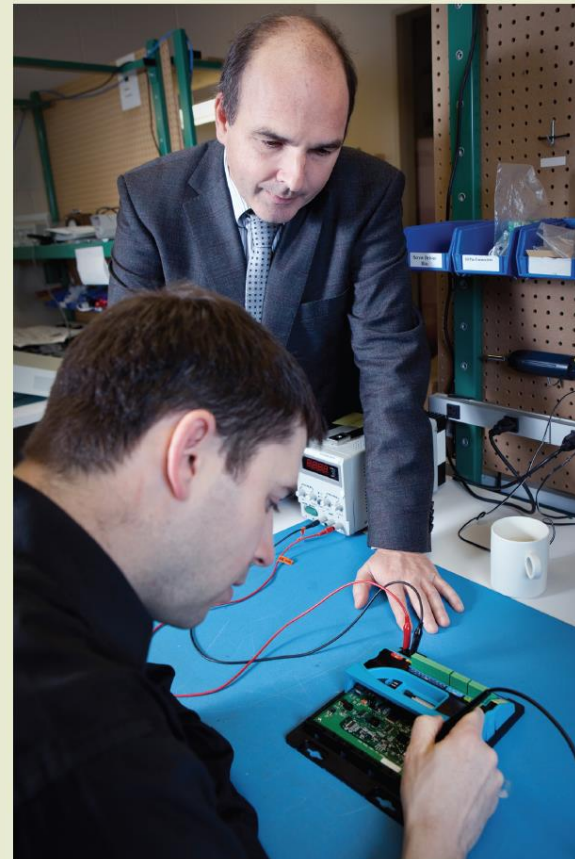
Extent of the buyers' confidence that allows them to rely on the salesperson's integrity



Ethical Dilemma

As a key account manager for Foster Controls, Chris had developed a strong relationship with Memphis-based Alcorn Manufacturing and the members of the Alcorn team of buyers. In place for several years now, this relationship has propelled Chris into Foster Control's top salesperson and transformed Alcorn into Chris' top customer account for 25 percent of Chris' annual sales. Working to increase his territory sales, Chris has been calling on Minneapolis-based Park Products for the previous seven months. Park manufactures a wide assortment of production equipment in plants spread throughout North and South America and is a direct competitor to Alcorn. Park selected Chris as one of three vendors requested to develop and submit proposals related to a major plant renovation and expansion. While developing the proposal, Chris had access to a great deal of proprietary information regarding Park's new production processes and business plans and had signed the typical confidentiality agreement—obligating him to avoid disclosing any of Park's plans to any other parties. During his visit to Alcorn Manufacturing, Pat Laurence—director of purchasing for Alcorn—began asking Chris about Park. It was apparent that Pat was interested in learning anything he could about Park's plant expansion and business plans. All things considered, if you found yourself in Chris' position, how would you handle this situation?

A) Go ahead and give Pat all the information he asked for, because he is your biggest and best customer.

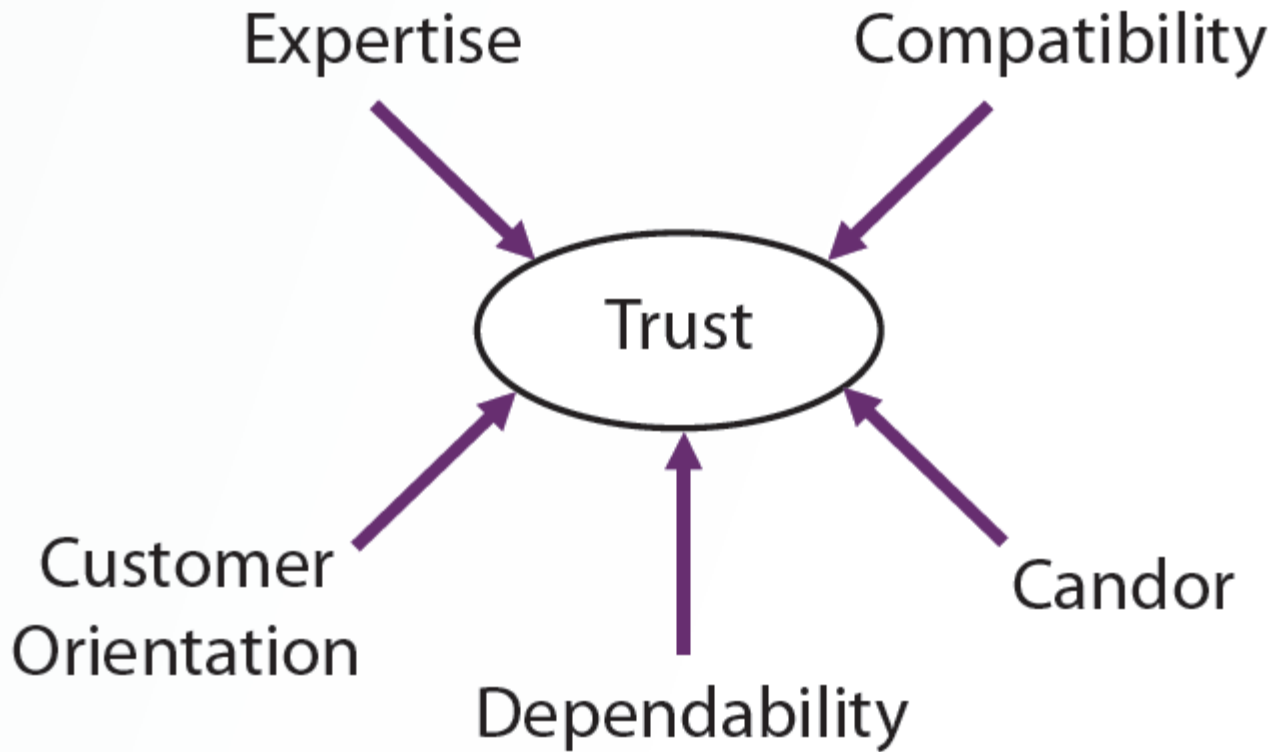


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- B) Give Pat some of the minor information you know but not the big info, to stay within your confidentiality agreement.
- C) Tell Pat you have a confidentiality agreement with Park and you can't help him and risk losing Alcorn's business.

Figure 2.1

Trust Builders



Importance of Trust

- Buyers are demanding unique solutions to their problems
- Initiation and nurturing of long-term buyer-seller relationships are provided emphasis
 - *Characterized by:*
 - Trust and open communication
 - Common goals
 - Commitment to mutual gain
 - Organizational support

Exhibit 2.1

Questions that Salespeople Need to Answer Satisfactorily to Gain a Buyer's Trust

Expertise: Does the salesperson know what he or she needs to know? Does the salesperson and his or her company have the ability and resources to get the job done right?

Dependability: Can I rely on the salesperson? Does the salesperson keep promises?

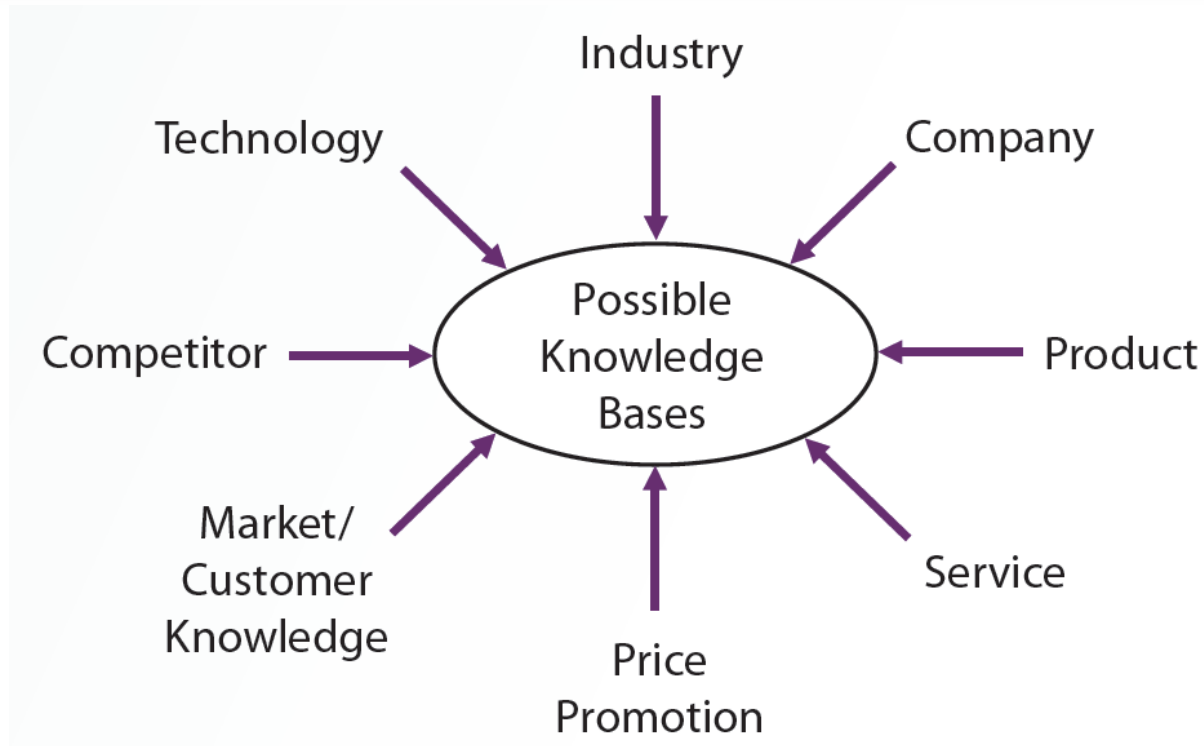
Candor: Is the salesperson honest in his or her spoken word? Is the salesperson's presentation fair and balanced?

Customer Orientation: Does the salesperson truly care about the partnership? Will the salesperson go to bat for the customer (e.g., wrong order, late delivery)?

Compatibility: Will the buyer like doing business with the salesperson? Will the buyer like doing business with the salesperson's company?

Figure 2.2

Knowledge Bases



Topics Covered During Initial Sales Training Programs

Industry history

Company history
and policies

Product and
market
information

Competitive
knowledge

Selling techniques

How to initiate,
develop, and
enhance customer
relationships

Exhibit 2.3

Service Superiority

Dimension	Potential Superiority
1. Delivery	Can our company demonstrate speed? Deliver more often?
2. Inventory	Can we meet the demands of our customers at all times?
3. Training	Do we offer training? At our site? At our customer's?
4. Field maintenance	Do we go to the field to fix our products? Do our customers have to bring their equipment to us to fix?
5. Credit and financial consideration	Do we grant credit? Do we help finance?
6. Installation	Do we send a team to your site for start-up?
7. Guarantees and warranties	What are our guarantees? How long? What do we cover?
8. Others	Do we offer anything unique that our competition does not?

Exhibit 2.4

Using Technology to Build Bridges to Customers

Technology	Bridge
World Wide Web	Price updates can be placed on the Web for customers to access. New product information can be made available to customers and prospects.
E-mail	Buyer and salesperson can communicate virtually 24 hours a day. Mass communications can be sent out to all customers and prospects.
Facsimile	Non-electronic documents can be transmitted 24 hours a day. Fax on demand.
Cell phones	Buyer and seller have immediate access to each other.
Voice mail	Salesperson and buyer can leave messages for each other and save time and effort.

Exhibit 2.5

What Types of Sales Behaviors are Unethical?

According to a survey of 327 customers, salespeople are acting unethically if they:

1. Shows concern for their own interest, not the clients'.
2. Pass the blame for something they did wrong.
3. Take advantage of the poor or uneducated.
4. Accept favors from customers so the seller feels obliged to bend policies.
5. Sell products/services that people do not need.
6. Give answers when they do not really know if they are correct or not.
7. Pose as market researcher when doing phone sales.
8. Sell dangerous or hazardous products.
9. Withhold information.
10. Exaggerate benefits of product.
11. Lie about availability to make sale.
12. Lie about competitors.
13. Falsify product testimonials.

Exhibit 2.6

SMEI Certified Professional Salesperson Code of Ethics

The SMEI Certified Professional Salesperson (SCPS) Code of Ethics is a set of principles that outline minimum requirements for professional conduct. Those who attain SCPS status should consider these principles as more than just rules to follow. They are guiding standards above which the salesperson should rise.

An SCPS shall support and preserve the highest standards of professional conduct in all areas of sales and in all relationships in the sales process. Toward this end an SCPS pledges and commits to these standards in all activities under this code.

As an SCPS I pledge to the following individuals and parties:

I. With respect to **the customer**, I will:

Maintain honesty and integrity in my relationship with all customers and prospective customers.

Accurately represent my product or service in order to place the customer or prospective customer in a position to make a decision consistent with the principle of mutuality of benefit and profit to the buyer and seller.

Continually keep abreast and increase the knowledge of my product(s), service(s), and industry in which I work. This is necessary to better serve those who place their trust in me.

II. With respect to **the company** and other parties whom I represent, I will:

Use their resources that are at my disposal and will be utilized only for legitimate business purposes.

Respect and protect proprietary and confidential information entrusted to me by my company.

Not engage in any activities that will either jeopardize or conflict with the interests of my company. Activities that might be or appear to be illegal or unethical will be strictly avoided. To this effect I will not participate in activities that are illegal or unethical.

Exhibit 2.6

SMEI Certified Professional Salesperson Code of Ethics (continued)

III. With respect to **the competition**, regarding those organizations and individuals that I compete with in the marketplace, I will:

Obtain competitive information only through legal and ethical methods.

Portray my competitors, and their products and services, only in a manner that is honest, truthful, and based on accurate information that can or has been substantiated.

IV. With respect to **the community** and society that provide me with my livelihood, I will:

Engage in business and selling practices that contribute to a positive relationship with the communities in which I and my company have presence.

Support public policy objectives consistent with maintaining and protecting the environment and community.

Participate in community activities and associations that provide for the betterment of the community and society.

I AM COMMITTED to the letter and spirit of this code. The reputation of salespeople depends upon me as well as others who engage in the profession of selling. My adherence to these standards will strengthen the reputation and integrity for which we strive as professional salespeople.

I understand that failure to consistently act according to the above standards and principles could result in the forfeiture of the privilege of using the SCPS designation.

Candidate's Name (Please Print) _____

Signature _____

Date _____

Exhibit 2.7

Areas of Unethical Behavior

Deceptive Practices	Non-Customer-Oriented Behavior	Illegal Activities
Deceive	Pushy	Defraud
Hustle	Hard sell	Con
Scam	Fast talking	Misuse company assets
Exaggerate		
High pressure		
Withhold information/bluff		

Sales Ethics

- Product liabilities created by salespeople
 - **Express warranty:** *Way in which a salesperson gives warranty or guarantee to a customer, obligating the company to do the same*
 - **Misrepresentation:** *False claims by a salesperson*
 - **Negligence:** *False claim about the product or service*

Sales Ethics (continued)

- **Basis of the bargain:** Buyer relying on the seller in making the purchase decision
 - *Misrepresentation can lead to product liability as the burden of accuracy is on the seller*
- Companies provide training programs to salespeople regarding the:
 - *Appropriateness of gift giving*
 - *Use of expense accounts*
 - *Way in which unethical demands by a prospect should be dealt with*

Exhibit 2.8

Legal Reminders

For salespeople:

1. Use factual data rather than general statements of praise during the sales presentation. Avoid misrepresentation.
2. Thoroughly educate customers before the sale on the product's specifications, capabilities, and limitations.
3. Do not overstep authority, as the salesperson's actions can be binding to the selling firm.
4. Avoid discussing these topics with competitors: prices, profit margins, discounts, terms of sale, bids or intent to bid, sales territories or markets to be served, rejection or termination of customers.
5. Do not use one product as bait for selling another product.
6. Do not try to force the customer to buy only from your organization.
7. Offer the same price and support to buyers who purchase under the same set of circumstances.
8. Do not tamper with a competitor's product.
9. Do not disparage a competitor's product without specific evidence of your contentions.
10. Void promises that will be difficult or impossible to honor.

For the sales organization:

1. Review sales presentations and claims for possible legal problems.
2. Make the salesforce aware of potential conflicts with the law.
3. Carefully screen any independent sales agents the organization uses.
4. With technical products and services, make sure the sales presentation fully explains the capabilities and dangers of products and services.

KEY TERMS

- Trust
- Openness
- Honesty
- Confidentiality
- Security
- Reliability
- Fairness
- Expertise
- Contributions
- Dependability
- Predictability
- Candor
- Customer orientation
- Compatibility/likability
- Competitor knowledge
- Product knowledge
- Service issues
- Promotion knowledge
- Price knowledge
- Market knowledge



KEY TERMS

- Customer knowledge
- Technology knowledge
- Ethics
- Express warranty
- Misrepresentation
- Negligence
- Basis of the bargain

SUMMARY

- Trust is essential to seal long-term buyer-seller relationships
 - *Trust builders - Dependability, candor, customer orientation, and compatibility*
- Salesperson gather information from various knowledge bases
- Salespeople have to follow a set code of ethics to maintain high standards of professional conduct

