



**SILESIA  
UNIVERSITY**  
SCHOOL OF BUSINESS  
ADMINISTRATION IN KARVINA

# THE ENTERPRISE THEORY

-

## SALES ACTIVITY OF THE COMPANY

**Tomáš Pražák**



# SALES ACTIVITY

- being able to produce a product (provide a service) is not enough for continued existence - the company must be able to sell its products (services) to customers
- termination of the material flow by the company
- the sale price must:
  - cover all business expenses
  - enable the company to further develop
- sales activities are the responsibility of the sales department



## Sales activity

- sale:
  - seller: transfer of ownership right to use to the buyer
  - buyer: obligation to pay the purchase price
- activities before the actual sale:
  - strategy creation and sales planning
  - receiving orders and order management
  - sales analysis
  - physical distribution
  - management of stocks of finished products and their storage
  - packing and adjustment
  - forwarding the invoicing order



## Business plan

- a basic tool for managing the company's business activities
- the build usually takes place in these stages:
  - market diagnosis
  - market forecast
  - goal planning
  - marketing mix planning
  - planning of logistics activities
  - budgeting



## Marketing and its techniques

- customer oriented process
- goals:
  - recognize the customer's future needs
  - understand the customer's needs
  - satisfy the customer's needs and turn them into profit
- marketing goals must be aligned with company-wide goals



# Product

- which products to provide to which customers
- the product can:
  - produce in its current form
  - proceed to innovation
  - discard and replace with another
- decisions about quality, design, features and size, product packaging



## **Promotion (marketing communication)**

- implemented through five basic tools:
  - public relations (PR)
  - personal sale
  - sales promotion
  - advertisement
  - direct marketing
- online and offline form



# Price

- the amount of money agreed upon at the time of sale
- decisively determines the success of the sale
- in developing countries and in economically weaker sections of the population, it is still the only factor deciding the purchase
- historical development:
  - first different prices for different buyers
  - since the end of the 19th century, the policy of uniform prices
  - at the turn of the 20th and 21st centuries, a return to the original mechanism for setting prices





# Place

- this is where marketing meets logistics
- determining the method (which channels, which ways) of selling the product:
  - sales representatives
  - wholesale and retail
  - Internet



## Logistics

- a scientific discipline that deals with the management of the material flow from the place of origin to the place of consumption, including the management of the flow of necessary information
- within the company linked to each of its functional areas
- in sales ensures good availability of products, reliable services and efficient operation
- is responsible for providing customer service at the level expected by the customer



## Distribution channel

- summary of organizational units, institutions or agencies implementing distribution
- **direct channel:**
  - direct sale of the manufacturer to the user of the product
  - distribution under the control of the manufacturer
  - high distribution costs
- **indirect channel:**
  - external institutions and intermediaries (transporters, public warehouses, wholesale and retail companies) stand between the producer and the user
  - shifting a significant part of costs and risks to an intermediary
  - lower sales for goods sold for manufacturers



# Processing orders

- summary of activities:
  - taking orders from customers
  - order status check
  - Communication with a customer
  - the processing of orders itself
  - ensuring the availability of goods for the customer
  - stock control
  - checking the customer's credit limit
  - invoicing and checking the status of receivables



# Packaging

- from the point of view of logistics, they perform different tasks than in marketing
- properly designed packaging will allow:
  - one-time handling of the product
  - good storability
  - make maximum use of means of transport and storage space
  - providing the necessary information
  - easy access to the product for the customer
  - repeatability of its use or possible recyclability



## **Transport and transportation**

- without moving the product from the place of origin (production) to the place of consumption (to the customer), the sales activity cannot be implemented
- one of the most expensive logistics activities
- significantly contributes to the required level of customer service



## Storage

- it allows the products to be stored and preserved for later consumption - maintaining or increasing the quality of the products
- the connecting link between the manufacturer and the customer.
- choice of number, size, location and type of warehouses, their ownership and type of handling equipment



## Customer service

- a customer-oriented philosophy that connects and manages all components connected to the customer within the established ratio of costs and services provided
- the output of the logistics system in the company
- a measure of how a logistics system works in terms of creating utility value of space and time for a particular product
- the level of service provided has a direct impact on the market share and thus also on the business results of the company





The company produces 120,000 pieces of product A annually at a cost of CZK 150 per piece. Until now, he sold his products wholesale (with collection at the company) at a price of CZK 190/piece. However, he could also sell his total production to retailers at a price of CZK 220/piece. In that case, however, he would have to bear transport costs in the amount of CZK 33/piece and costs associated with the activities of two business travelers (+ car) in the total amount of CZK 700,000/year. Which sales route should the company choose?



## Wholesale

$$\begin{aligned} \text{VH} &= (120,000 \times 190) - (120,000 \times 150) = 22,800,000 - 18,000,000 \\ &= 4,800,000 \text{ CZK} \end{aligned}$$

## Retail

$$\begin{aligned} \text{VH} &= (120,000 \times 220) - ((120,000 \times 150) + 120,000 \times 33) + \\ &700,000) = 26,400,000 - 22,660,000 = 3,740,000 \text{ CZK} \end{aligned}$$