

**INCREASING SALESPERSONS PERFORMANCE THROUGH PERFORMANCE
EVALUATION MANAGEMENT IN A BOOK DIRECT SELLING BUSINESS UNIT**

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Abstract—*Performance evaluation is probably the most important phase in the salespersons performance management system. Not only the results can be useful for other phases of the system, performance evaluation is the only phase where the salespersons formally can give feedbacks and suggestions to the company and therefore increase their job's motivation and satisfaction. Increasing the quality of the evaluation process would also increase the performance management, thus increasing the salesperson's performance. Sygma Daya Insani (SDI) is a book direct selling business unit that was established in 2005, in Bandung. As a direct selling company, the most critical element of SDI business model is its salespersons performance. Final data in 2010 and 2011 show that in average, only 10% of the salespersons made transactions each month. Furthermore, only 1-3% salespersons from all total productive salespersons made transactions every month (12 months) throughout the year for the last two years. All of these describe the low quality of the salespersons' performance. Therefore, in order to improve its performance, SDI should improve its salespersons performance. The methodology to solve the problem is that the first step is to analyze the SDI corporate performance management. The second step is doing a literature review on salespersons performance evaluation management system. The third step is to formulate a new salespersons performance evaluation management system. This step is divided into 4 phases, a) company's objectives identification, b) salespersons' behavior identification, c) formulating a new system, and d) the new system assessment. The final step is formulating the final recommendation of the new salespersons performance evaluation system and its implementation phases. From the problem findings and the result of the questionnaire involving both management and the salespersons, it is concluded that the current salespersons performance evaluation system has the following conditions; a) except for the sales unit, there are no direct relationship between performance and rewards, b) absence of formal discussion of performance objectives and goals between salespersons and their supervisors, c) absence of formal discussion of performance evaluation session, d) performance standards and methods of evaluation were not very well defined, e) no standard criteria to be promoted as a sales supervisor, f) no scheduled time of the evaluation session, and g) no records of the performance evaluation that had been conducted. The proposed method is a combination between Management by Objectives (MBO) and Quantitative and Qualitative Measures. The process is that the organizational purposes are diagnosed and met by joining the sales supervisor and the salesperson in the pursuit of mutually agreed upon goals and objectives and joined to an action plan and then the progress and goal attainment are measured and monitored in appraisal sessions. The concept is expected to be a systematic, relevant, reliable and comprehensive system considering all of the elements and phases of performance evaluation management system in order to facilitate the continuous improvement process of the salesperson.*

Keywords: performance management, performance evaluation system, direct selling, management by objectives

1. Introduction

1.1 Company Background

1.1.1 History

SBU Direct Selling Sygma Daya Insani (SDI) was established in 2005. However, from 2005 until August 2009, the business operation of SDI was under the marketing division along with the non-direct selling department in its holding company, PT Sygma Examedia Arkanleema. In this time, the SDI policy was follow to its main division. SDI was formed as an SBU in August 2009 with more independency in its business operation and policy. Therefore this paper will analyze SBU SDI in the period after August 2009. The main business function of SDI is to distribute exclusives book packages trough direct selling method directly to the end customer.

1.1.2 Vision and Mission

The vision of the company is “to become the most influential family-values-based media corporation in Indonesia, focusing on creative media industries, with international quality, global network, and high profitability.”

The missions of the company are:

1. To become number one creative media company in Indonesia with effectively integrated marketing lines.
2. To develop human resources with professionalism, morality, loyalty, and commitment towards media development.
3. To design and produce quality products with excellent, useful, and universal valued contents for Indonesian society and the world.
4. To become international standard company that gives optimum customer satisfaction guarantee.
5. To achieve the best profitability in order to prosper all its stakeholders and contribute to the welfare of society.

1.1.3 Organization Structure

By the end of December 2011, SDI had 46 staffs that were distributed to the organization structure as described by the diagram below. These 46 staffs did not include the sales executive which is independent contractors (freelancers).

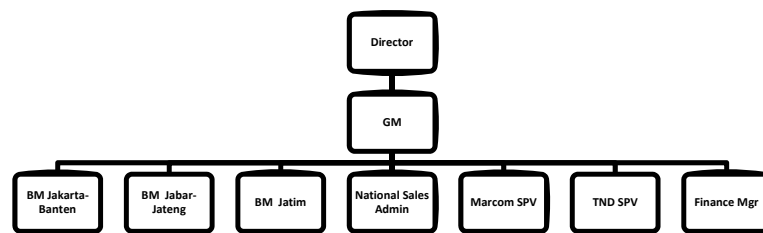


Figure 1. SDI Organizational Structure

Note: GM – General Manager; BM – Branch Manager; Marcom – Marketing Communication; SPV – Supervisor; TND – Training and Development; Jabar-Jateng – Jawa Barat & Jawa Tengah; Jatim – Jawa Timur

1.2 Salespersons Performance Management

1.2.1 Marketing Organization

The sales executives (SE) will be supervised by the sales supervisor executives (SSE) and then led by the area sales manager (ASM) who reports directly to the branch manager. This structure will

facilitate the control functions carried out properly in all areas. Below is the sales structure in a branch.

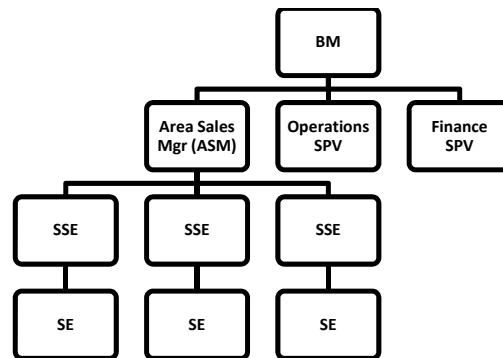


Figure 2. SDI Marketing Organization Structure

Note: BM – Branch Manager; SSE – Supervisor Sales Executive; SE – Sales Executive (salesperson)

1.2.2 Salesperson Recruitment System

In SBU Sygma Daya Insani, the salespersons are called Sales Executive (SE). They are independent contractors (also known as freelancers). There are two methods of SE recruitment:

1. Member-get-member: SE recruits his/her friend or even customer to become a salesperson to join the sales team. By doing this, the recruiter will get an incentive from the new salesperson productivity in a certain period of time.
2. Open recruitment: the office will open a recruitment session during a marketing seminar/event.

1.2.3 Salesperson Characteristics

The salespersons characteristics as they are independent contractors are:

- They had a level of independence not found in regular employees, e.g., flexibility in work hours.
- They set their own target and no penalties for underperformance.
- They had an opportunity to receive more of their remuneration in take home pay.
- They can leave the company whenever they want.
- They are free to work for more than one company.
- They do not receive benefits as part of their compensation.
- They must pay their own business-related expenses.
- They must furnish their own tools.

1.2.4 Salesperson Size and Structure

Until the end of December 2011, there were 681 registered SE. In Jakarta-Banten branch, 1 ASM covers 263 SE, and 1 SSE covers 53 SE in average. In Jabar-Jateng branch, 1 ASM covers 320 and 1 SSE covers 64 SE in average. In Jatim branch, 1 SSE covers 49 SE in average. These numbers show that theoretically speaking, the number of SSE will not be able to manage the whole salespersons effectively. The presumably ideal comparison between the number of SSE and SE will be 1:20-30. Therefore the number of the qualified SSE should be increased. Below is the current organization structure of the sales force.

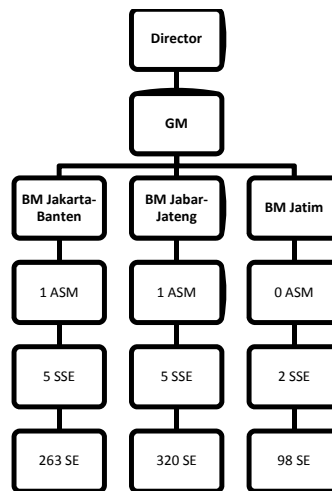


Figure 3. SDI Sales Force Organization Structure

1.2.5 Salesperson Training and Development Programs

Below are the training and development programs for the salespersons:

- Sahabat Sygma Basic Program (SSBP), a mandatory two-days training for the new member of SE
- Sales Clinic, a weekly sales meeting that facilitate all sales to make self evaluation and submit weekly activities report to the management.
- Spirit Time, a monthly sales meeting that facilitates all sales to be highly motivated since in this meeting a motivator is invited to give speech to the audience.
- Quarterly Workshop, a quarterly workshop gathering for all branch managers, area sales managers, and sales executives supervisors.
- Mid-year Meeting, a sales gathering that is carried out in every July that gather top sales from all branches.
- Annual Meeting, a big sales gathering that is carried out in every January each year that gather top sales from all branches which fulfill certain criteria.

Other than the above programs, there are several training and development programs for salespersons:

- Sales activity coaching from supervisors.
- Attending sales training hold by renowned speakers and institutions.

1.2.6 Salesperson Compensation System

All the salespersons, from Sales Executive (SE), Supervisor Sales Executive (SSE), and Area Sales Manager (ASM) are independent contractors. They are all compensated by commissions and bonuses. However, for SSE and ASM, there is a work contract as they also carry managerial responsibilities, thus they have a fixed monthly income.

1.2.7 Salesperson Evaluation System

An SE in SDI is evaluated in several ways:

1. By quantitative measures. This includes:
 - a. Output measures: number of orders, number of cancelled orders, number of new customers, number of lost customers, number of visit after sales, number of events participated.
 - b. Input measures: number of prospective customers, total number of calls, number of planned calls, phone calls to prospects, number of presentation to customer, new SE recruitment.
2. By qualitative measures. This method is conducted by the salespersons' supervisor by interviewing SE informally in the sales clinic session.

These evaluation programs are rarely implemented since there is low sense of responsibility among the sales executives and their managers. Moreover, except number of successful orders, the other

measures will not give any direct benefits to the salespersons. This reason also makes salespersons were reluctant participating in the evaluation system process.

2. Business Issue Exploration

2.1 Business Performance

a. Revenue Year-by-Year

Below is the SDI revenue for the past three years.

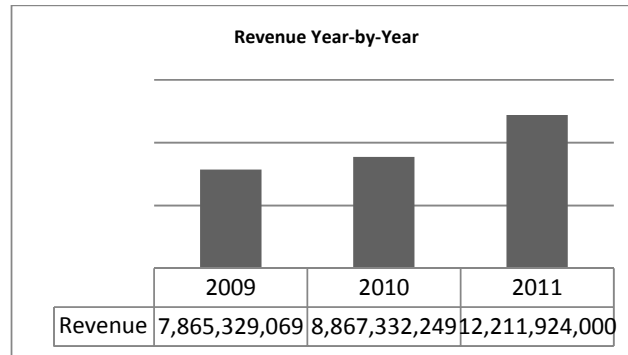


Figure 4. SDI Revenue 2009-2011

Figure 4 explains that in term of revenue, the SDI performance increased in the past two years.

b. Revenue Month-by-Month

It is shown from Figure 5 that sales (revenue) were very fluctuated throughout the year in the past three years. There was no trend line about how the sales were going to behave. This happened because of many reasons; ranging from financial aspects, operational aspects, and marketing aspect. However, the main reason was probably due to the low motivation and capability of the sales force. Since the sales force were independent contractors or freelancers, it was hard to push a target on them. Below is the SDI revenue month by month from January 2009 until December 2011.

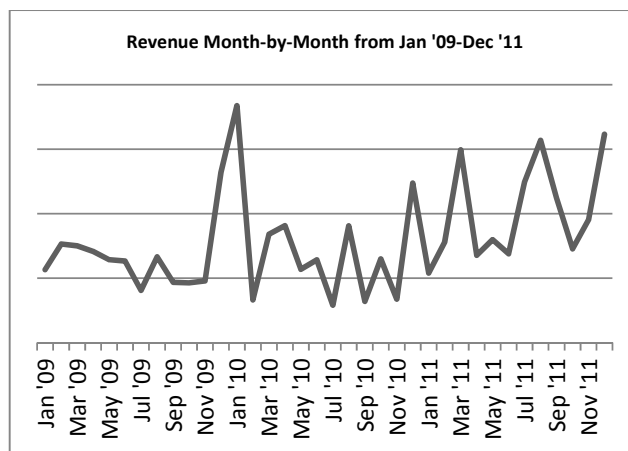


Figure 5. SDI Revenue Month by Month from January 2009 until December 2011

c. Percentage of Revenue on Sales Quotation (SQ)

From Figure 6 it can be understood that only 79.41% SQ that were success and became SDI revenue while the other 20.59% were unsuccessful. The reasons of this problem are; 1) 1.2% was due to the ineligibility of the customer to get credit terms, 2) 7.27% was due to the customer's cancellation after filling the SQ forms, 3) 12.12% was due to other several reasons, including order postpone from the

customer that leads to cancellation by the system, difficulties in verification process, and due to stock out. All these figures show that the selling processes of SE were still in low quality.

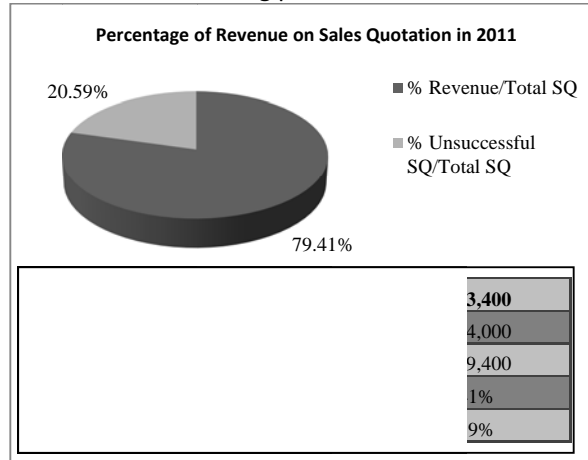


Figure 6. Percentage of Revenue on Sales Quotation (SQ)

d. Customers' Preferences on Products

As the best selling product, MUTE (Muhammad Teladanku), a set of books contained the history of Prophet Muhammad (PBUH) in full color illustrations has a number of sale that was high above the others. It had more than forty percent of total number of products sold in the past three years while no other products close to twenty percent. This shows that the sales persons only focused on one product which was easiest for them to sell.

2.2 Sales Executive Performance

a. Monthly Salespersons Productivity

By the end of 2010, the total number of Sales Executive (SE) that was registered was 473. From that number, only 218 salespersons that made transactions in 2010 (Sales Executive/SE that made transactions was called **SE Productive**). That was only 46% of the total number of registered salespersons. At the end of 2011, there were only 227 salespersons that made transactions out of total 681 registered. It means only 33% salespersons made transactions.

Furthermore, the average the number of salespersons that made transactions in 2010 was 53 each month. That makes only 11% of the registered salesperson that were productive each month. In 2011, the average was 68 salespersons. This was only 10% out of 681 registered salespersons. All of these show how low the productivity of the salespersons was.

b. Salesperson Productivity by Frequency of Transactions

In 2010, from 218 SE that made transactions only 3 SE (1%) that made transactions every month (12 months) throughout the year. In contrast to that, 91 SE (42%) only made transactions in one month out of 12 months of the year 2010. Moreover, in 2011, from 227 SE that made transactions only 7 SE (3%) that made transactions every month throughout the year. In contrast to that, 73 SE (32%) only made transactions in one month out of 12 months of the year 2011. All these numbers show the low productivity of the salespersons.

c. Average Capacity of Salespersons

In term of revenue, the table below shows the average capacity of the salespersons in revenue contribution. In 2010, every SE Productive contributed revenue to the company as much as Rp 40,675,836 while in 2011 as much as Rp 53,797,022. This means that in 2010, each SE Productive only contributed revenue as much as Rp 3,389,653 in average, and in 2011 Rp 4,483,085. In addition, if the average monthly direct commission of the salespersons was 18% of their revenue, this means that in 2010, each SE Productive only received Rp 610,138 as their commission and in 2011 only Rp 806,955. This number was an uninteresting quantity if it is treated as a monthly income for average worker in Indonesia.

Table 1. Average Revenue per SE Productive

	2010	2011
Total SDI Revenue (Rp)	8,867,332,249	12,211,924,000
Number of SE Productive	218	227
Revenue/SE Productive/Year (Rp)	40,675,836	53,797,022
Revenue/SE Productive/Month (Rp)	3,389,653	4,483,085
Average Monthly Commission (Rp)	610,138	806,955

In term of number of customer, in 2010 every SE Productive obtained 8 customers and 12 customers in 2011. This means that in 2010, each SE Productive acquired less than a customer (0.65 customers) each month in average and in 2011 one customer. This number show how low the productivity of the salespersons was.

Table 2. Average Customer per SE Productive

	2010	2011
Number of Customer	1713	2667
Number of SE Productive	218	227
Number of Cust./SE Prod.	8	12
Number of Cust./SE Prod./Month	0.65	1

Literature Review

3.1 What Is Direct Selling?

Peterson and Wotruba (1996) described that, in short, direct selling is face-to-face selling away from a fixed retail location.

This method of selling has a high flexibility of the quality and the quantity of information that can be exchanged between the seller and the buyer. It is flexible in that it is not constrained by either location or time. Further, the ability to communicate face-to-face means that all communication senses can be utilized by the seller; hearing, sight, smell, and touch. It will form relationship marketing so that in the future, the seller might have more chances to generate repeat business from their existing customers.

3.2 Performance Management of the Sales Force

Jobber and Lancaster (2006) gave an overview of the relationship between marketing and personal selling and outlined the key areas of sales management. Figure 7 describes that the evaluation of sales personnel is one of the phase in the management of the sales force. It is assumed that making an improvement in the evaluation process will also improve the performance management system of the sales force, hence improve the sales force performance.

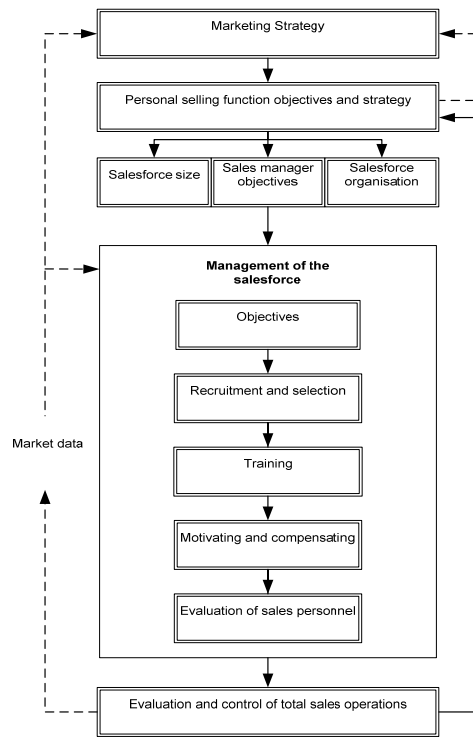


Figure 7. Marketing Strategy and Management of Personal Selling

3.3 Performance Evaluation Relation with Productivity and Job Satisfaction

Prasetya and Kato (2010) reported that performance assessment system and salary system are significantly related with corporate productivity in some companies in Indonesia. Khan (2007) found that there was a significant relationship between performance appraisal and productivity. In 2009 MarkPlus Consulting issued a white paper titled “Productivity-Driven Sales Force Management”. The result of the research showed that a “performance evaluation system” is the most significant factor in determining the sales force effectiveness. Pettijohn, Pettijohn, and Taylor (1999) found that with regard to performance, increasing the frequency with which the appraisals are conducted, allowing the appraisal results to affect sales compensation, using the appraisals to improve performance, and having explicit criteria will lead to performance increases.

3.4 The Purpose of Evaluation in Sales Management

Kondrasuk (2011) concluded that there are two separate purposes of performance appraisal, administrative and developmental. Jobber and Lancaster (2006) defined that the prime reason for salespersons performance evaluation is to attempt to attain company objectives. Furthermore, evaluation provides information which affects key decision areas within the sales management function. Training, compensation, motivation and objective setting are dependent on the information derived from evaluation.

3.5 The Bases Used for Evaluating Salesperson’s Performance

Jackson, Schlacter, Bridges, and Gallan (2010) made several conclusions of an empirical examination of the bases managers use to evaluate salespeople in 2007 compared to those in 1995 (Jackson, Schlacter, and Wolfe: 1995). First, quantitative measures of sales performance, especially sales volume, are still norm. Second, there is a significant increase in the quantity of measures that sales managers collectively use to evaluate salespeople, including the two new categories of **team selling** and **customer evaluation**. Third, technology is playing a significant role in the activities of salespeople.

3.6 Methods of Salesperson Performance Evaluation System

3.6.1 Johnston & Marshal (2005) Proposed Four Types of Salesperson Performance Evaluation:

1. Objectives Measures of Performance.
2. Subjective Measures of Performance.
3. BARS (Behaviorally Anchored Rating Scales) Systems.
4. 360-Degree Performance Feedback.

3.6.2 Jobber and Lancaster (2006) Proposed Two Types of Salesperson Performance Measures:

1. *Quantitative Measures of Performance.* Assessment using qualitative performance measures falls into two groups. One group is a set of input measures which are essentially diagnostic in nature – they help to provide indications of why performance is below standard. Key output measures relate to sales and profit performance.
2. *Qualitative Measures of Performance.* Assessment along qualitative lines will necessarily be more subjective and take place in the main during field visits. The usual dimensions which are applied are: 1) sales skills, 2) customer relationships, 3) self-organization, 4) product knowledge, and 5) co-operation and attitudes.

3.6.3 Muzcyk and Gable (1987) Proposed a Salesperson Comprehensive Performance Appraisal System:

Muzcyk and Gable (1987) propose an appraisal system for sales force that combines three existing approaches, i.e. Management by Objectives (MBO), Behavioral Observation Scales (BOS), and Forced Choice Ratings.

3.7 Implementing a New Performance Management System in an Organization

Cheng, Dainty, & Moore (2007) found that there are three major barriers in implementing a new performance management system within a project-based organization: 1) lack of senior management commitment, 2) employee resistance to change, and 3) inadequate training and support.

However, they then proposed a basis for a new implementation framework. This comprises an amalgam of practices drawn from a range of studies presenting prerequisites for the success of new initiatives responding to the barriers mentioned above. The framework consists of: 1) support and leadership, 2) strategic planning, 3) planning the implementation, 4) appropriate training and education, and 5) monitoring and evaluation.

3. Business Solution

4.1 Methodology

As a direct selling company, the most critical element of SDI business model is their salespersons performance. Therefore, in order to improve its performance, SDI should improve its salespersons performance. There should be appropriate measures taken to improve for all aspects of the salespersons performance management system in order to achieve overall improvement. However, this paper attempts to see from the perspective of the last phase of the performance system i.e. evaluation system, hoping that by doing this the proposed solution can also be beneficial for other phase of the system.

The first step is to analyze the SDI corporate performance management. **The second step** is doing a literature review on performance management and sales management. **The third step** is to formulate a new salespersons performance evaluation management system for the company. This step is divided into 4 phases, a) company's objectives identification, b) salespersons' behavior identification, c) formulating a new system, and d) the new system assessment. **The final step** is to formulate the final recommendation of the new salespersons performance evaluation system and its implementation phases. Figure 8 shows the scheme of the methodology used.

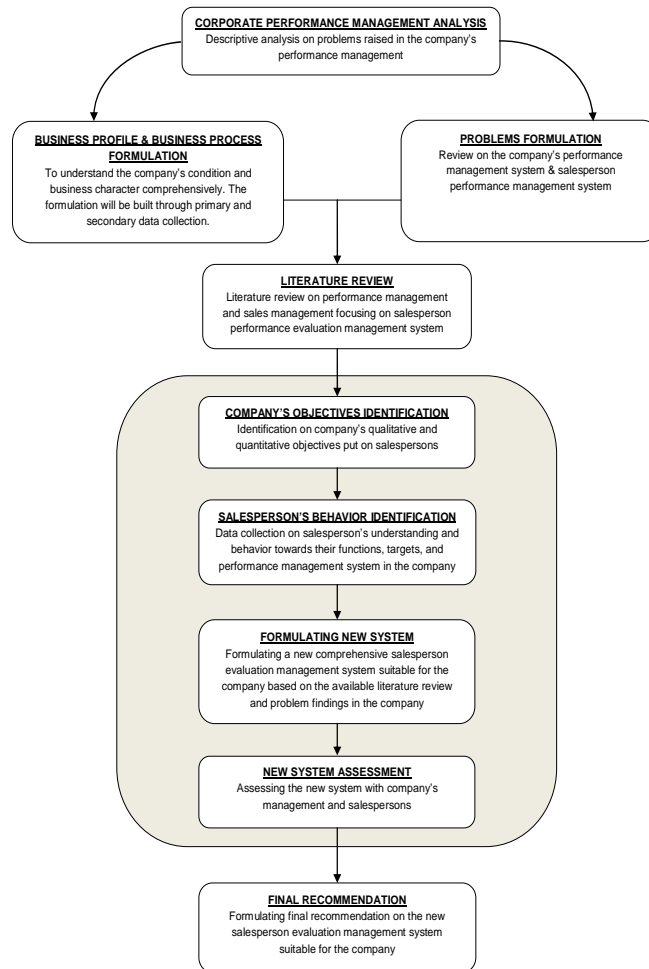


Figure 8. Methodology of the Problem Solving

4.2 Company's Objectives Identification

In order to get company's objectives identification, a questionnaire was delivered to the general manager and all three branch managers (BM); BM Jakarta-Banten, BM Jawa Barat-Jawa Tengah, and BM Jawa Timur. All this four people will represent the SDI management views. Below are the discussions of the questionnaire result.

4.2.1 Salesperson Target & Plan

The SDI management believes that the salespersons need to set up a monthly sales plan using available standard company's sales plan forms. However, they also understand that the salespersons could also use their personal form and notes for setting up the sales plan. Moreover, it is one of the duties of the sales supervisor to supervise, help, and coach the salespersons in the planning process. From the survey, it is found that from 15 possible sales target in SDI, the 4 participants only agree in 1 item, i.e. the sales unit (SU) while for the rest of the options each of them has different perspective. Therefore it can be concluded that there is differences between SDI management about what target that should be put on their salespersons.

4.2.2 Salesperson Performance Evaluation

The SDI management believes that the salespersons' performance need to be evaluated every month based on the company's standard evaluation forms. However, evaluation by discussing the salespersons' progress verbally is also acceptable.

The SDI management expects that when salespersons are being evaluated, they should:

- Strongly understand about things they should improve in order to achieve their target

- Feel being motivated to increase their performance
- Feel pleased because their supervisor put attention to them

The SDI management considers that the main purposes of the salespersons performance evaluation are:

- To understand their capacity as salesperson in order to set up training and development program (the most important purpose)
- To understand whether their salespersons' performance had met their personal target and company target

The SDI management understands that their salespersons had not achieved the target so far so that they should improve their salespersons performance. In addition, although they understand that the salespersons performance evaluation system in the company was still not ideal, they believe that the correct implementation of the evaluation system will improve their salespersons performance.

Furthermore, in setting up a new system for the salespersons performance evaluation, SDI management agreed that the main focus is that the **follow up** of the evaluation process must be clear and taken into full attention.

4.3 Salesperson's Behavior Identification

In order to get the salesperson's behavior towards the performance evaluation system in the company, a questionnaire was distributed to the salespersons. There were 28 salespersons from Jakarta, Bandung, Yogyakarta, and Surabaya who participated in the survey which amongst them 24 participants were female and 4 participants were male. The average age of the participants was 35 years old and they had already been a salesperson for more than one and a half year (1.5 years) in average.

4.3.1 Salesperson Target and Plan

It was found that only one salesperson (4%) out of 28 salespersons that did not make a sales plan, while the rest of the participants made their sales plan weekly (most) and monthly (second). However, they made their sales plan by writing down their plan in their diary or personal notes (most) and made their own sales plan forms (second). Only a very few of them used standard company's form.

86% of the salespersons said that they were asked to make a sales plan by their supervisors, 63% said that they were assisted by their supervisors in making a sales plan, and 68% said that they were given a target by their supervisors. In the last case, it also means that there were 32% of the salespersons said that they were not given any target from their supervisor that represented the SDI management. 18 salespersons (64%) of the salespersons received a target from their supervisors in the form of sales unit (SU). This is consistent with the SDI management point of view that the main target of the salespersons is sales unit (SU). Nevertheless, for the other items of the target, there are still problems for SDI management in setting up the target and communicating it to the salespersons.

4.3.2 Salespersons Performance Evaluation

It is found that almost all of the salespersons evaluate their own progress once a month using their own way. They did not use the available standard evaluation form from the company.

86% of the salesperson said that they were evaluated by their supervisor and 14% were not. This means that the supervisor did not run the performance evaluation process to all salespersons regardless the reasons were. Additionally, the supervisor did not evaluate the salesperson using the evaluation forms but by discussing the salespersons progress verbally in group meetings.

In addition, it is found that when the salespersons were being evaluated by their supervisor, they:

- Understand about things they should improve in order to achieve their target (most)
- Feel pleased because their supervisor put attention to them (second most)
- Feel being motivated to increase their performance
- Feel frustrated because they did not achieve their personal target and company's target

Moreover, according to the salespersons, the main purposes of their performance evaluation are:

- To understand whether their performance had met their personal target and company's target (most)
- To understand their capacity as salesperson in order to set up training and development program (second most)

The salespersons understand that they did not achieve the target and are willing to improve their performance. In addition, although they understand that the salespersons performance evaluation system in the company was still not ideal, they believe that the correct implementation of the evaluation system will improve their performance.

Finally, the salespersons that were participated in survey hoped that in setting up a new system for the salespersons performance evaluation system the main focus should be in the **follow up** of the evaluation process must be clear and taken into full attention.

4.4 Formulating a New Salesperson Performance Evaluation Management System

4.4.1 Current Condition of the System

From the problem findings and the result of the questionnaire, it is concluded that the current salespersons performance evaluation system has the following conditions:

- Except for the sales unit, there are no direct relationship between performance and rewards.
- Absence of formal discussion of performance objectives and goals between salespersons and their supervisors.
- Absence of formal discussion of performance evaluation session.
- Performance standards and methods of evaluation were not very well defined.
- No standard criteria to be promoted as a sales supervisor.
- No scheduled time of the evaluation session.
- No records of the performance evaluation that had been conducted.

4.4.2 Proposed Concept

The concept of the proposed new system is expected to be a systematic, relevant, reliable and comprehensive system for measuring work performance of a salesperson in a book direct selling business characteristics in order to facilitate the continuous improvement process of the salesperson.

4.4.3 Setting Standard of Performance

SDI management should issue a formal document that contains the rules about what kind of the target of the salespersons be and what would its performance standard be so there will not be misperception between the management and the salespersons.

4.4.4 Goals

The main goal of the implementation of this new system is to increase the corporate productivity by increasing salespersons performance. However, the specific goal is to facilitate the continuous improvement of the salesperson from time to time regardless the minimum target from the company.

4.4.5 Purposes

The purpose of the performance evaluation system in SDI should be more concern in the developmental purpose while for administrative purpose the decisions should be facilitated in rigid rules of the game, not in the subjectivity of the supervisors. In detail, the purpose of the salesperson's performance evaluation management system in SDI would be:

The developmental purposes of the system:

- To understand their capacity as salesperson in order to set up training and development program
- To understand their activity towards achieving the target
- To understand their motivation level in order to set up counseling or training program
- To understand their selling behavior to the customer in order to know the customer satisfaction level

The administrative purposes of the system:

- To understand whether their performance had met their personal target and company target

- To set up new target for them
- To decide the correct compensation for them according to the company's rule
- To understand whether the salespersons has fulfill the criteria to be promoted as salespersons supervisor

4.4.6 Who Will be Involved

The people that will be hold the responsibility to do the evaluation process is the salesperson supervisor since it is the direct superior of the salesperson. Doing salespersons performance evaluation should be one of the duties of the salespersons supervisor which has implication in their career and compensation.

The salespersons as the one that will be evaluated should also understand the whole process of their performance evaluation system. Hence, the process will produce excellence result that will be beneficial for all.

4.4.7 Methods

The method that will be used is the combination between **Management by Objectives (MBO)** and **Quantitative and Qualitative Measures**. The process is that the organizational purposes are diagnosed and met by joining the sales supervisor and the salesperson in the pursuit of mutually agreed upon goals and objectives, which are specific, measureable, time bounded, and joined to an action plan; progress and goal attainment are measured and monitored in appraisal sessions which center on mutually determined objective standards of performance.

Table 3. The Steps and Ideal Time of the Evaluation Process

No	STEPS	Time-Line
1.	Salesperson submits the record keeping forms to the sales admin staff	1 days
2.	Sales admin staff processes all the data needed in the Evaluation Form	2 to 3 days
3.	Evaluation process (session) between the salesperson and his/her supervisor:	
	a. For quarterly evaluation process (Quantitative Base)	1 to 3 days
	b. For semiannually evaluation process (Quantitative and Qualitative Base)	3 to 5 days
4.	Results discussion between supervisors, area sales managers, and branch managers.	2 days
5.	Salesperson receives the result and recommendation	1 day
	Total Time Taken:	9 – 12 days

4.4.8 Evaluation Bases

The proposed evaluation bases and their specific purposes for the new salespersons performance evaluation system in SDI can be found at Appendix 1 for the Quantitative Base and Appendix 2 for the Qualitative Base.

Rewards for the Achieved Target. In the current salespersons performance management, the rewards offered by the management are only based on the totals sales unit, whether it is monthly or annually. Nonetheless, in the direct selling business characteristics, the quantity of the result i.e. the achievement of the selling units is very dependent on the quality of the selling processes. Therefore, it is suggested that other targets from management to the salespersons should be also given a reward. For example, if the salespersons achieved its target on the number of new prospect, business presentation on customers, and conducting sales event, they will get rewards for those achievements. By doing this, the salespersons will be encouraged to fulfill necessary activities in order to achieve their main target, the sales units.

4.4.9 Time and Timing

The time management of the evaluation process will be:

1. The evaluation session will be carried out at the beginning of April (Q2), July (Q3), October (Q4), and January (Q1).
2. On the April and October evaluation process, the salesperson will only be evaluated using the Quantitative Bases. However, on the July and January evaluation process, the salesperson will be evaluated using both the Quantitative and Qualitative Bases.
3. The quarterly Quantitative Based evaluation main purpose is to capture the reasons of the corporate achievement whether the corporate achieves its target or not. If the corporate performance is under the target, corrective actions could be taken immediately regarding the salesperson activities or behaviors.
4. The semiannually Qualitative Based evaluation main purpose is to capture the salespersons capacity and conditions so that any necessary training and development program can be conducted. This evaluation process is also used in determining whether the salesperson has met the criteria for being promoted as a supervisor.
5. Particularly, for the January evaluation session, the evaluation result will also be used as the annual rewards and recognition that will presented on the annual meeting event. Moreover, in this evaluation session, a planning session to set up a new yearly sales plan is also conducted. Therefore, before the session is conducted, SDI management should already decide the company's target for the year.
6. The steps and ideal time spent for completing the evaluation process can be found at Table 3 above.

4.4.10 How Will the Performance Evaluation System be Conducted

The salespersons performance evaluation will be conducted in a participatory manner. This kind of manner will be very suitable for the status of the salespersons and their supervisors which are independent contractors (free lancers). Therefore, in order to increase the number of the participants, SDI management should give rewards to the salespersons who participate in the evaluation process.

4.4.11 Use of Results

The action that would be taken according to the evaluation results, whether it is associated with the administrative or developmental purpose should be clear in term of time of execution. Implementing the follow up of the results will correspond to the credibility of SDI management in front of the salespersons. Neglecting this issue will decrease the participation of salespersons in the next evaluation process.

4. Conclusion and Implementation Plan

5.1 Confronting the New Concept with Management and Salespersons

Both the representatives of SDI management and the salespersons were invited to discuss the new concept of the proposed system. In general, they are all confident that the new system will bring significant improvement in the salespersons performance. One suggestion was that a simple and quick monthly evaluation is needed in order to monitor the progress of the salespersons. This recommendation can be facilitated by conducting a document based evaluation for the quantitative evaluation base and by carrying out an informal discussion about the result on the weekly and monthly sales gathering or group meeting.

5.2 Timeline and Actions Needed for Implementing the New System

See Table 4 for the timeline of the implementation plan.

Table 4. Timeline of the Implementation Plan

No	Item	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
1.	Commitment from senior management	■												
2.	Commitment from employee and salespersons	■												
3.	Setting up standard and target	■												
4.	Setting up rules and roles	■												
5.	Training for persons involved		■	■										
6.	Q2 Evaluation Session (Quantitative base only)				■									
7.	Q3 Evaluation Session (Quantitative and qualitative base)						■							
8.	Q4 Evaluation Session (Quantitative base only)									■				
9.	Q1 Evaluation Session (Quantitative and qualitative base)										■			
10.	Audit the new system													■

5.3 Audit the New System.

In order to guarantee the continuous improvement of the system, SDI management should conduct an audit of the effectiveness and the efficiency of the implementation of the new system. The instrument of the audit process could be in the form of interview, questionnaire, observation, document study, and focus group discussion. After the audit process has been carried out, the necessary corrective actions should be conducted immediately in order to facilitate the continuous improvement of the system.

5.4 Technology Application

SDI has an IT system in facilitating its working processes. The implementation of the new salespersons performance evaluation system would be more effective and efficient if the process can be facilitated in the IT system. The data acquisition process, the data assessment process, and the delivery of the results are some processes that could be implanted in the IT system of the company. Furthermore, by using IT technology, all processes and documents will be recorded for future used and further analysis.

Recommendation for Future Research

Some improvements should be made regarding this paper:

- a. The number of the salespersons participated in the questionnaire should be increased in order to get a more accurate behavior of the salespersons towards the system.
- b. This paper only proposes a new evaluation system for the salespersons since it is the focus of the research. Therefore, in order to obtain a more comprehensive salespersons performance evaluation system, an appropriate area sales manager and supervisor performance evaluation system should be prepared.

Appendix 1. Quantitative Base of the Evaluation System

No	Evaluation Base	Specific Purposes
OUTPUT BASE		
1.	Number of Sales Units (SU)	In order to know direct contribution of the salespersons and his/her general selling capacity
2.	Ratio of successful SQ to total SQ (Rp/Rp)	In order to know the productivity of the salespersons in term of the selling cycle process. In order to decrease the operational cost (the higher this ratio, the lesser of the operational cost will be). In 2011, this ratio was still under 80%
3.	Ratio of best seller products and other products	In order to increase the sales of the slow moving products
4.	Ratio of successful SQ to the number of presentation	In order to know the quality of the presentation process
5.	Number of non-performing customer (bad debt)	In order to know the quality of the segmenting process of the salesperson
INPUT BASE		
6.	Number of new prospect	To understand the salesperson's activity towards achieving the target
7.	Number of calls made to the new prospect	To understand the salesperson's activity towards achieving the target
8.	Number of presentation	To understand the salesperson's activity towards achieving the target
9.	Number of sales events conducted	To understand the salesperson's activity towards achieving the target
10.	Number of attendance of sales clinic (weekly sales gathering)	To understand the salesperson's level of motivation
11.	Number of attendance of group meeting	To understand the salesperson's level of motivation
12.	Ratio of the number of visit after sales to the number of customer	To understand the salesperson's selling behavior to the customer in order to fulfill the customer requirements
13.	Number of new salespersons recruitment	To understand the salesperson's level of motivation
14.	Ratio of number of customer complaint to the number of customer	To understand the salesperson's selling behavior to the customer in order to fulfill the customer requirements To know the level of the customer satisfaction
15.	Number of required reports turned in	To understand the salesperson's level of motivation

Appendix 2. Qualitative Base of the Evaluation System

No	Evaluation Base	Specific Purposes
1.	Selling Skills How well does the salesperson in implementing the selling cycle? a) Prospecting, b) Approaching, c) Probing, d) Presenting, e) Handling objection, f) Closing, g) Servicing	To understand their capacity as a salesperson in order to set up training and development program.
2.	Customer Relationships a) How well received is the salesperson? b) Are customer well satisfied with the salesperson's? (in terms of service, advice, and reliability), c) How often does the salesperson greet his/her customer?	To understand their motivation level in order to set up counseling and training program.
3.	Self-organization How well does the salesperson carry out the following: a) Prepare calls, b) Prepare presentation, c) Keep customer records up to date, d) Provide market information to management, e) Conduct self-analysis of performance in order to improve weaknesses	To understand their selling behavior to the customer in order to fulfill the customer requirements.
4.	Leadership and Teamwork How well does the salesperson carry out the following: a) Organize sales event, b) Being a team player, c) Motivate others, d) Communicate with others, e) Being punctual	To understand whether the salesperson has fulfill the criteria to be promoted as a salesperson supervisor.
5.	Product Knowledge How well informed is the salesperson regarding the following? a) His or her own products and their customer benefits and applications, b) Competitive products and their benefits and applications, c) Relative strength and weaknesses between his/her own and competitive offerings	
6.	Co-operation and Attitude a. To what extent will the salesperson do the following? • Respond to the objective determined by management in order to improve performance, e.g. increase prospecting rate • Co-operate with suggestions made during field training for improved sales technique • Use his or her own initiative b. What are his or her attitudes towards the following? • The company and its products • Hard work	

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