

## PERSONAL SALES FACTORS AND THEIR QUANTIFICATION ON THE EXAMPLE OF A B-H LEASING COMPANY

Saša Vujić, Ph.D.<sup>1</sup>, Slobodan Vujić Ph.D.<sup>2</sup> Mesud Ajanović Ph.D.<sup>3</sup>

<sup>1</sup>University "Vitez" Travnik, Bosnia and Hercegovina, sasa.vujic@unvi.edu.ba, vujic.sasa1@gmail.com

<sup>2</sup>University "Vitez" Travnik, Bosnia and Hercegovina, slobodan.vujic@unvi.edu.ba

<sup>2</sup>VB Leasing BH, Bosnia and Hercegovina, slobodan.vujic@vbleasing.ba

<sup>3</sup>VB Leasing BH, Bosnia and Hercegovina, mesud.ajanovic@vbleasing.ba

---

### ABSTRACT

The paper is aimed at analyzing and quantifying personal sales elements in order to increase the volume of leasing service sales and achieve higher quality in satisfying customers' needs. In their service sales, leasing companies typically use the personal sales method. Its basic characteristic is personal contact between the sales representative and the customer.

Personal sales is to a lesser degree quantified through quantitative elements of plan fulfillment; however, all the other qualitative indicators are hardly measurable as individual activities except that we can measure them indirectly through linking the success in plan fulfillment by quantity, volume and value with the assumption that they are the qualitative sales factors. However, it is not possible to directly calculate the intensity with which each individual sales element affects the physical volume of sales.

The paper will use primary research. The survey will include sales representatives, i.e. sales representatives employed with dealers and sales representatives employed in leasing companies. One group of questions pertains to the importance of individual elements of sales activities in personal sales, while the other group of questions pertains to advantages of personal sales over other forms of sales.

The scientific analysis will establish the importance of individual elements of sales activities in personal sales, as well as which advantages of personal sales over

other forms of sales customers find significant, all in order to increase the volume of leasing service sales and achieve higher quality in satisfying customers' needs.

JEL Classification: G21, G32, O15

**Keywords:** Leasing service, personal sales, stages of personal sales, customers, human resources in sales.

---

## 1. INTRODUCTION

Leasing can be defined as a contractual relationship between two parties, the user (lessee) and the owner (lessor) of assets that are the subject of the leasing arrangement, whereby the user acquires the right to use the assets and takes on the obligation to make a series of periodical payments to the owner, i.e. the leasing company during the leasing period.<sup>1</sup>

Two parties appear in the leasing service process: leasing provider (lessor) and leasing user (lessee). Lessors include leasing companies as legal entities, while lessees may include companies as legal entities and natural persons (individuals, citizens).

“From the economic standpoint, leasing is a special financing technique, which has developed into a relatively powerful economic activity over the past thirty years. Leasing as a financing mechanism implies turnover of products whereby the user purchases the right to use a given good by paying a defined periodical price. It is actually a rent, i.e. leasing is a form of renting a given product. The object of rent may include technological equipment, machinery, medium-term resources, and different kinds of durable consumer goods.”<sup>2</sup>

Two sales channels are present in the sales of leasing services: direct and indirect sales channel respectively. The direct channel of leasing service sales implies that the leasing service is offered and sold directly to the end buyer. The indirect channel of leasing service sale implies that the sales of leasing service is made via a dealer, who is typically a retailer selling given machinery, equipment, motor vehicles, etc. However, the sales are accompanied by offering and selling leasing services.

In the direct sales channel, a direct contact between the leasing company and a potential leasing service buyer is established. This channel is extremely significant for the leasing company because the direct communication allows better presenta-

---

<sup>1</sup> S Tvrčković, “Finansiranje lizing aranžmanima”, Sarajevo 2002., Revicon, p. 13.

<sup>2</sup> E. Backović, (1997) „Poslovne finansije“, redaktor Zijad Njuhović, Svjetlost, Sarajevo,, p. 278.

tion of offer, removal of ambiguities, adjustment to customer needs and achieving greater efficiency in sales.

When selling their services, leasing companies mainly use the personal sales methods. Its basic characteristic is the personal contact between the seller and the buyer. Prof. Kotler points out that, "Using different approaches and sales training, the seller is transformed from a passive person who takes orders into an active person who receives orders and participates in solving buyer's problems, An active seller who receives orders learns how to listen and research in order to be able to identify customer's needs and arrive at good solutions. He starts from the assumption that the customers have latent needs that actually create opportunities, and that they will be loyal to those sales representatives who can analyze their needs and who are primarily interested in a long-term mutual interest."<sup>3</sup>

## 2. PERSONAL SALES PROCESS AND LEASING SERVICE

The process of leasing service sales in personal sales can be built based on the general models of sales process. Professor P. Kotler lists six steps for successful sales,<sup>4</sup> as follows:

1. search for potential customers and their qualification,
2. pre-approach,
3. presentation and demonstration.
4. overcoming objections,
5. closing the sale, and
6. monitoring and maintaining contact.

Since the leasing service sales process is related to the financial service sales, the leasing service sales process can be defined by minor adaptations of the general model of sales process. Thus, the process of leasing service sales has fourteen stages, as follows:

1. researching potential customers,
2. identification and selection of target customers,
3. planning contacts,

<sup>3</sup> P. Kotler «Marketing menadžment», 12 izdanje, translation 2006. Mate, Zagreb, pp. 625.and 626.

<sup>4</sup> Cf. P. Kotler, *ibid.*, p. 626.

4. contact with a potential customer,
5. drawing attention,
6. presentation of offer,
7. developing interest,
8. removing dilemmas and ambiguities,
9. arousing desire for leasing service use,
10. acceptance of the offer,
11. signing the contract
12. contract implementation – equipment delivery,
13. monitoring annuity payments, and
14. keeping in touch with the customer.

The successful sale of leasing services requires all the fourteen stages to be carried out successfully, professionally and with high-quality.

*First stage.* Researching potential customers. This stage includes research into potential customers for leasing service purchase that will be made by the personal sales method. The research includes actual companies that can be expected to acquire machinery and equipment in the ensuing period due to new investments or replacement of depreciated and outdated machinery. Besides, the research also focuses on the forecasts of the companies' demand and sales, since it is typically successful companies that acquire new equipment and machinery. Sources of information for the research may be varied, such as chamber of commerce data, volume of business activity, off-the-record information, publicity of a company, etc.

*Second stage.* Identification and selection of target customers. Based on the first stage and a wide scope of the research, which covered a great number of potential companies that will invest in their development (renewal or expansion), the selection and identification of a small number of companies that are to become target customers may start. In this stage, one should take into account business affiliations of companies that are short-listed as target customers with another leasing company, and whether they buy the equipment only with cash or through a commercial bank. In this case, one should apply the strategy of marketing confrontation and assault on competitor.

*Third stage.* Planning contacts. In this stage, the way of contacting a potential customer is planned. If it is a new customer, basic indicators such as type of activity, company size, managers' names, other business and personal information are collected about them.

*Fourth stage.* Contact with a potential customer. This stage implies the selection of the way of contacting the customer: in person, over the phone, personal visit, etc. The contact is typically established in writing, through a brief and clear address: goal of the contact, purpose of visit and brief presentation of the leasing company.

*Fifth stage.* Drawing attention. This stage involves drawing a potential customer's attention to purchasing equipment using a leasing arrangement. Attention can be drawn using various publicity material focused on highlighting the advantages of acquiring equipment by means of leasing arrangement.

*Sixth stage.* Presentation of offer. Based on the established contact, the time for presenting the offer is determined. The presentation must be brief, clear and accurate. The duration of presentation should not exceed 10 minutes. An electronic presentation with additional oral explanations is desirable. It is recommended that the focus is placed upon the benefits the customer would have of the leasing package and providing clear information of the lease amount, term of payment, grace period, repayment warranty, etc. By the end of presentation, basic data on the leasing company should briefly be given. Before beginning the presentation, the leasing company representative must introduce him/herself and hand out his/her business cards to the audience. For the presentation to succeed technically, it is necessary to use one's own projector and laptop.

*Seventh stage.* Developing interest. The presenter himself, in his presentation, must develop the customer representatives' interest. Pointing to fast acquisition of equipment and machinery, favorable financial terms, grace period, longer term of payment, etc. must arouse interest among the audience.

*Eight stage.* Removing dilemmas and ambiguities. It is an extremely important stage after the offer presentation since individuals who attend the presentation will not fully understand the benefits and advantages of the leasing arrangement for the customer, particularly if it is their first encounter with the arrangement. The leasing company representative must clearly and accurately answer the asked questions and dilemmas. His authority and knowledge must arouse respect with the customers and remove their dilemmas. Real advantages and benefits of the leasing arrangement for

the customer are obvious and can be confirmed only by the assertive explanation. People are by their nature typically suspicious of new things or things they do not know about, and only the presenter's authority can remove their dilemmas.

*Ninth stage.* Arousing desire for leasing service use. After the offer presentation that has developed the customer's interest and after removing dilemmas and ambiguities, the customer feels a desire to use the leasing service.

*Tenth stage.* Acceptance of the offer. In this stage, the customer makes the decision on accepting the offer either in the original form or corrected based on the customer's objections that were accepted by the leasing company representative. The customer can make the decision on accepting the offer during the presentation and negotiation or subsequently. However, in some cases the customer may refuse the offer and in this case further negotiation is discontinued. Still, the invested effort can be worthwhile in a new offer, particularly if the presentation was successful and if the customer accepted the leasing company as a serious and high-quality supplier.

*Eleventh stage.* Signing the contract. Upon the offer acceptance, the only thing that remains is to sign the contract on leasing arrangement. The very act of signing the contract is not just a technical formality, since it is in this stage that issues that were not dealt with in the stage of offer and that pertain to legal, financial and technical sections are resolved.

*Twelfth stage.* Monitoring annuity payments. It is a long-term stage and lasts as long as the term of payment for the leasing arrangement. Only in cases of tardiness in payments or default in payment is it necessary to get in touch with the customer and remind them of the obligation of regular payments. In cases where the customer has short-term obstacles for installment payments, it is possible to make an agreement with the customer to make a break of a few installments, with the break having the treatment of a grace period. If the customer has more serious problems in paying installments and stops paying them, it is necessary to take extreme measures in order to protect the leasing company's interests, e.g. activate warranties or seize the resource (machine, piece of equipment, etc.) which is the object of leasing arrangement.

*Fourteenth stage.* Keeping in touch with the customer. In order to renew the leasing service sale and create a partner relationship with the customer, it is necessary for the leasing company representatives to occasionally contact the customer and show interest in their business performance and possible renewal of the leasing arrangement.

### 3. QUANTIFICATION OF PERSONAL SALES ELEMENTS

Quantification of personal sales elements is a fairly hard and complex task, since personal sales can to a lesser degree be quantified through quantitative elements of plan fulfillment and through comparison to the same period in the past. However, all the other qualitative indicators are hard to measure as individual activities, except that they can be measured indirectly by linking the success in plan fulfillment in terms of amount, volume and value with the assumption that qualitative sales factors are successful as well. However, it is not possible to directly calculate the degree and intensity of an individual qualitative sales element's effect on the physical sales volume.

For the paper needs, primary research was conducted on the importance of individual elements of personal sales. A survey included sales representatives, those employed with retailers – dealers (154 persons), and sales representatives employed in leasing companies (22 persons). In this way, a total of 176 responses to survey questionnaires were obtained. One group of questions pertained to the importance of individual elements of sale activities in personal sales, while the second group of questions pertained to the advantages of personal sales over other forms of sales.

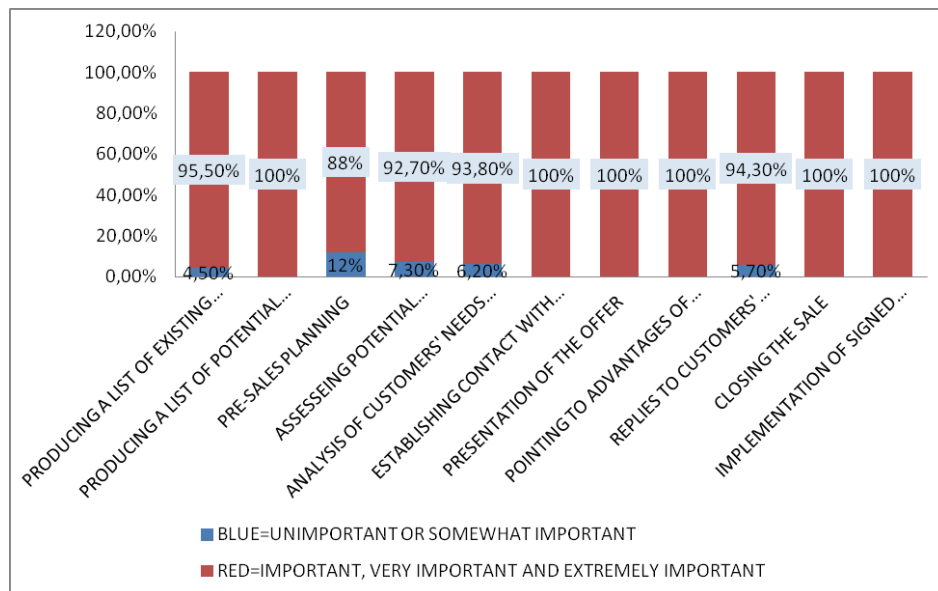
#### ***3.1. Importance of individual elements of sale activities in personal sales***

The 176 obtained responses provide realistic quantification of the importance of individual elements. The respondents graded eleven sale activity elements in personal sales at the five levels of the elements' importance (unimportant, somewhat important, important, very important and extremely important).<sup>5</sup>

---

<sup>5</sup> Vujic (2012), Own research: „Importance of individual elements of sale activity in personal sales“

Graph 1: “Importance of individual elements of sale activities in personal sales”



Source: Vujić S. (2012) Own primary research.

1. To the first question, which required gradation of the importance of making a list of existing customers, 95.5% respondents claimed that this element is particularly important (important, very important and extremely important), while only 4.5% responded that it is unimportant or somewhat important.

2. To the second question, which required gradation of the importance of making a list of potential customers, all 100% respondents stated that this element is particularly important. The structure of responses is as follows: important 36.9%, very important 27.3%, and extremely important 35.8%. No respondent claimed that this element is unimportant or somewhat important.

3. To the third question, pertaining to gradation of the importance of the element of pre-sales planning, a total of 88% respondents claimed that the element is important while 12% responded that the element is unimportant or somewhat important.

4. To the fourth question, pertaining to assessing potential customers, a total of 92.7% respondents claimed that it is a particularly important element while 7.3% responded that the element is unimportant or somewhat important.



5. To the fifth question, pertaining to the importance of customer needs and desires analysis, only 6.2% respondents claimed that the issue is unimportant or somewhat important, while all the others replied positively, as follows: the element is important 47.7%, very important 22.2%, and extremely important 23.9%, or 93.8% in total.

6. To the sixth question, requiring rating the importance of getting in touch with the customer, no respondent replied that the issue is unimportant or somewhat important; rather, all respondents, 100% replied that it is important: 33% that it is important, 19.3% that it is very important and 47.7% that it is extremely important.

7. To the seventh question, which asked respondents to rate the importance of the presentation of offer, 24.4% respondents replied that it is important, 31.8% that it is very important, and 43.8% that it is extremely important. On the other hand, no respondent claimed that the issue is unimportant.

8. To the eighth question, related to gradation of the importance of pointing to the advantages of leasing, the respondents expressed a high degree of agreement about the importance of the element (important 34.7%, very important 17.6% and extremely important 47.7%). Again, no respondent stated that the issue is unimportant.

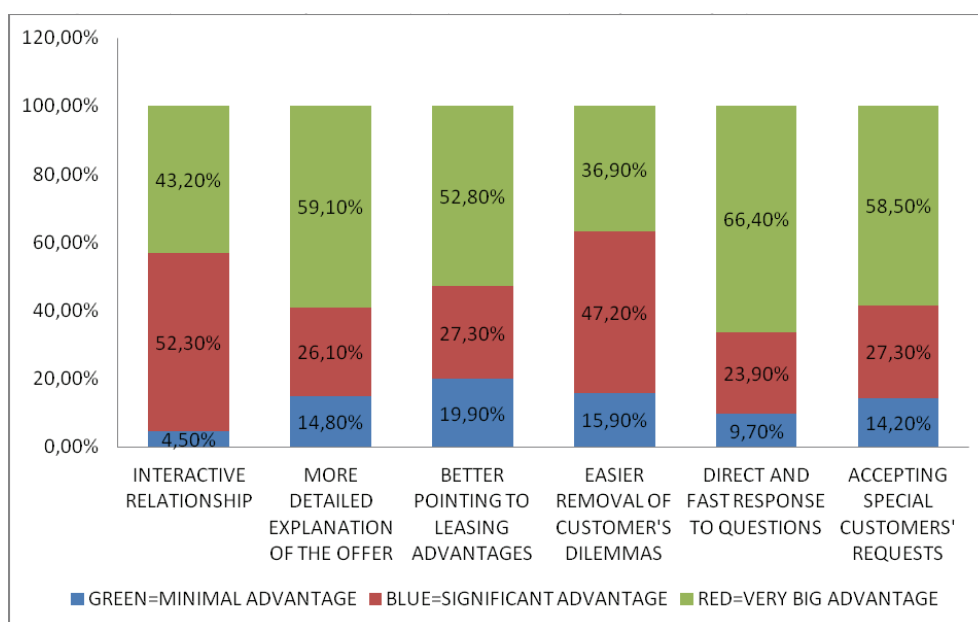
9. To the ninth question pertaining to the importance of replies to customer objections, 5.7% respondents stated that the issue is somewhat important, while the remaining 94.3% believe that the issue is important.

10. To the tenth question, which inquired about closing the sale, all the 100% respondents believe that it is an important issue, by structure: 55.1% consider it extremely important, 35.8% very important and 9.1% important. No respondent considers the closing of sale to be unimportant.

11. Responses to the eleventh question, pertaining to the implementation of signed contract, are similar to those to the previous question. A total of 59.1% believes the issue is extremely important, 29.5% that it is very important and 11.4% that it is important. No respondent believes that the issue is unimportant or somewhat important.

### 3.2. Advantages of personal sales over other forms of sales

Quantification of personal sales is expressed through six questions pertaining to the advantages of personal sales over other forms of sales.<sup>6</sup> The respondents could grade their responses into three levels: minimal advantage, significant advantage and very big advantage.



Source: Vujić S. (2012) Own primary research.

1. To the first question, as to how great is the advantage of personal sales in terms of interactive relationship, prevailing responses express the significant advantage – 52.3%, while 43.2% states that the advantage is very big and only 4.5% that it is minimal.

2. To the second question as well, most respondents believe that this element is a very big advantage of personal sales – 59.1% over other forms of sale. 26.1% believe the advantage is significant, and 14.8% that it is minimal.

3. To the third question, pertaining to better highlighting of leasing advantages through personal sales, as many as 52.8% consider this advantage to be very big, 27.3% consider it significant and 19.9% minimal.

<sup>6</sup> Vujić (2012), Own research: “Advantages of personal sales over other forms of sales”.

4. To the fourth question, which pertained to easier removal of customer dilemmas, 38.9% respondents believe that it is a very big advantage of personal sales over other forms of sales, 47.2% believe it is a significant advantage and 15.9% that it is a minimal advantage.

5. To the fifth question as well, which pertained to grading the advantage of personal sales over other forms of sales with respect to the direct and fast answer to customers' questions, as many as 66.4% respondents claim that the advantage of personal sales is very big, 23.9% believe that it is significant and only 9.7% that it is minimal.

6. The sixth question pertained to the gradation of advantages pertaining to accepting customers' special requests. A total of 58.5% respondents believe that the advantage of personal sale over other forms of sale is very big, 27.3% that it is significant and 14.2% that it the advantage is minimal.

## CONCLUSION

In the direct sales channel, leasing companies use personal sales since the leasing company representative establishes a direct contact with potential customers and through offer, negotiation and discussion sells leasing services to the end customer. This case involves an active leasing service seller. On the other hand, in the indirect sales channel the personal sale is made by a retailer – dealer representative, while the role of leasing company sales representative is reduced to finding retailers – dealers who will accompany sales of their goods with selling the leasing service to interested customers. In the indirect sales channel, the sales representative of the dealer – retailer, through personal sale, sells their own products and while doing so, they can offer both our leasing services and leasing services of other companies.

In leasing service personal sales, the selling performance of leasing company sales representative has an extreme significance both for closing the leasing service sale and for marketing promotion of the leasing company. For this reason, the performance of leasing company's representatives in the personal sales stage is extremely important. They are both sales representatives and in the same time, they represent the leasing company as a whole and it is through them that customers assess the leasing company in its entirety. "In order to create and retain highly productive sales force, the company must design and implement the rewarding method so that it can attract and retain the most successful individuals."<sup>7</sup>

<sup>7</sup> Sally Dibb, Lyndon Simkin, William M. Pride, O. C. Ferrell, „Marketing“, Mate, Zagreb, 1995, p. 480.

Based on the research, the respondents graded eleven elements of sale activities in personal sales from the aspect of importance for: producing a list of existing customers, producing a list of potential customers, pre-sales planning, assessing potential customers, analyzing customers' desires and needs, getting in touch with customers, presentation of the offer, pointing to the advantages of leasing, replies to customers' objections, closing the sales, and implementation of the signed contract. Besides, the respondents graded advantages of personal sales over other forms of sales through: interactive relationship, more detailed explanation of the offer, better pointing to leasing advantages, easier removal of customers' dilemmas, direct and fast reply to question, and accepting special customers' requests.

From this research, we can conclude that it is necessary to find such stimulating measures that customers, in the offer of leasing arrangement, accept and prefer our leasing company. Owing to good image and advertising, the end customer asks for our company's leasing service.

Direct personal sale has many advantages for end customers, as well as for the leasing company, since it is interactive and is controlled by our own leasing company, while influences in sales through the indirect channel are beyond our control and are subject to many uncontrollable influences.

## References

- James C. Van Horne, Joh M. Washowicz, Jr, "Osnove finansijskog menadžmenta" deveto izdanje, Mate Zagreb.
- Kotler P. «Marketing menadžment», 12 izdanje, prevod 2006. god. Mate, Zagreb.
- Lambin, Jan Jacques (1997) Strategic Marketing Management, The McGraw Hill London.
- Sally Dibb, Lyndon Simkin, William M. Pride, O. C. Ferrell, „Marketing“, Mate, Zagreb, 1995.
- Tvrtković S., "Finansiranje lizing aranžmanima", Sarajevo 2002., Revicon