

# A Brief History of the Sales Environment<sup>1</sup>

Derek Farnsworth, Jennifer L. Clark, Micah Strader, and Allen Wysocki<sup>2</sup>

## Introduction

Financial incentives are intertwined in the sales process. This has been a major cause of distrust between buyers and sellers. There have been sales personnel for as long as there have been things to sell. This document will explore history related to selling, the effect of technology on the role of selling, and the influence of W. Edwards Deming on the current sales environment.

## History of Selling

“Prior to the Industrial Revolution, when small-scale businesses dominated the economic environment, the task of selling was relatively simple. The majority of small firms had a central concern to meet the growing demand of consumers. Many of the orders were already on hand” (Stills 1976). It was very common for one person to perform all tasks of the business. The proprietor was focused on producing and meeting orders; selling, marketing, and accounting were regarded as secondary.

The Industrial Revolution brought about major organizational changes to businesses. Industries were now producing mass quantities of millions of different products (Stills 1976). Because local communities could not absorb all the products, an increase in sales coverage was needed to relieve the surplus created by large factories. The emergence of sales divisions within corporations solved many logistical problems and increased the spectrum and quantity of potential customers. However, sales representatives generally had very little feedback within the company and

were viewed as contracted help. They were paid strictly on a commission basis, so they had very little loyalty to either the firm for which they worked or the customers to whom they sold the products. As long as the proper allotments of products were being shipped and the sales representatives were meeting pre-determined quotas, firms generally took very little notice of what consumers wanted. These practices remained unchanged until the late 1970s.

It has since become imperative in the modern sales environment to gain the trust of prospects and customers by delivering on the expectations set by the sales representative. Oaks (1990) observed that “trust rests on the expectation that technically competent service will be rendered.”



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2. Derek Farnsworth, assistant professor; Jennifer L. Clark, senior lecturer, Food and Resource Economics Department; Micah Strader, former graduate student; and Allen Wysocki, associate dean and professor; UF/IFAS Extension, Gainesville, FL 32611.

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## Advances in Technology: The Changing Role of Sales

The economic expansion of the 1990s led to a flurry of development in all sectors of the economy. Advances in technology, especially in the information sector, have increased competition between firms and heightened the awareness of the average prospect and customer. Increased access to information has forced sales representatives to admit the shortcomings of their products.

Today, sales representatives must compete for prospects and customers through providing service as well as quality products. In addition, “another important job of the sales manager relates to organizing the sales effort, both within and outside the organization” (Stills 1976). The sales manager is increasingly responsible for certain steps of production that can customize products to the needs of individuals while maintaining a highly efficient production line. Effective sales managers collect feedback from their sales area and use that information to improve both the production of products and customer service. Sales managers are often trained to ask questions and probe into the needs and wants of prospects and customers. Clients have responded by demanding better service and authority in the production process. As a result, it is becoming more common for sales managers to turn prospects into customers by altering the operations of the firm to fit their needs.

This selling strategy reflects the basic selling terms: *features* and *benefits*. Features and benefits define the capability of the product or service and allow prospects and customers to decide if their benefits meet their needs. Advertising a product’s features and benefits is a low-pressure, high-information method of selling that is commonly taught in sales training rooms.

## W. Edwards Deming’s Influence on Selling

Another aspect of sales that should not be overlooked is a change in the production methods of large competitive firms. In the 1950s, US industries were the leaders in nearly every category of industrial products, due in part to the fact that Europe, Russia, Japan, and even the Middle Eastern nations were still in the process of reconstruction after World War II. Initiatives set forth by the Truman Administration and many American industrialists gave these postwar nations billions of dollars and the latest industrial techniques. One of the men who gained great notoriety during the postwar reconstruction process was

W. Edwards Deming, an American statistician and quality control expert. He performed much of his work in Japan, leading the quality movement and teaching a new industrial technique called “Total Quality Management.” His expertise enabled the Japanese to rebuild destroyed industries and create new industries that now compete worldwide.

Everything Deming taught about quality relied on precise measurement. A famous maxim of his was, “You can’t improve what you don’t measure” (McCoy 1994). This resulted in a great deal of progress for Japan, and new technologies emerged from this pursuit of quality, one of which was “Just-in-Time Inventory.” Just-in-Time Inventory involves ordering the precise amount of inventory needed exactly at the time it is needed, thus eliminating surpluses of raw materials and inventory needed to “feed” production lines. The advantage of having very little inventory is that it allows firms to have less cash tied up in inventory and storage and to spend money on improvements that increase efficiency on the production line.

In the 1950s, American firms were enjoying large profits because they had very little competition. They were uninterested in Deming’s theory at that time, so Deming took his theories to Japan. It was not until the 1980s when the Japanese were surpassing American firms in several industries that Deming was asked to share his knowledge with American industries.

Deming’s Just-in-Time system of production requires responsiveness throughout all aspects of the firm. This is especially true of the sales department, which must be sensitive to the changing needs and demands of prospects and customers. As more companies adopted Just-in-Time Inventory, sales representatives took on a more consultative role versus order-taking role. Sales representatives are the first, and sometimes the only, contact that customers will ever have with a firm. That places increased pressure on sales representatives to influence production decisions and satisfy consumer needs.

## Conclusions

Firms spend millions of dollars on marketing to dispel rumors or perceptions of faulty and defective products. Guarantees and proactive return service policies have become a business necessity in the modern environment. Increasingly, as consumers gain more access to information about the products they use, firms have been forced to “come clean,” in a sense, about their sales practices.

Effective communication between producers and consumers is essential to success in the modern business environment. This communication is provided through successful sales personnel. Successful relationships that are mutually beneficial may lead to repeat business that is “crucial to the success of any business” (Garofalo 1998). Garofalo’s list of reasons why repeat business is essential includes decreasing marketing and promotional expenses, retaining a solid reputation, and acquiring new business through word of mouth.

Maintaining an excellent producer/consumer relationship is the key to managing a successful sales staff. Distrust between consumers and sales staff is detrimental to business. Many of the problems in the sales profession are not likely to be solved in the near future. However, individual businesses can successfully implement techniques that are mutually beneficial to buyers and sellers.

## References

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