

## PERFORMANCE LEVEL OF SALES FORCE AUTOMATION SYSTEM IN A LOGISTICS AND DISTRIBUTION COMPANY

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### ABSTRACT

Logistics and distribution companies turned their interests to using *sales force automation* (SFA) in their business operations as technology is now a widely used tool that allows fast and efficient operations. A descriptive design was used in this study, and inventory, sales monitoring, and distribution process are the key indicators used to measure the performance of the sales force automation. The results show that the SFA system was perceived as good, with a 4.0 weighted mean. Internet connectivity was the major challenge in the utilization of SFA. Continuous system improvement is recommended to maximize the utilization of the system.

*Keywords: Sales force automation, distribution and logistics, information technology*

### INTRODUCTION

Technology is an essential tool that eases work and leads to a more productive society. For years the use of technology has been increasingly recognized in many forms of business worldwide. The business world has taken a different height as more companies are integrating automation and robotics to address the needs of their customers in a fast and efficient way, Mohapatra (2009) mentioned that automation now controls complex processes, ensures the reliability and safety of operations, and provides the basis for advanced maintenance strategies. Technology helps to increase productivity; improve quality, and versatility in the processes, leading to more excellent production of reliable goods, reliability, yield, and grade using fewer resources.

Distribution or intermediaries' companies create channels between a specific company and the market. It has been one of the most important partners for companies that aim to reach out to the broader demography of the market. In the Philippines, there are a lot of distribution companies that cater to all sorts of varieties of goods, such as food and beverage, kitchen utensils, and depot materials. Over the years, the intermediaries have developed vastly and started catering to more than one region, expanding even to remote areas. Aside from that, the distribution processes have become more convenient, especially with the emergence of modern technology. There are hardware and software that were developed to solve the challenges in communication and distribution itself. Hardware such as computers, points of sales, and even tablets and smartphones were created to have a tangible tool thru installed software that can make the business more effective and efficient.

The need to provide more efficient services in the logistics and distribution industry underscores the importance of using sales and distribution-specific technology, referred to in this study as a sales force automation system. According to Domfeh et al. (2018), SFA helps salespeople store, access, and evaluate customer data and handle important information throughout the sales cycle. The system is any hardware or software (Information Technology) device that automates many manual sales

and management activities. They further mentioned that it connotes the application of hardware and software to provide information that enhances learning and improves performance.

The functions of the system are not limited to sales and distribution management; other authors who made broader conceptualizations of Sales Force Automation include information technology that salespeople use in their definitions to perform their roles, such as mobile phones, emails, word processors, and web browsers and not just the dedicated software that Sales Force Automation vendors offer. Morgan & Scott (2001) explained in their study the need for SFA is becoming more compelling as business-related technology (e.g., telecommunications and computers) improves and the competitive environment intensifies. This recognition can be strengthened by preparation, the participation of the sales force in the decision-making process for implementation, and setting up specific standards for the sales force as to what the performance would entail. However, while technology brings promising improvements, there are still challenges in integrating this new technological system into how the user operates the application. This affects the productivity of the business operation. Mayberry (2015) discussed in his study that salesforce automation systems provide a useful window into the behavior of salespersons and are a crucial tool in modern salesforce management. His research, however, implies that not all system use is intended for help, and data from such a system should not be taken at face value. Salespeople can and should be selective about what they want to report through the program to their managers. Researchers and sales managers should be alert to the incentive structure within which SFA users operate to ensure that the system reflects actual on-field realities. Baysan et al., (2005) also expressed concern about SFA tools. They said that the system is designed to improve the efficiency and effectiveness of a sales team; however, many commercially available SFA tools are generically structured solutions that do not address a company's specific needs.

Interest in Sales Force Automation system utilization is still limited in the Philippines. The need to explore more thorough research on integrating the system in the logistics and distribution industry is a significant undertaking to address the knowledge gap in the utilization that will serve as a reference for improvement and implementation. It is essential to address this gap to raise awareness of the effectiveness of the usage of sales force automation since this system is designed to help the salespeople who are currently using the system in selling operations which can check real-time the actual sales, the inventories on their stocks or products within their trucks and identified customers if catered or not on that specific area coverage and as well aid the company itself in monitoring the sales and inventories in the warehouses to replenish the needs of the operations in the market across the remote areas. This study is interested in measuring the performance of the sales force automation system and the challenges of using the said application system from the point of view of the salespeople users.

## LITERATURE REVIEW

### THE NEED FOR SALES FORCE AUTOMATION SYSTEM

The utilization of sales force automation generally aims to optimize a business' service productivity. Several authors explored and revealed why companies were interested in using the SFA. Companies can use sales services to manage and improve client relationships. The quality of these services impacts customer retention and the ability to attract new customers. A company must make every effort to provide its sales force with the necessary tools for communicating with customers. Companies with a robust SFA solution tailored to their sales force have a competitive advantage (Baysan et al.,2005). On the aspect of the practical use of SFA, a study by Buehrer et al. (2005) revealed that salespeople use SFA because of its efficiency. Some participants have also explained that technology helps them do more in less time. For example, the idea behind the technology is that it will take a salesperson five hours before he can do something; but using technology will take only 45 minutes. Furthermore, salespeople emphasized efficiency when they explained that technology helped them stay in contact with their customers with less effort and improved communication with their customers overall. Literature, as stated in this section, points out that the reason behind the utilization of the SFA is driven

by the need to provide more efficient services far beyond the traditional way of monitoring and managing logistics and distributions of items supplied by the company.

## ISSUES OF THE USAGE OF SALES FORCE AUTOMATION SYSTEM

Despite the promise of improving services brought about by technology in business, this is not free from any issues. Several studies have revealed matters concerning the use of SFA in industries. Gohmann et al. (2005) argued that the perceptions of the SFA system differ between the sales force and management personnel. This is to the magnitude of organizations' investments in SFA technology; the sales force must accept and use the technology. Understanding and acknowledging the discrepancies between management and the sales force in their interpretation of the benefits associated with an SFA program is a critical element in the acceptance and implementation of SFA systems. Rangarajan et al. (2005) also suggested that salespeople may perceive the complexity of the task of integrating SFA technology into their routine activities and thus experience feelings of uncertainty and conflict. There is a need for Sales managers to work on reducing the complexity of integrating SFA technology into normal routines for salespeople. This can be achieved by providing salespeople with training programs to grasp the technology's functionality.

There are also other issues concerning the integration of the SFA in the business, which are the significant changes it may bring to the organization's functional areas. Bush et al. (2005) discussed that it would appear that the essence of the company and its goals would affect the operating region of its SFA program to be enforced. Again, if an organizational process changes, all functional areas and salespeople should accept the changes before implementing the new SFA. This issue may be even more relevant if the implementation of the SFA comes from a functional area such as IT or logistics, which tends to be further removed from an organization's sales or customer functions. In the latter case, the process changes to the sales force may be more disruptive for them and decrease the odds of a successful implementation of SFA.

The literature tells us that SFA system integration is a work in progress. The use of technology in the organization would be perceived differently by their employees depending on their responsibilities. Introducing organizational changes, especially in the process, would require awareness and training among the organization's constituents.

## MATERIAL AND METHOD

This study utilized the descriptive quantitative design. In this study, the level of performance of operating the sales automation system and the challenges encountered during the utilization of the sales automation system are being measured.

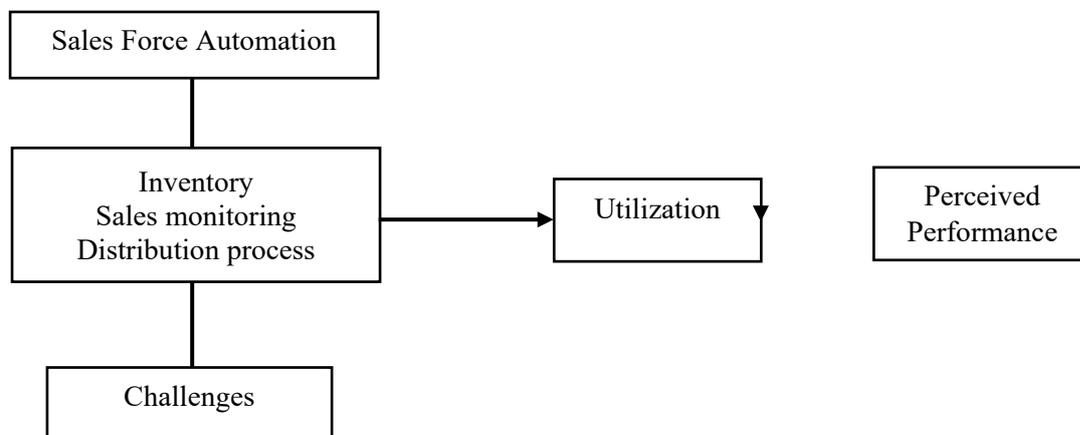


FIGURE 1. Framework of the study

To provide an understanding of the concept of the study, figure 1 presents the framework of the study. The researchers identified three essential indicators to measure the perceived performance of the Sales Force Automation of the selected logistics and distribution company. These key indicators are inventory, sales monitoring, and distribution process; which were explicitly identified as they are the main functions of the SFA system of the company where this study was conducted. The researchers also included challenges to look into what are concerns on the utilization.

The study was conducted in a distribution and logistics company in Cebu, Philippines, It has several warehouses in both South and Northern Cebu. The Company was incorporated in 2007, its primary service is trading food and beverage and other premium consumer products on a retail and wholesale basis. It took off its commercial operation in 2005 in Sta. Barbara, Pangasinan, Ilocos Region in Luzon. With 10 trucks and employing 50 personnel filling up both front and back end operation.

The participants of this study were all employed salesmen and currently at 70 employees in total. The salesmen were employed for at least 6 months and above to make sure that the respondents were fully immersed with the Sales Force Automation System.

A researcher-made questionnaire consisting of two parts was used in this. The first part of the questionnaire measures the level of performance of the sales force automation system in terms of the Inventory management, Sales Monitoring, and Distribution process. This part was utilizing a 5-point Likert scale 5 being the highest and 1 being the lowest. 5 – (E) Excellent, 4- (G) Good, 3- (A) Average, 2- (P) Poor, 1- (VP) Very Poor. This survey questionnaire has undergone content validation by content expert and reliability testing which has the Cronbach alpha of **0.927** and both tests passed, this was done to have a correct description and scale to facilitate the correct measurement of the study.

The second part of the questionnaire is predetermined challenges about the individual experiences using the said application. This questionnaire was answered approximately 5-10 minutes and was sent through an online platform such as Facebook Messenger and Gmail.

*Data Gathering Procedure.* The researcher then sent a letter of intent which seeks the approval of the research setting to conduct the study. Once the approval was issued the Notice to Proceed was issued supported by the documents required for the approval to conduct the study. The researcher then proceeded to the data collection. The data collection was done through an online platform which includes Gmail, google forms & Facebook messenger. After distribution retrieval of the questionnaire followed and the data obtained were processed by tabulating and applying descriptive statistical analysis and then, later on, will be analyzed and interpreted to provide information relating to the research study.

*Ethical Considerations.* The following points were considered in this study and ensure that human rights will be protected, that the benefits out-weights the risk if there are any, that content, comprehension, and documentation of informed consent were observed. Authorization to access private information is limited to the researchers. Data gathering, confidentiality procedures, debriefing, communications and referrals, and conflict of interest were taken into consideration.

## RESULTS AND DISCUSSIONS

### PERFORMANCE ON THE SFA UTILIZATION OF THE SYSTEM

The following table shows the performance of the utilization of the Sales Force Automation system in terms of inventory management, sales monitoring, and distribution process. Based on the data, the level of performance of the utilization of the system in inventory management consist of the display of items with complete and corresponding quantity and price, provide a list of updated customers for day operation, able to create stock request, able to reprint/ modify/ cancel the transaction with no hassle, able to view in-going and out-going items, provides a list of updates running out items, able to create order and transactions on the field, can compute items and notify variance, create a stock request for running out items, able to print detailed Inventory report and lastly overall performance of the Inventory Management feature.

TABLE 1. Inventory Management

| Indicator   | Mean | Interpretation |
|---|------|----------------|
| The display of items is complete and with corresponding quantity and price. | 4.2  | Excellent      |

|  |     |           |
|--|-----|-----------|
| Provide list of updated customers for day operation        | 4.3 | Excellent |
| Able to create stock request                               | 3.3 | Average   |
| Able to reprint/ Modify/ cancel transaction with no hassle | 4.2 | Excellent |
| Able to view in-going and out-going items                  | 4.2 | Excellent |
| Provides list of updates running out items                 | 3.9 | Good      |
| Able to create order and transactions on field.            | 4.4 | Excellent |
| Can compute items and notify variance                      | 4.1 | Good      |
| Create stock request for running out items                 | 3.7 | Good      |
| Able to print detailed Inventory report                    | 4.1 | Good      |
| Overall performance of the Inventory Management feature.   | 4.2 | Excellent |
| Aggregate Mean   | 4.0 | Good      |

The table shows the descriptive results on the performance level of the SFA in terms of inventory management; the results revealed on the functions of creating orders and transactions, a mean score of 4.4 was garnered, which is interpreted as *Excellent*, the highest level of performance in the utilization of an inventory management system; this suggests that the SFA can perform order and create field transaction at a high level which allows the salespeople to accommodate the demand of the customer while on the field while creating stock request has a mean score of 3.3 which is the lower from the rest it, however, this show means that it can still perform the function. The table further shows that several items are showing similar scores, including the display of items as complete and with corresponding quantity and price, able to reprint/ modify/ cancel the transaction with no hassle, able to view in-going and out-going items, and overall performance of the inventory management feature has tied with a mean score of 4.2 which is also considered as Excellent, The overall results mean that they are all equally performing at the desired level in the inventory management of the sales force automation system. The results imply that the inventory management performance of the SFA is at the desirable level; therefore, it is generally a good feature of the SFA the company has adapted.

Caswell et al (1993), mentioned an inventory management scheme that involves a transponder, a transceiver for investigation, and monitoring equipment used therewith. Although enabling the chosen, coded operation of the inventory management system, the control devices work to minimize the power usage of the transponder. During machine operation, the interrogation transceiver provides a connection to the transponder employing a modulated radio frequency (RF) carrier. To reduce dangerous pairing between the transponder receiver and the transponder transmitter, a transmit/receive switch is often included in the invention. During data transfers between the transponder and the recipient of the interrogation, this may happen.

TABLE 2. Sales Monitoring

| Indicator                                | Mean | Interpretation |
|--|------|----------------|
| Provide updated sales report             | 4.1  | Good           |
| Monitor daily transactions               | 4.1  | Good           |
| Provide comprehensive sales report       | 4.0  | Good           |
| Analyze data and provide interpretation  | 3.9  | Good           |
| Create sales forecast                    | 4.2  | Excellent      |
| Store client information data            | 4.0  | Good           |
| Over-all Performance of Sales Monitoring | 4.1  | Good           |
| Aggregate Mean                           | 4.0  | Good           |

Sales monitoring is an essential task of the salesperson as it will provide the company with real-time performance data of the daily operations. In terms of sales monitoring for the level of performance of the utilization of sales force automation, it consists of providing updated sales reports, Monitors daily transactions, Providing comprehensive sales reports, Analyzing data and providing interpretation,

Creating sales forecasts, storing client information data, and Overall Performance of Sales Monitoring. Table 2 presents the sales monitoring report using Sales Force Automation. Creating a sales forecast function has a mean score of 4.2, which is interpreted as *Excellent* and the highest in sales monitoring system utilization. This means that the system can aid logistics and distribution to generate sales forecasts based on the data. On the other hand, the ability of the system to *analyze data* and *provide interpretation* has a mean score of 3.9, which is interpreted as *Good*. The data further suggest that in terms of sales monitoring utilization of the system, this means that the SFA can adequately analyze data and provide interpretation to the operation.

Lockwood (1994) mentioned that sales monitoring is an apparatus for composing individualized sales presentations generated by different customer profile data sources managed by several operating programs-directed organizational hierarchy matrixes. To produce a more precise, meaningful, and detailed marketing presentation, the system offers the means to synergistically build and view personalized presentations in a convenient way for both the consumer and the salesperson. To construct an unlimited number of sales presentation combinations, organizational hierarchies of data sources are organized. Multiple microprograms automatically compose sales presentations initiated by determinants received from customer profiles stored on optical memory or smart cards, customer profile sales agent assessment, or unified sales structures sensitive to the customer profile.

TABLE 3. Distribution Process

| Indicator  | Mean | Interpretation |
|--|------|----------------|
| Comprehensive Customer Transaction Sequence        | 4.1  | Good           |
| Ordering transaction process                       | 4.2  | Excellent      |
| Entry and Validation                               | 4.1  | Good           |
| Synchronization of inventory management data       | 4.0  | Good           |
| Able to Capture Image and Tag of Customer location | 4.1  | Good           |
| Synchronization of inventory management data       | 4.1  | Good           |
| Accuracy of distribution process                   | 4.1  | Good           |
| Updated Search engine                              | 4.1  | Good           |
| Provide visit information                          | 4.3  | Excellent      |
| Provide summary of distribution                    | 4.1  | Good           |
| Overall performance of the Distribution Process    | 4.2  | Excellent      |
| Aggregate Mean                                     | 4.0  | Good           |

In terms of the distribution process for the level of performance of the utilization of the sales force automation system consists of a Comprehensive Customer Transaction Sequence, Ordering transaction process, Entry and Validation, Synchronization of inventory management data, Able to Capture Images and Tag of Customer location, Synchronization of inventory management data, and Accuracy of the distribution process. Table 3 shows that, in general, the level of performance of the distribution process as one of the critical functions of the SFA of the company was perceived as good by the salespeople users. This means that the system was of help when it came to the distribution process as it provides specific and valuable functions to the workers.

Shipman (1998) in his patent using a machine model, a tool and apparatus for managing a manufacturing or delivery mechanism that determines a demand forecast using an optimized historical weighting factor, determines the upper and lower bound of a scheduled inventory by specifically accounting for the lead time of the consumer order, and calculates a production schedule at predetermined intervals to sustain an actual inventory.

#### CHALLENGES IN THE UTILIZATION OF SALES FORCE AUTOMATION SYSTEM

The next table shows the challenges in the utilization of the sales force automation system and this consist of Internet Connectivity, Inventory System Accuracy, Limitation of Access to the System and Knowledge about the usage of the System.

Table 4. Challenges in the utilization of SFA

| Indicator                               | <i>f</i> | Rank |
|---|----------|------|
| Internet Connectivity                   | 50       | 1    |
| Inventory System Accuracy               | 5        | 4    |
| Limitation of Access to the System      | 10       | 2    |
| Knowledge about the usage of the System | 6        | 3    |

Table 4 presents the challenges in using SFA and shows that the majority of the respondents answered that internet connectivity ranks first and consider the most challenging in the utilization of the sales force automation system. This means that most transactions can likely be compromised due to the internet connection. Salespersons travel to distant places which sometimes do not have good internet services, which can impede the work of the SFA user. On the other hand, the lowest in the utilization of the sales force automation system is Knowledge about the usage of the system, which is ranked 4; this suggests that SFA and the system's accuracy are likewise caused by the user's Knowledge of the system. In general, the use of SFA is not free from challenges as it still has limitations as to its functions; however, this is also an opportunity for the company to improve the utilization of the sales force automation utilizing the data about the challenges.

Changing technology can be hard to handle, and if they organize, collaborate efficiently, it can solve problems and control all facets of the transition they are implementing. Organizations will improve their ability to execute these changes successfully. Only when careful assessment and the advantages of such technologies are considered can management address the difficulties of technical adoption. It also reflects the perspectives of the organization's owners, workers, and the community (Bayo, 2019).

## CONCLUSION

Sales Force Automation system utilization is a groundbreaking development in the Logistics and Distribution company. It allows the company to cater to a wider demographic and ways to have better productivity not only for the management but most especially for the salesmen who are the main people who utilized the system. However, there are still challenges that need to be addressed is the internet connectivity issue, geographically there are still areas within the scope of business that has limited internet infrastructure and as a consequence prevent real time inventory.

Furthermore, the SFA also help the company particularly in the field of logistics and distribution to have the best management decision through real-time data collected by the SFA in everyday operation and that there's a need to improve the SFA to the betterment of the salesman as tools in selling and to the company's market information gathered using SFA. Lastly, the system offers a great opportunity for an individual to develop their skills not only in selling but also in adopting new techniques through technology to keep up and be relevant to the growing industry. Looking into the theory of that this study anchored with, evidently, the results support the Task-technology fit theory.

### *Limitations*

This study focuses on the performance of SFA designed specifically for the selected as perceived by the employees who were the respondents of this study Logistic and Distribution company. In order to better understand the role of technology in business processes a study can be done in other companies to widen information generalization with regards to this topic.

### *Recommendations*

Based on the results of the study the following recommendations are suggested to the company;

1. Improve functionalities keys allowing access to the user of the system that is relevant to their job on the field;

2. Continuous and Retraining of the Salesmen in the SFA utilization to recalibrate or update their knowledge and how to properly utilize the system and the resources that are required for the SFA in the daily operation and;
3. Lastly, further studies are recommended to have a wider perspective and create more magnified information involving the operation in a logistics and distribution company.

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