COURSE DESCRIPTION AND OBJECTIVES

The focus of this course is on the challenges firms confront in “going to market” – that is, the way in which companies organize to reach and market to their end users. For many firms, particularly in business-to-business markets, the focus is on setting up and managing professional sales organizations. On the other hand, the opportunity many firms have to reach customers through indirect channels poses an additional set of challenges. Accordingly, this course has been organized around these two related sets of management issues: sales force management and channel management. Given the nature of the problems we will cover, the class will be based substantially on case analysis and discussion.

1. Sales Force Management. About half of the course will cover issues in the management of an in-house, professional sales organization (i.e., going direct). These include understanding the effective management of personal selling, salesforce size, compensation plans, the role of district managers, and salesforce organization. During this phase of the course, students will participate in a computer-based sales simulation and forecasting exercise in which they will play the role of a sales representative for EchoPort, Inc.

2. Channel Management: The second half of the course will cover issues in channel selection and management. We discuss the trade-offs firms confront between using direct sales and third-party distribution and the challenges involved in managing multiple channels. We also study the effective management of third-party distributors, touching upon the number of resellers to authorize (i.e., distribution intensity), power, control, and channel conflict.

What is the course not about? As a course in management, there will be relatively little emphasis on sales technique (i.e., students should not expect a course on how to be a better salesperson). As an elective in the marketing area, the course also does not emphasize issues in supply chain management (e.g., improving logistics, inventory management, transportation, etc…). Students interested in this subject should consider enrolling in the Supply-Chain Management elective course offered by the Decisions, Operations and Technology Management faculty.
The objectives for this course are:

1. To familiarize you with the concepts, theory, and latest thinking bearing on the key issues in salesforce and channel management. This will be done primarily through lectures and assigned readings.

2. To provide you with practice, via case analysis and simulation, in applying key concepts and theory to the solution of problems in sales and channel management.

3. To provide you with an opportunity, through the course project, to make an independent assessment of the go-to-market system in use by a company or industry of your own choosing.

4. To provide you with a forum, both written and oral, in which you may further develop your business communication skills and receive feedback from your peers and the instructor.

Course Materials

1. Course Reader: Management 261A Cases and Readings. (Available through the Anderson School's publishing service.)


COURSE ORGANIZATION

The sections below discuss the mechanics of the course in some detail.

Study Groups

Students will need to form study groups early in the quarter. Ideally, groups should be composed of four members. No group may have more than five members. Groups of two or three will be permitted with instructor permission.

Class Format

For the most part, class activity will be divided between lectures and case discussions.

*Lecture/Discussions.* Approximately 40 percent of the class time will follow a lecture format. These sessions are devoted to the presentation and discussion of theories, concepts, analytical techniques, and empirical findings useful in sales and channel management. The lecture/discussion sessions are often accompanied by assigned readings from the course packet. Lectures are not designed to summarize the readings, although many important concepts will be consolidated and extended. *The readings are considered an integral part of the course and students will be held responsible for their content during discussion and in their case analyses.*

*Case discussions.* About 60 percent of the class time will be case discussion. The assigned case studies have been selected to fit the objectives of the course and to cover a cross section of interesting industries in both consumer and business-to-business marketing settings.
All students are expected to come to class ready to discuss each case, regardless of whether or not a written assignment has been prepared. Students may be called upon at any time (a.k.a. cold called) to provide specific recommendations and analysis. At a minimum, you should be able to handle the preparation questions listed in the syllabus as well as (i) state clearly what management should do and (ii) provide a specific, logically consistent rationale for your recommendations. Even if you do not contribute to a specific case discussion by speaking, make sure that you are comfortable with what you would have done in the management situation described in the case and why.

Sales Simulation

During the first half of the quarter, running in parallel to the regular class sessions, students will take part in a computer-based sales simulation exercise. Each student will play the role of a quota-carrying sales representative for EchoPort, Inc. (the fictitious leading manufacturer of portable ultra-sound devices). Reps will receive leads and allocate their efforts across different selling activities in an attempt to convert their leads into sales. Reps also will be responsible for providing sales forecasts to management. Students will work individually on the simulation, but may discuss it with each other.

Students are requested to keep a journal of the experiences as the simulation progresses. These entries should provide the basis for a written assessment and reflection on the simulation (due after the simulation concludes) as well as the class discussion. Grades for this element of the course will be based on (1) performance in the sales simulation and (2) the quality of the insights and thinking displayed in the written assessment. More details about the EchoPort simulation and the required assignments will be provided as the simulation unfolds.

Written Case Assignments

Both individual and group written assignments will be distributed during the course of the quarter. A series of small, individual assignments are optional. They will count heavily toward the class participation grade and are therefore strongly encouraged. Each of these will be linked to an issue in a particular case study. Individual assignments are to be written by each student on his or her own but may be discussed with others in the class.

One group case write-up assignment will also be assigned and will be worth 15 percent. There will be a choice of two cases. I will provide further specific details on the format of the write-ups in class and in a hand-out, including length limitations on the papers. Please make sure that you consult this handout before preparing the written case analysis. Group assignments are to be done with the other members of your study team.

Hard copy versions of all assignments are due at the beginning of class on the due date. To be fair to all students, late papers will not be accepted unless there is a documented medical or family emergency.

Course Project

The project for this course is a “sales and channel audit.” Each group may select a firm, or, where appropriate, a business unit within a firm, and intensively study its sales and/or distribution system. Students need not obtain “inside access” to a company, although that is encouraged where possible. Use of publicly available information and your own research is acceptable. Groups may also “audit” the performance of the sales channels for an industry. The final report should consist of your evaluation of the go to market system (or a selected aspect of it) and your recommendations for changes, if any. Groups will be required to submit a written report (not to exceed 3000 words) no later than the Tuesday of the final exam week. A two-page progress report (stating your group members, describing the topic,
and providing a brief outline) is due in class the seventh week of the quarter. Details will be available in a separate hand-out distributed early in the quarter.

**Basis for Grading**

Each student’s overall course grade will be based upon the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tr>
<td>Class Participation/Preparation</td>
<td>30%</td>
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<tr>
<td>In-class participation</td>
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<tr>
<td>Short case assignments (optional)</td>
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<tr>
<td>EchoPort Simulation</td>
<td>20%</td>
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<td>Simulation Play/Performance</td>
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<td>Individual write-up</td>
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<td>Written Case Analysis (Group)</td>
<td>15%</td>
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<tr>
<td>Course Project (Group)</td>
<td>35%</td>
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There will be no in-class mid-term or final examination.

*Grading Class Participation.* Grading class participation is necessarily subjective. Some of my criteria for evaluating effective class participation include:

1. Is the participant prepared? Do comments show evidence of analysis of the case? Do comments add to our understanding of the situation? Does the participant go beyond simple repetition of case facts, adding analysis and conclusions? Do comments show an understanding of theories, concepts, and analytical tools presented in class lectures or reading materials?

2. Is the participant a good listener? Are the points made relevant to the discussion? Are they linked to the comments of others? Is the participant willing to interact with other class members?

3. Is the participant an effective communicator? Are concepts presented in a concise and convincing fashion?

Your grade for class participation is not simply a function of the quantity of your comments (i.e., the amount of “air time” you take up). I will evaluate you on how thoroughly and originally you respond to my questions and to the issues raised in the case as well as how effectively you take into account the comments and analyses of your classmates. In situations where multiple students have raised their hands to speak, I will try to call on the student with the least cumulative air time to that date. This procedure, carried out over the course of the quarter, should help to ensure that everyone who is well prepared and wants to contribute will have ample opportunity to do so.

*Regular attendance in class is expected and a course requirement.* Absences will seriously affect a student’s participation grade (especially if they exceed more than one class session). A high absentee rate may result in a failing grade for class participation and the course as a whole. Students failing to achieve a passing grade for class participation may fail the course as a whole, regardless of their performance on written work.

**Policy on Laptops, Electronic Devices, and Seating**
Laptop computers or other electronic devices (phones, PDA’s, etc.) may not be used while class is in session and must be closed, disconnected from the network, and placed out of view. Students are required to bring and set up their name cards for every class session. A seating chart will also be distributed in week two and all students will be required to take the same seat for the remainder of the course.
<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topic</th>
<th>Case</th>
<th>Assignment</th>
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<tr>
<td>1a</td>
<td>31-Mar</td>
<td>Selling and the Salesperson</td>
<td>Siebel Systems</td>
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<td>1b</td>
<td>31-Mar</td>
<td>Course Overview/Intro to Simulation</td>
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<tr>
<td>2a</td>
<td>7-Apr</td>
<td>Role of the District Manager</td>
<td>NetApp</td>
<td>SA1</td>
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<tr>
<td>2b</td>
<td>7-Apr</td>
<td>Sales Force Sizing</td>
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<tr>
<td>3a</td>
<td>14-Apr</td>
<td>Allocating Sales Resources</td>
<td>Biotron</td>
<td>SA2</td>
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<tr>
<td>3b</td>
<td>14-Apr</td>
<td>Sales Force Compensation</td>
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<td>4a</td>
<td>21-Apr</td>
<td>Mergers</td>
<td>Veritas</td>
<td>SA3</td>
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<td>4b</td>
<td>21-Apr</td>
<td>Structuring the Sales Force</td>
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<tr>
<td>5a</td>
<td>28-Apr</td>
<td>Selling in a Service Organization</td>
<td>ENSR</td>
<td>SA4</td>
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<tr>
<td>5b</td>
<td>28-Apr</td>
<td>Territories/Account Management</td>
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<tr>
<td>6a</td>
<td>5-May</td>
<td>EchoPort Summary and Discussion</td>
<td>IW</td>
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<td>II.</td>
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<td>6b</td>
<td>5-May</td>
<td>Direct or Indirect?</td>
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<td>7a</td>
<td>12-May</td>
<td>Channel Selection for New Products</td>
<td>Z Corporation</td>
<td>GW a</td>
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<td>7b</td>
<td>12-May</td>
<td>Managing Multiple Channels</td>
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<td>8a</td>
<td>19-May</td>
<td>Multi-Channel Selection</td>
<td>Avon.com</td>
<td>SA5</td>
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<td>8b</td>
<td>19-May</td>
<td>Managing Third-Party Distributors</td>
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<td>9a</td>
<td>26-May</td>
<td>Consumer Products Distribution</td>
<td>NatureView Farm</td>
<td>GW b</td>
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<tr>
<td>9b</td>
<td>26-May</td>
<td>Going to Market Strategy</td>
<td>Famous Amos</td>
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<td>10a</td>
<td>2-Jun</td>
<td>Reinventing the Channel</td>
<td>Comstar</td>
<td>SA6</td>
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<td>III.</td>
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<td>10b</td>
<td>2-Jun</td>
<td>Course Summary</td>
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<td>11</td>
<td>9-Jun</td>
<td>Course Projects Due (5 pm)</td>
<td>Course Proj</td>
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</tbody>
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SA# indicates optional short case assignment
GW indicates group case assignment, option of a or b
IW indicates EchoPort individual assessment/write-up
COMPLETE CLASS SCHEDULE AND ASSIGNMENTS

I. Sales Force Management

SESSION 1A (Tuesday, March 31)

TOPIC: Managing Field Sales

CASE DISCUSSION: Siebel Systems: Anatomy of a Sale, Parts 1 and 2 (Part 3 TBD in class)

This case presents an in-depth look at the selling process for a potential client for Siebel systems customer management software, the Quick and Reilly discount brokerage firm. Part 1 presents the perspective of the Siebel sales representative, Gregg Carman. Part 2 presents the perspective of one of the Quick and Reilly executives, Cathy Ridley. Part 3 (to be distributed in class) provides the balance of the story, alternating between Carman and Ridley’s perspectives. The case provides an opportunity to assess the effectiveness of Siebel’s selling approach and the sales tactics specifically employed by Gregg Carman.

Please note that discussion questions have already been provided by the case writers within the italicized boxes. We will attempt to address many of these questions as well as understand the reasons for success or failure in this situation.

REQUIRED READING:


SESSION 1B (Tuesday, March 31)

TOPIC: Introduction/Managing Personal Selling

LECTURE: This session will provide a brief course introduction and overview, introduce students to the EchoPort sales simulation, and cover key issues in the management of personal selling effort.

REQUIRED READING:

1. Sales Forecasting at EchoPort, Stanford Graduate School of Business.

SESSION 2A (Tuesday, April 7)

TOPIC: The Role of the District Manager

CASE DISCUSSION: NetApp: The Day-to-Day of a DM

The case presents the dilemmas and decisions facing Jim Wilson, a relatively new district sales manager at Network Appliance.

DISCUSSION QUESTIONS:

1. To give you a feel for the role of district sales manager (DM), consider your answer to each of the following “warm up” questions:

   - Jim Wilson said of his team: “I expected them … to always give me the straight scoop – especially when the news was not good.” How can Jim ensure that he gets the straight scoop from his reps?
   - How can a DM get reps to focus their efforts on selling new products?
   - Why would anyone ever put a rep on an “improvement plan”?
   - What do you think about the process of setting quotas at NetApp? What are all the ways in which a good DM should be involved in the process?
   - What do you think is the expected payback period for replacing a marginal sales rep?
   - How would you handle the situation with Alice Minelli?

2. According to Jim Wilson: “As a DM, I need to see and maximize results 120 days ahead.” As Jim Wilson, outline your plan for the next 120 days. Be explicit with respect to your decisions on William Frank and Todd DeSchutes. What is your strategy for trying to keep Patty Thompson? What is your contingency plan in case she leaves?

3. What would be your top priorities during this period? How would you be spending your time?

READING:

SESSION 2B (Tuesday, April 7)

TOPIC: Sizing the Sales Force

LECTURE: During this session, we will discuss approaches for determining the appropriate size of a direct sales force and the factors which often complicate this decision.

READING:


SESSION 3A (Tuesday, April 14)

TOPIC: Allocating Sales Resources

CASE DISCUSSION: Biotron Electrophysiology

This case discusses the efforts of a small division within the Biotron Corporation (a disguised name) to launch a new medical device for use by cardiac electrophysiologists (cardiologists who specialized in the electrical system of the heart). The device, called the Focalizer, was an imaging system for visualizing the position of catheters within the heart and was designed to complement and support the division’s principal product line, electrophysiology catheters. The division has been allocated a $2 million increase in its budget to support the launch of the new device and management must now decide how best to spend it. The national sales manager is pushing for an increase in the number of sales reps while marketing is seeking funds to support other activities.

DISCUSSION QUESTIONS:

1. Describe the purchase process for cardiac electrophysiology (EP) catheters and associated imaging systems. Who makes the purchase decision? What are the key factors influencing this decision?
2. Assess the competitive position of Biotron’s EP division in the market for EP catheters and associated capital equipment (i.e., RF generators, imaging systems).
3. Evaluate the current size, structure, organization, and compensation of the EP division’s sales force. What are its strengths and weaknesses? How does it compare to competitors’ sales organizations? How effective do you feel that it has been in selling catheters? How effective do you feel that it would be in selling the Focalizer?
4. How would you allocate the additional $2 million in sales and marketing funds given to you to support the Focalizer launch? Please be specific.

READING

SESSION 3B (Tuesday, April 14)

TOPIC: Sales Force Compensation

LECTURE: In this session we will focus on sales force compensation, examining the balance between fixed salary and commission and investigating the role of quotas and other incentives.

READING:

1. (Recommended) ZSZ Text Chapter 9, “Motivating the Sales Force,” pp. 248-267.
2. (Recommended) ZSZ Text Chapter 10, “Compensating for Results,” pp. 268-325.

SESSION 4A (Tuesday, April 21)

TOPIC: Managing a Sales Force Merger

CASE DISCUSSION: Veritas 1999 (A and B)

In October 1998, Veritas and Seagate’s Network Storage and Management Group agreed to merge. Paul Sallaberry, an executive from Veritas, assumed the role of executive vice president of worldwide sales after the merger. He needed to design a sales force integration plan that would allow the company to achieve its ambitious growth goals without sacrificing short-term sales momentum.

DISCUSSION QUESTIONS:

1. Compare the nature of the markets historically targeted by Veritas and Seagate. What are the similarities and differences among their customers and competitors?
2. What is your assessment of the comparative strengths and weakness of the two sales organizations?
3. How hard is it to merge two sales organizations? Compare the issues of merging the sales forces as compared to other departments (Engineering, G&A and Marketing). What are the stakes here for Veritas?
4. Assess the four integration options that the consultants presented to Sallaberry. What are the pros and cons of each? Would you recommend that Sallaberry follow one of the four options? If not, how would you structure the new sales force?
5. Should Sallaberry proceed slowly and carefully in rolling out the merger or move as quickly as possible?
6. How should Sallaberry decide which reps get which jobs in the new organization structure? Does competing via interviews make sense or should another approach be used?
7. What do you recommend as the new compensation structure? How will it compare to pre-merger compensation? How would you address the issues of fairness to all parties and the need to control the overall cost of sales?

READING:

SESSION 4B (Tuesday, April 21)

TOPIC: Structuring the Salesforce

LECTURE: This session will cover a number of issues related to structuring the sales force. These include use of general line versus specialized reps, trade-offs between efficiency and effectiveness, and outsourcing direct sales to manufacturer representatives (the so-called make versus buy decision). Time permitting, we will also briefly touch on ethical issues in sales management.

READINGS:


SESSION 5A (Tuesday, April 28)

TOPIC: Selling in a Service Organization

CASE DISCUSSION: ENSR International

ENSR is an environmental consulting firm headquartered in Westford, MA. Its services cut across seven different “service lines” and 60 different technical disciplines. A subset of the consultants is responsible for selling the firm’s services. In this role, they are referred to as “seller-doers.” While moderately successful, the firm’s management is dissatisfied with its performance. In particular, they feel that they should be getting a bigger piece of their clients’ budgets. Management is considering three options to address the problem: (1) create a dedicated sales staff, (2) change the compensation plan, or (3) initiate a key account program.

DISCUSSION QUESTIONS:

1. Describe the vendor selection process in the environmental consulting industry. Who influences the purchase decision? What are the main criteria influencing vendor selection?
2. What is the nature of ENSR’s customer base?
3. What is ENSR’s current sales approach? What is the compensation plan? What determines the success of a seller-doer?
4. What specific challenges does ENSR face regarding utilization of its consultants?
5. What are the arguments for and against the three proposed solutions? Which do you favor and why?

READING:

1.  (Recommended) ZSZ Text Chapter 11, “Setting Effective Goals and Objectives” pp. 326-388.
SESSION 5B (Tuesday, April 28)

TOPIC: Sales Territories and Account Management

LECTURE: The time in this session will be devoted to determining sales territories and principles of key account management.

READING

1. (Recommended) ZSZ Text Chapter 5, “Designing Sales Territories that Increase Sales,” pp. 132-158.

SESSION 6A (Tuesday, May 5)

TOPIC: Selling, Managing and Forecasting

DISCUSSION: EchoPort Summary and Discussion

In this session we will discuss the key lessons learned from the sales simulation played over the course of the term. Outstanding performance in the simulation will be recognized.

ASSIGNMENT:

Students will be required to submit an individual assessment of and reflection on their performance in the EchoPort sales simulation. Preparation questions for this assignment will be made available once the play of the simulation has progressed.
II. Channel Management

SESSION 6B (Tuesday, May 5)

TOPIC: Channel Selection: Direct or Indirect?

LECTURE: In this session, we develop a framework to aid in channel selection decisions and for deciding between the use a direct sales force versus an indirect channel.

READINGS:


SESSION 7A (Tuesday, May 12)

TOPIC: Channel Selection for New Industrial Products

CASE DISCUSSION: Z Corporation

Z Corporation, a Massachusetts-based start-up, has developed a new machine for rapid prototyping (i.e., printing of 3-D models). By April 1998, the company had sold 20 units of its new machine, the Z402 System, with the efforts of one full-time salesperson. However, internal sales goals called for increasing units sales to at least 80 units per year. Tom Clay, president of Z Corp., was evaluating three sales channel options for the Z402, (1) an internal direct sales force, (2) resellers of CAD software, and (3) machine tool resellers. Each had advantages and disadvantages. Clay must make a recommendation to the company’s board of directors at its next meeting.

DISCUSSION QUESTIONS:

1. Who are the decision makers at an end user for the Z Corp. machine and what are their needs for channel services in the buying process (e.g., information, logistics, etc.). Note that these channel service need are distinct from the underlying need for the product itself.
2. How do you think the buyers’ needs for channel services might evolve in this product market?
3. How effectively does each of the channels described by Z Corp’s president meet the buying needs of the end users? Construct a simple matrix where one dimension is the buyer needs that you have identified (ranked in terms of their importance to the buyer) and the second dimension is the alternative channels.
4. Which channel appears to have the best fit with respect to providing end-user needs at the most reasonable cost in the short run? Long run? Which do you recommend and why? What are the channel economics associated with your selection?
5. What other channel configurations might be considered?

ASSIGNMENT:

For groups selecting this alternative, the group case write-up is due at the beginning of class.
SESSION 7B (Tuesday, May 12)

TOPIC: Designing and Managing Multi-Channel Systems

LECTURE: In this session we consider the challenge of designing and managing multiple ways of “going to market,” in which more than one channel to end users operates concurrently. We discuss the basis for multi-channel systems as grounded in the segmentation in end users’ wants and needs for channel services. We then turn to a discussion of managing the co-existence of parallel channels. We discuss the classic problem of horizontal conflict (inter-channel competition for the sale of goods and services to the same end users) and how to manage it. We also briefly cover the problem of gray markets and how management can address them.

READING:


SESSION 8A (Tuesday, May 19)

TOPIC: Multi-Channel Selection

CASE DISCUSSION: Avon.com (A)

Avon Products is a well-known global manufacturer and marketer of beauty products. Since its inception in the late 19th century, Avon’s business model has been consistent: recruit women to serve as “Avon Ladies” who, in turn, sell the products to their friends, relatives, neighbors and co-workers. Though the average income of Avon representatives was fairly low, marketing and distribution costs at Avon totaled nearly 50% of net product sales. The commercialization of the Internet offered Avon a seemingly attractive opportunity: sell directly to the consumer. The Internet also offers the potential for cutting costs out of the system. Len Edwards, president and general manager of Avon.com, must decide what role the company’s online effort would play in selling to end users and in managing the relationship between the company and its traditional representatives.

DISCUSSION QUESTIONS:

1. Who makes up Avon’s target market? How can it be segmented?
2. Describe the channel services provided to end users by the traditional Avon representative. How is segmentation in the market related to end user needs for channel services?
3. What are the pros and cons of Avon selling directly to the consumer? What does “selling” mean here? Can the Web do this for Avon?
4. Do you feel that Avon should sell direct to the consumer? Why or why not?
5. What are the potential savings for Avon if it moves all rep ordering to Avon.com versus maintaining its current order fulfillment process?
6. Analyze the factors that may lead to channel conflict. How would you evaluate the extent of potential conflict between traditional reps and Avon.com?
7. What steps might Avon take to avoid damaging levels of conflict?
SESSION 8B (Tuesday, May 19)

TOPIC: Managing Indirect Distribution Systems (Third-Party Distributors)

LECTURE: This session will cover the challenges of managing independent resellers. We begin with a discussion of distribution intensity – how many resellers to authorize to carry a product. We then turn to the concept of channel power – the ability of the manufacturer to influence the behavior of channel members. We will also discuss vertical conflict, its sources and ways to mitigate it. We introduce the concept of the channel control program, the “playbook” by which the manufacturer organizes its channel management activities in order to achieve desired outcomes.

READING:


SESSION 9A (Tuesday, May 26)

TOPIC: Consumer Products Distribution

CASE DISCUSSION: Natureview Farm

Natureview Farm, a Vermont-based producer of organic yogurt with $13 million in revenue, is the leading national yogurt brand (24% market share) sold into natural food stores. It has achieved this through its special yogurt manufacturing process and through cultivating personal relationships with dairy buyers in the natural foods channel. The company faces financial pressure to grow revenues due to a planned exit by its venture capital investors. Christine Walker, the company’s vice president of marketing, must decide whether or not to pursue revenue growth by expanding into the supermarket channel.

DISCUSSION QUESTIONS:

1. Describe the differences between the supermarket and natural foods channels in terms of margins, distribution process and target market.
2. How has Natureview succeeded in the natural foods channel? Why has the company not considered entry into other channels until now?
3. What types of channel conflict could emerge if Natureview enters the supermarket channel? What are the risks associated with the potential conflict?
4. Of the three options presented in the case, which channel strategy do you favor for Natureview? Justify your answer, supporting your recommendation with economic arguments and other considerations.

ASSIGNMENT:

For groups selecting this alternative, the group case write-up is due at the beginning of class.
SESSION 9B (Tuesday, May 26)

TOPIC: Developing a Go-to-Market Strategy

VIDEO CASE: What Makes Amos Famous?

SESSION 10A (Tuesday, June 2)

TOPIC: Reinventing the Channel

CASE DISCUSSION: ComStar: Reinventing the Channel

The case chronicles the growth of ComStar’s channel by acquisitions and in terms of the number of distributors and Value Added Resellers (VARs) carrying its products. After having experienced much success, the company now faced critical challenges involving its ability to retain control of its production and inventory and to forecast sales revenue. Management had to decide what changes to make in its channel strategy that would best address the problem without jeopardizing short-run sales.

DISCUSSION QUESTIONS:

1. How have ComStar’s problems in inventory management (what the case calls “linearity”) manifested themselves? Why are they problems at all?
2. How would you characterize ComStar’s current channel strategy? What are the pros and cons of the existing structure?
3. What are the benefits and risks of transforming ComStar’s sales strategy from “hands off” channel distribution to a “direct touch” approach?
4. What recommendations would you make to mitigate the risks associated with the solutions management is considering? Are the risks worth taking given the potential outcome?
5. Consider Larry Turner’s quote on page 10 about the distributors following the customer and not creating sales. Do you agree? Why or why not?
6. If you were Charles Wong, would you want to overhaul the sales organization at the same time you are restructuring the company’s inventory management strategy? What are the risks and opportunities?
III. Integration and Summary

SESSION 10B (Tuesday, June 2)

TOPIC: Course Summary

We will use this time to review the major concepts in the course and some of the legal issues in channel management. Time permitting, students will be invited to play the Sales and Channels Pyramid Game.

WEEK 11

ASSIGNMENT: Course Projects

Each group must submit the final written report for its sales and channel audit no later than Tuesday, June 9, 5 pm. It may be submitted directly to me (B516) or to my administrative assistant in the marketing area office (B412). Paper copies are appreciated but you may use email to meet the deadline. There will be no formal class meeting during final exam week.