

Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department

FINAL QUALIFYING PAPER
on the topic:

**«SALES POLICY OF CATERING COMPANY “FIGARO-
CATERING”, KYIV»**

Student of the 2nd year, group 3a,
Field of study 073
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Specialization
«Hotel and restaurant management»

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Approved by

Head of the Department _____

(Margarita H. Boyko)

on _____, _____, 2018

Task

for a final qualifying paper

Oksana O. Makhinich

1. Topic of a final qualifying paper: “Sales policy of catering company “Figaro-Catering”, Kyiv” Approved by the Rector’s order from 11.10.18 №3670
2. Term of submitting by a student his/her terminated paper: 18.11.2019
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Purpose of research is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for implementation of sales policy in catering business based on the study of new conceptual framework and methodological approaches to improve the assessment of the development of sales policy in catering business.

The object of research is the process of sales policy formation on hospitality industry and hotel and restaurant business.

The subject of research is a set of sales policy constituents of the LLC "Figaro-Catering" and the areas of its improvement.

4. Illustrative material, Figures: Basic elements of sales management process, Target audience of LLC “Figaro-Catering”, Organizational structure of LLC “Figaro-Catering”, Main stages of sales process of LLC “Figaro-Catering” Dynamics of customer number of LLC “Figaro-Catering” Dynamics of sales revenue per segments of LLC “Figaro-Catering”, Dynamics of sales revenue per segments of LLC “Figaro-Catering”.

5. Contents of a final qualifying paper (list of all the sections and subsections)

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PART 1. THEORETICAL APPROACHES TO SALES POLICY FORMATION.

1.1. Theoretical principles of sales policy formation as a function of sales management

1.2. World trends of sales policy in hospitality industry

PART 2 PRACTICAL ASPECTS OF SALES POLICY OF LLC “FIGARO-CATERING”

2.1. Organizational and economic assessment of LLC "Figaro-Catering"

2.2. Analysis of sales policy organization of LLC "Figaro-Catering"

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PART 3. PRIORITY AREAS OF SALES POLICY IMPROVEMENT OF LLC “FIGARO-CATERING”

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3.2. Proposals of measures to improve sales policy at LLC “Figaro-Catering”

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6. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1	Choosing and approval of the final qualifying paper topic	01.09.2018-31.10. 2018	31.10. 2018
2	Preparation and approval of task for the final qualifying paper	01.11.2018 - 31.12.2018	31.12.2018
3	Writing of the 1 st part of the final qualifying paper	02.01.2019 - 11.05.2019	11.05.2019
4	Defense of the 1 st part of the final qualifying paper in scientific adviser	14.05.2019 - 18.05.2019	18.05.2019
5	Writing and preparation for publication of a scientific article	18.05.2019	Before 18.05.2019
6	Writing and defense of the 2 nd part of the final qualifying paper in scientific adviser	18.05.2019 - 07. 09. 2019	07. 09. 2019
7	Defense of the 2 nd part of the final qualifying paper in scientific adviser	07.09.2019 - 10. 09. 2019	10. 09. 2019
8	Writing and defense of the 3 rd part of the final qualifying paper in scientific adviser	11.09.2019 - 28.10.2019	28.10.2019
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2019 - 31.10.2019	31.10.2019
10	Presentation of final qualifying paper and abstract on the department	16.11.2019	01.11.2019
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	16.11.2019 18.11.2019	16.11.2019
12	Preparation of final qualifying paper to defense in the Examination Board	18.11.2019 - 01.12.2019	30.11.2019
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	02.12.2019

7. Date of receiving the task: 28.12.2018

8. Scientific adviser of the final qualifying paper _____

Dariia V. Sai

9. Manager of the educational program _____

Nadiya I. Vedmid

10. The task received by the student _____

Oksana O. Makhnich

11. Resume of a scientific adviser of a final qualifying paper

In the final qualifying paper “Sales policy of catering company "Figaro-Catering" the subject and the object were fully investigated by the student Oksana O. Makhinich. In the First Chapter, the issue of sales policy formation as a part of sales management function was fully examined, according to recent national and international considerations of this topic with an emphasis on recent trends in hospitality industry.

In the Second Chapter, the analysis of sales policy and its effectiveness is complete, logic and consequent. Inferences and conclusion are made with the use of qualitative and quantitative performance indicators of sales force and customer loyalty metrics that provide a good basis for rational and well based propositions of the Third chapter.

Thus, in the Third Chapter the author has successfully elaborated the directions of improving of the personal sales processes within studied enterprise, and, furtherly, proposed a set of the detailed measures to increase the motivation of the employees on the different levels of the enterprise. All proposition are supported by quantitative estimations of the costs and the effects, followed by a forecast calculation of the profitability of proposed measures. Taking into account all above said this final qualifying paper deserves the high rating.

Scientific adviser of a final qualifying paper

_____ Daria V. Sai

12. Resume about a final qualifying paper research

A final qualifying paper (project) of the student Oksana O. Makhinich can be admitted to defence in the Examination Board.

Manager of the educational program

_____ Nadiya I. Vedmid

Head of the Department

_____ Margarita H. Boyko

« ____ » _____ 2019

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INTRODUCTION

Relevance of the topic. Successful activity of any commercial enterprise directly depends on the correct formation and effective implementation of the marketing.

The marketing complex of product promotion is a sequential process of creating a product, bringing it to the market and organizing sustainable demand in order to sell the product to a potential consumer.

Significant place in the system of the marketing mix is occupied by the management of distribution channels, or marketing and sales policies. Its purpose is the organization of an optimal sales network for efficient sales of manufactured products.

In the conditions of market relations, the commercial success of an enterprise depends not only on production capabilities but also to a greater extent on the successful marketing of its products. Distribution is defined as the complex of organizational, economic and commercial activities related to the sale of finished products.

Success of an enterprise directly depends on a clearly structured and well-coordinated sales management system, which is a set of principles and methods of organization, planning, motivation, control and allows the company to react more flexibly to external and internal changes in the market and adapt to them.

Sales policy at enterprises operating in the field of catering services is no exception.

Currently, there is a large amount of literature devoted to the theoretical aspects of the organization and management of sales policy in the enterprise, so the topic of this work can be considered equally studied.

The issues of improving and managing sales policy have become the focus of attention of both domestic and foreign scientists.

The sources of this paper were the works of many theoretical scientists, among Mazaraki A.A., Shapoval S.L., Melnychenko S.V., Boyko M.G., P. Kotler, Dr. Surinder Singh Kundu, Churchill, Ford, Walker, Michael Gilliland, Jaworski,

Stathakopoulos, Dyer and Singh, Eisenhard, Harrigan and others, also used various articles and periodicals devoted to sales management and issues of theory and practice of its application, articles and publications on specialized Internet portals.

The **purpose** of the study is to analyze sales policy in the hospitality industry and methods for its improvement, for which it is necessary to solve the following tasks:

- to explain the concepts of sales management;
- to consider the theory of the formation of sales management;
- to analyze global trends of sales management in the hospitality industry
- to conduct an analysis of the organizational and economic activities of the enterprise LLC "Figaro-Catering";
- to develop methods and directions to improve sales management at the LLC "Figaro-Catering".

The **object** is the process of sales policy formation on hospitality industry and hotel and restaurant business.

The **subject** is a set of sales policy constituents of the LLC "Figaro-Catering" and the areas of its improvement.

The practical significance of this work lies in the fact that the results of the work can be used by LLC "Figaro-Catering" as recommendations to increase the efficiency of sales policy, and therefore increase the level of profitability and profit.

Methods of research. The theoretical basis of the study was the foreign and domestic fundamental prerequisites for sales policy and sales management. To achieve a specific goal, various scientific methods were used: an analysis of the advanced work of scientists and researchers in the field of sales management, an economic analysis method for analyzing a catering company, a statistical research method and a thematic analysis of information about trends and patterns of dynamics of sales efficiency indicators.

The scientific innovation is a summary of the theoretical and methodological principles and practical aspects of sales policy used in the hospitality industry,

especially in the catering business.

The practical significance lies in a comprehensive analysis of the theory, in the formation of ways to attract new loyal clients, the results of the work can be used by LLC “Figaro-Catering” as recommendations to increase the efficiency of sales policy, and therefore increase the level of profitability and profit. To obtain the necessary conclusions and results, diagnostic, comparison and evaluation methods were used.

Publications The main theoretical position of the general diploma in the disclosure of the scientific article "MODERN APPROACHES TO SALES MANAGEMENT DEFINITION IN HOSPITALITY INDUSTRY", published in the collection of articles of KNTEU.

The structure of the work. The final qualification paper consists of introduction, three chapters, references in paragraphs, conclusions and annexws. The main text of 46 pages consists of 22 tables and 11 figures, 4 formuls.

PART 1.

THEORETICAL APPROACHES TO SALES POLICY FORMATION

1.1 Theoretical principles of sales policy formation as a function of sales management

Sales is the most important function in every organization. Without sales, there is no income and without income organizations couldn't operate. Sales manager is responsible of successful sales and successful sales requires competent sales management which is capable providing the best possible tools for sales operations.

Currently, there is a large amount of literature devoted to the theoretical aspects of the organization and management of sales in the enterprise, so the topic of this work can be considered equally studied.

According to Arun Kumar sales policy may be defined as a course of actions to be followed over a considerable period of time. Its an art of regulating or guiding a business. Examples of policies are: the one price policy, policies regarding discount to be given to an agent, a valuable price policy of bargaining with customers to establish pieces of personal sales, making a high quality product and selling at the market plus simplification in product. [2]

Everyone who sells must have a sales policy, without it sellers are swayed in their decisions by the exigencies of the moment instead of being guided by a predetermined code. A policy holds one`s place in the market.

Usually policies have more immediate objectives. For example, salesman may be motivated by fulfilling his quota and the bonus which he expects to earn than by long-term objectives of the company. The labourer may be motivated more by his pay, his pride in the policy of the company to make a superior product.

According to P.E. Holden, following principles are essential in policy determination.

- The statement of policy should be defined, clear and understandable to everyone in the organization.
- Policies should be translated into practices, terms and peculiarities of every department or division of the enterprise.

- Policies, regardless of how fundamental should not be inflexible; they should, however, possess a high degree of permanency.
- Stability of policies is essential constantly and hanging policies are fatal to business success.
- There should be as many policies as necessary to cover conditions that can be anticipated but not too many policies to become meaningless. [16]

Dr. F. C. Sharma defined sales policy as the guidelines for sales manager's actions in order to maximize sales at least cost with maximum profit to the owner and satisfaction to the customer. [27]

Formulation of sales policy takes into account number of factors such as price discounts, patterns of payment, ways of distribution, extent of publicity, type of product, type of customer, and so on.

In hospitality industry distribution is accomplished through personal selling process. Sales policy is one of administrative functions of sales management. Its formation takes place at the level of sales management. So a strong focus is attached to exploring sales management process in general.

In the sales management literature sales management was referred to as direction of sales force personnel. Later in addition to the management of personal selling, "sales management" came to mean all of marketing activities. [28]

Philip Kotler defines sales management as purposeful activities, principles and implementation methods that are designed to organize the movement of the flow of goods to the end consumer. [23]

Flaherty and others propose that the sales manager's role in network paths rather than people could be termed a "network engineer" orchestrating the deserted pattern of relationships rather than simply managing individuals. [11]

To the opinion of Dr. Surinder the sales management meant management of all marketing activities, including advertising, sales promotion, marketing research, physical distribution, pricing, and product merchandising. Sales-management differs from other fields of management, mainly in different aspects: the selling operation of a business firm does not exist in isolation. [10]

The American marketers' association (AMA's) definition, takes into consideration a number of these viewpoints. Its definitions run like: the planning, direction, and control of the personnel, selling activities of a business unit including recruiting, selecting, training, assigning, rating, supervising, paying, motivating, as all these tasks apply to the personnel sales-force. [3]

Many researches discuss external environmental changes affecting the sales force in terms of four categories of influences, including customers, competitors, technology, and the ethical and regulatory environment. The organization's efforts to adapt itself to, and, in some respects, control, changes in the external environment result in changing internal structures and processes that have important implications for sales force management. These influences are depicted in Figure 1.1

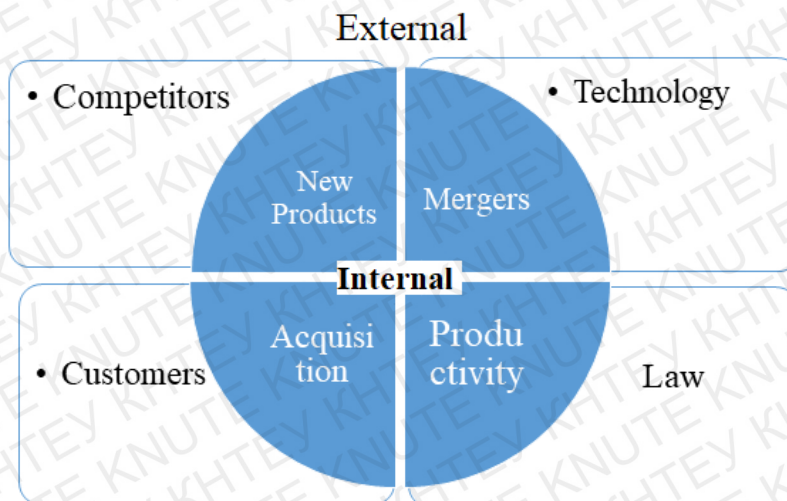


Figure 1.1 Environmental influences on sales management

Every business firm has certain objectives to achieve. These destinations might be unequivocal and complete, or they might be certain or general. Despite the fact that, organizations have distinctive blends of targets, and they do place differing emphasis.

There are three general objectives of Sales Management [1]

- Sales Volume
- Contribution To Profits
- Continuing growth

Objectives are separated and repeated as definite goals that Company has

chance of accomplishing. Before objective setting sales executives provide estimate on market and sales potentials, the abilities of sales force and brokers. When objectives are finished it is the sales executives who guide and lead sales personnel and brokers who play critical role in implementing selling plans

Dr. Surinder suggested four basic elements of sales management process [10], presented in the Figure 1.2:

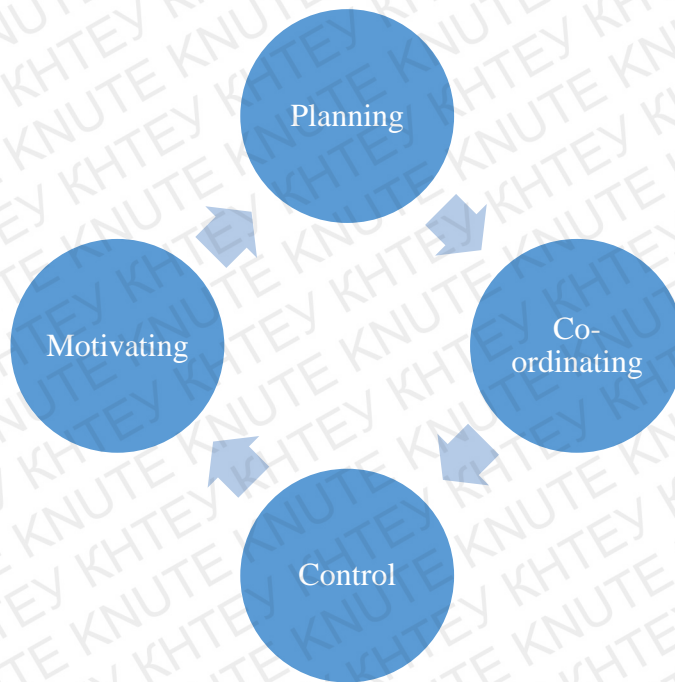


Figure 1.2. Basic elements of sales force management process

The plan must be founded on broad market surveying, and the facts must be confirmed at each stage. The plan ought to likewise be assessed, in the wake of examining the all-out market, for a specific sort of product. Adaptability must be given by setting up a specialist's production line, to allow for variety in production. The plan ought to likewise be liable to proceeded with survey. The details of the plan ought to be examined, with all the departmental heads, concerned, and their subordinates, who bear obligation regarding satisfying their pieces of the plan.

Co-ordination is all inescapable and saturates each function of the management process. Co-ordination also helps in maximum utilization of human-

effort by the exercise of effective leadership, direction, motivation, supervision, communication etc. The control-system additionally requires coordination. It has a unique need to assist the staff, to see a complete picture and co-ordinate their activities, with the rest of the group. The sales team lead has to motivate direct personal team, inside the organisation, especially where there is lateral-leadership. Likewise, one needs to guarantee free progression of data that is specific to the targets of the business. No personal problems, emerging from business activities are to be ignored, yet settled through a free trade of thoughts. This is particularly valid on account of the sales force of any organisation. [10]

According to Gilliland in the current business environment, enterprises are challenged on how to incorporate information from the sales organization into business forecasting. The author investigates

- methods for gaining sales force input into forecasting;
- how to use incentives to motivate salesperson forecasting performance;
- whether improved customer/item forecasts provide any benefit.

The article suggests that sales people should contribute to forecasting by providing marketing intelligence. In order to increase forecasting accuracy and remove intentional bias, sales people should be assigned forecasting performance goals. Finally, it is questioned that if firms can obtain unbiased information from the sales force would it actually matter to organizational performance. While they may be times that sales person input is pertinent, it may not always be the case. [13]

Concerning controlling function, the sales manager has to check regularly, that the sales activities are moving in the correct direction or not. He guides, leads, and motivates the subordinates, in order to accomplish the objectives got ready for the business. He needs to find a way to guarantee that the activities of the people fit in with the plans and destinations. The controlling framework ought to be with the end goal that one can think about the past, note the traps and take restorative measures, so comparable issues may not happen later on. The controller needs to guarantee that the set targets, spending plans and timetables are achieved or

followed in letter and spirit. There must be techniques to uncover the inability to accomplish an objective. [5]

Sales management control systems (SMCSs) are implemented by firms to adjust salespeople with organizational. For instance, organizations regularly use outcome-based SMCSs such as sales quotas as a way of defining, monitoring, and evaluating the performance of salespeople.

In the SMCS literature, salesperson performance is separated as behavioral performance, outcome performance or overall. Most researched studies have explored the impact of controls on behavioral performance at the sales-force/organization dimension of investigation. To sum up, constrained outcomes propose the significance of fit between the sort of controls being used and the kind of execution being estimated. Although findings suggest that the efficiency of both behavioral and output controls is enhanced when combined with informal controls, specific relationships between informal controls and salesperson performance are largely unknown. [21]

Motivation is basically a human resource idea. It intends to weld together unmistakable personalities into a productive group. For this, learning of human brain science is required, as a method for understanding behavior patterns. This is particularly significant on account of the sales-force. Just motivated sales-persons can accomplish organization's objectives.

Motivation and its relationship to salesperson compensation that leads to improved sales performance have been established by research of Ryals & Rogers; Pousa & Mathieu; Pullins.[9]

Motivation relates to the amount of work a salesperson is ready to expand in the selling field. While some salespersons are self-motivated, others needed to be motivated to perform. Sales managers are able to motivate their team by supporting any of the theories of motivation, particularly, Maslow's hierarchy of needs theory, Herzberg's two-factor theory, goal-setting theory, expectancy theory, and job design theories which are described in the table 1.1

Table 1.1

Theories of salesforce motivation

Theory	Description
Maslow's hierarchy of needs	Maslow's hierarchy of needs theory divides the needs of an individual into five categories - physiological, safety or security, social, self-esteem and self-actualization needs. Physiological needs are the lowest order needs while self-actualization needs are the highest order needs. Further, as lower-order needs to get satisfied, an individual strives to satisfy higher-order needs. [8]
Herzberg's two-factor theory	Herzberg's two-factor theory states that the job environment of an individual is characterized by two types of factors - hygiene factors and motivational factors. [27]
The goal-setting theory	The goal-setting theory presumes that people have specific needs and aspirations to fulfill for which they set certain goals for themselves. They then go about achieving these goals by taking purposeful action. Further, setting higher goals produces higher output. [22]
The expectancy theory	The expectancy theory states that an individual is motivated by the perceived consequences of his or her actions. According to this theory, motivation is a function of expectation, valence, and instrumentality. [18]
Job design theory	Job design theory assume that all individuals have the same needs and that ensuring certain job characteristics can satisfy these needs.[9]

According to Journal of Personal Selling & Sales Management, there are two general types of motivation: extrinsic motivation comes from the anticipation of rewards and/or punishments, and intrinsic motivation is rooted in the spontaneous enjoyment of an interesting activity that promotes personal growth. Motivation is one of the strongest determinants of salesperson overall performance. Oliver and Anderson, for example, reported finding that behavioral controls are related to greater intrinsic motivation among salespeople; output controls are related to greater extrinsic motivation. However, a third “hybrid” system with moderate levels of controls (i.e., directing, monitoring, rewarding) was found to have the strongest positive relationship with intrinsic motivation. [21]

In addition to concentrating efforts on buyers, enterprises can accomplish higher levels of service quality by marketing to their employees. Internal marketing encompasses all activities used by a firm in an effort to improve the

marketing effectiveness of its employees. Efforts should be made to communicate with all employees, especially those in boundaries panning roles who come in contact with customers. The ability to deliver consistent, high-quality service depends on the organization's ability to recruit, train, retain, and motivate dedicated service personnel. [12]

Service firms need to select and hire employees who are willing and able to provide high-quality service. There are many people in the job market, and firms need to create attractive positions that appeal to highly motivated individuals. A range of potential service exists that an employee can provide from the minimum necessary to retain the position and not be penalized to the maximum possible service. This variability in the level of possible service is referred to as discretionary effort. For example, if an airline passenger leaves a carry-on item on a flight, the airline's personnel have some discretion as to the level of service they will provide. They can take their time and forward the item to the traveler's next destination, or they can try to deliver it to the traveler before he or she boards the next plane or leaves the airport. [25]

In the hospital industry managers should provide employees with adequate training so they possess the skills that are required in performing their job tasks. In addition, the firm should communicate with employees so they are aware of changes within the organization as well as upcoming events. If service personnel are well trained and they understand what management expects, the environment is right for success. Firms can use both internal communications, such as newsletters and e-mail, and external communications, such as advertising and public relations, to convey their expectations to employees. An advertisement can be used to create and manage consumer perceptions and expectations, but at the same time, the ad can be used to educate employees as well. One of the major airlines aired a commercial on television that showed an athletic employee running through the airport to catch a traveler who left his briefcase at the check-in counter. This commercial served two purposes:

- it let customers know that the airline provided high-quality service, and

- it gave employees an idea of the firm's service expectations. [5]

Finally, managers need to provide employees with rewards and recognition when they perform at a high level of discretionary effort. This motivates service providers to continue performing at high levels and to remain loyal to the firm. Retaining good employees is important in providing high-quality service, and it reduces the costs associated with turnover. It takes a great deal of time and effort to hire and train good employees. Firms can use extrinsic rewards such as salary increases and bonuses or intrinsic rewards such as recognition and job satisfaction to motivate employees. Many firms recognize "employees of the month" by honoring them with plaques displayed where customers can see them or allowing them to use special parking spaces close to the building. studies, to find out, as to where it stands in terms of product, brand and market-sales and market share trends. [18]

1.2. World trends of sales policy in hospitality industry

Tourism and hospitality industry today hardly differentiate sales, sales tools, distribution and reservations due to the presence of online tools that frequently enable hoteliers to reach each of the above mentioned activities' goals with one common step. The main aim of sales in all industry is to generate revenue. Sales departments have a great impact on increasing sales volume and are in close connection with the marketing department.

Sales is usually defined as exchanging goods and services for a specific amount of money or products with an equivalent value. When talking about sales in hospitality, everyone should take into consideration that tourism products are intangible and perishable, hence products in the hospitality greatly differ from products in other industries, however every organisation has to consider the company's goal and objectives it wants to achieve by sales tools as well as the available budget for it.

In tourism, we can divide sales for at least two different parts: one is sales toward customers and sales toward clients. The methods of sales may vary according to the target audience, that is why sales representatives of the hotel industry should be

well experienced and professional in this field. [5]

Personal sales call is the one of the most utilised sales tools firms try to contact potential clients with and Dimitrios Buhalis defined as “The personal sales call is often the most effective means of customer contact, especially when directed at volume movers of the leisure, business and meetings market. A personal sales call is used to build rapport with clients or potential clients and sell them the property's products and services.” [6].

The most commonly used sales method among personal sales tools after Garan Eva is the so called cold call or with other words prospect call. The purpose of the cold call is to attract potential clients, providing information about the benefits of the cooperation and briefly introduce the framework of the affiliation. Once a potential client is interested in a more detailed negotiation, an appointment can be made with the caller. [12]

Greg Thomson would like to note that in today's hospitality cold calling is usually processed between the supplier and a potential business client, nowadays attempting social customers with this tool is relatively rare.

Appointment calls are one step ahead after making cold calls. An appointment call is made between the sales representative of the caller company and the decision-maker of the called firm or organisation. Generally an appointment call is just like a face-to-face interaction, and all the details and necessary information are discussed at this time. [15]

Trade shows are another effective means of sales and promotion. Appearing on trade shows can gather information on competitors' activities, can maintain the relationship with existing clients and attract potential commercial customers, however measuring the costreturn effectiveness of the participation is questionable.[17]

According to Glen Withiam site inspections and familiarisation trips are used less frequently, however it is the one which probably have the biggest impact before decision-making. Site inspections usually include a guided tour around the property led by the sales manager of the company consisting of lunch to discuss the details

about the possible contract or cooperation, or presentation about the same topic, while familiarisation trips include accommodation as well to let the potential client experience the products and services the hotel offers.

In our days most salesmen use the tools of the world wide web and make presentations to potential partners online or through a conference video call. The advantages utilising these methods is that they can reach several potential clients at the same time, that is why it is definitely time and cost effective, however it may be impersonal and the hotel may lose business according to this atmosphere, hence the usage of the previously mentioned traditional sales tools are absolutely necessary. [14]

Sales toward individual customers are quite different. Hotels usually try to generate sales by special offers and promotions and in today's industry they use e-mail as a tool for mass promotion. This is typical for guests previously staying at the hotel as reservations agents send confirmation emails to them upon finishing the reservation.

Another option to gather potential guests' email addresses is the subscription surface on the hotel's website, where customers are able to provide their contact information to receive newsletters or special offers. Several firms use printed sales promotions as a tool to generate sales. [7]

Advertisement and promotions in magazines and newspapers published in the area of their target market may increase sales as well. Using the media to inform customers is a great tool, however only a small portion of today's hoteliers can afford it.[4]

Providing information on special offers and deals through local radio stations or TV channels can affect the volume of inquiries and sales.

In "The new age of online hotel reservations" Greg Thomson noted that in the 21st century the number one tool for hoteliers to generate sales is their own company website as well as utilising third parties such as online travel agencies and travel retailers. First of all a hotel's website should be informative in a logical order, should be interactive to help potential customers experience the atmosphere of the property

and the services too, ought to be professional in terms of style and colours.

Provision of information is particularly significant as it may include basic information about the company let it be a hotel or travel agency, such as address, phone number, email address, opening hours. It usually consists of any policies that may apply, such as cancellation, or payment conditions, taxes and additional fees. Promotion of products and services are probably the most important factor when launching a company website, however providing information and promotion of products may cover each other.[15]

Thinking about a hotel's website as looking at one of its suites, it promotes the product the property has and also gives details about the size, the atmosphere, the colours and the design of the suite. Processing of business transaction let hoteliers to utilise their own website generate revenue by installing an online reservation surface which customers can easily use to process their booking and payment. All in all the researcher believes a well-developed, professional website can influence the decision-making process of the customers as it creates an image and a feeling in potential guests even before they visit the property. In terms of travel agency websites it defines the expertise of the agency in customers' minds and influence their buying willingness. A commercial website should be definitely easy to use, informative and communicate the company's mission statement.

PART 2
PRACTICAL ASPECTS OF SALES MANAGEMENT OF LLC
“FIGARO-CATERING”

2.1. Organizational and economic assessment of LLC "Figaro-Catering"

The LLC “Figaro-Catering” is a catering company, not in one particular place, as a stationary restaurant does, but anywhere in Ukraine or even the world. The specialization of the company is the organization of banquets, receptions, coffee breaks, barbecues, birthdays, weddings for a variety of events - both corporate (business) and private.

LLC “Figaro-Catering” was founded in 2002 and today it is a leader in providing catering services in the Ukrainian market. The table 2.1 describes the The LLC “Figaro-Catering” organisational overview.

Table 2.1

The LLC “Figaro-Catering” organisation overview

Enterprice	Limited Liability Company “Figaro-Catering”
Organisational and legal form	Private enterprice
Type of economic activity	Ready-made meals delivery
Area	Svyatoshinsky district
Adress	32-B Zodchyh str. 96 office, Kyiv, 03194
Average number of employes	56

To date, the company employs more than 56 full-time employees and hundreds of freelance waiters, chefs, and technical staff.

The purpose of this catering is to be the first and foremost to catch the fresh trends of socio-cultural branches of life, reflecting the vivid trends in collections of covers and gastronomic stations.

The company menu is diverse. When communicating with the customer, Figaro-Catering offers first and foremost those dishes that are already fixed in the

lists of a specific style of service, cuisine, the format of the event planned. At the request of the customer, other dishes not included in the main menu can be considered, taste, appearance, serving are discussed.

One of the marketing peculiarities of unique selling proposition is the WOW effects. For example, meals for corporate guests can be served by waiters, who at the most culminating moment will be transformed from service personnel to artists, singers or dancers and start a real show.

To prevent the customer's disappointment, a pre-tasting service for 4-10 people was introduced, in which client can try each dish and evaluate the style of table setting, seeing the tablecloths, dishes, and decor with your own eyes. Also, adjust each item that is offered. This is about dishes - something to add, or vice versa to remove, increase the degree of salty or sweet, and to approve the color or even the shade of tablecloths, decor. So the customer will understand exactly what the dishes will be at his event and how the location will look like in general.

In order to pre-evaluate the event catering format, the customer is offered an event rehearsal service. It is a process of preparation of a similar event when half an hour before the beginning the customer together with the manager arrives on location and personally observes the organization and quality.

The customer is also supported at all stages of the corporate event. This role is performed by a personal service manager who will be with you at the location from the beginning to the end of the holiday, controlling every detail of the service. Thanks to this person, all the dishes will be made clear on timing. Of course, if the circumstances require, the customer can make adjustments to the time and duration of the meal and drinks.

The main task of the company is to provide high-quality service no matter how many guests will be at the event. Therefore, a system of trainings and staff certification was created by LLC Figaro-Catering. For this purpose, standards of service have been developed, which the company does not declare as the only true ones, but which nevertheless guarantee the customer an equally high level of service at any of the events.

LLC Figaro-Catering on the market for 17 years. During this time, the company has organized more than 15 thousand events, including several international ones. For example, she served the Ukrainian House twice at the World Economic Forum in Davos and treated guests to the Ukrainian booth at the Frankfurt Book Fair.

Figure 2.1 displays the main segments of LLC “Figaro-Catering” target audience.

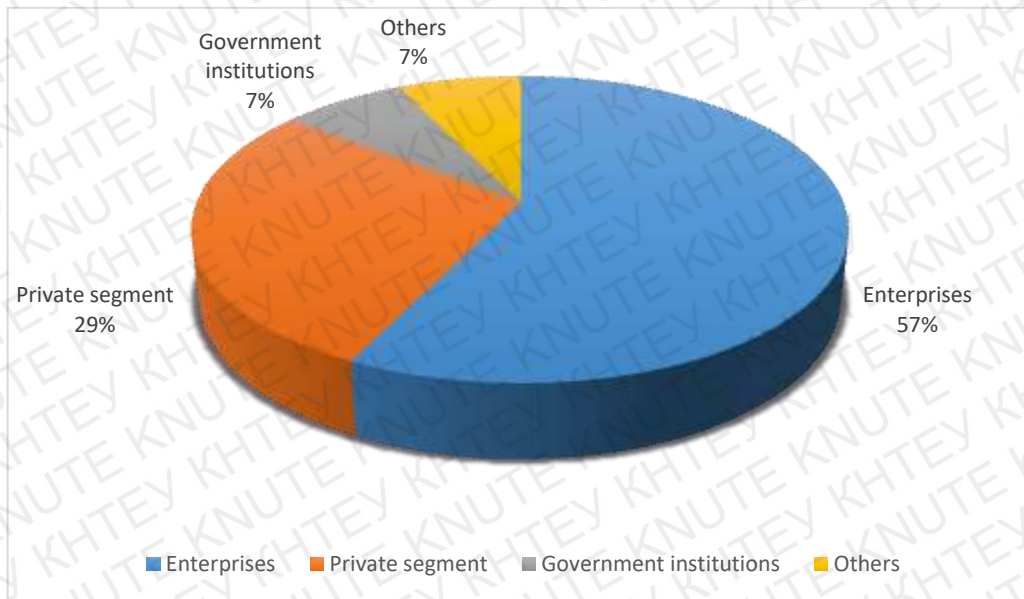


Figure 2.1. Target audience of LLC “Figaro-Catering”

According to the diagram it can be concluded that the company operates in the b2b market, and initially, the main target audience is the corporate segment - large international and domestic companies. The main informational drives of the events are corporate events, educational events (conferences, training, seminars) and PR-events (presentations of new products, opening boutiques, image projects). But the percentage of the private segment is also growing: LLC Figaro-Catering is increasingly hosting weddings, birthdays, anniversaries and more.

At Figaro-Catering, competitors are conducted by a sales and marketing department. This company has several competitors in the market for restaurant services in Ukraine and Kyiv. The main competitors are: "La Famiglia Catering", "VIP Catering", "Orion Catering". The fact that all these companies are less expensive gives them a significant competitive advantage when choosing a company to service.

The chart on the figure 2.2 presents an organizational structure of enterprise management and indicates the responsibilities of structural units and officials.

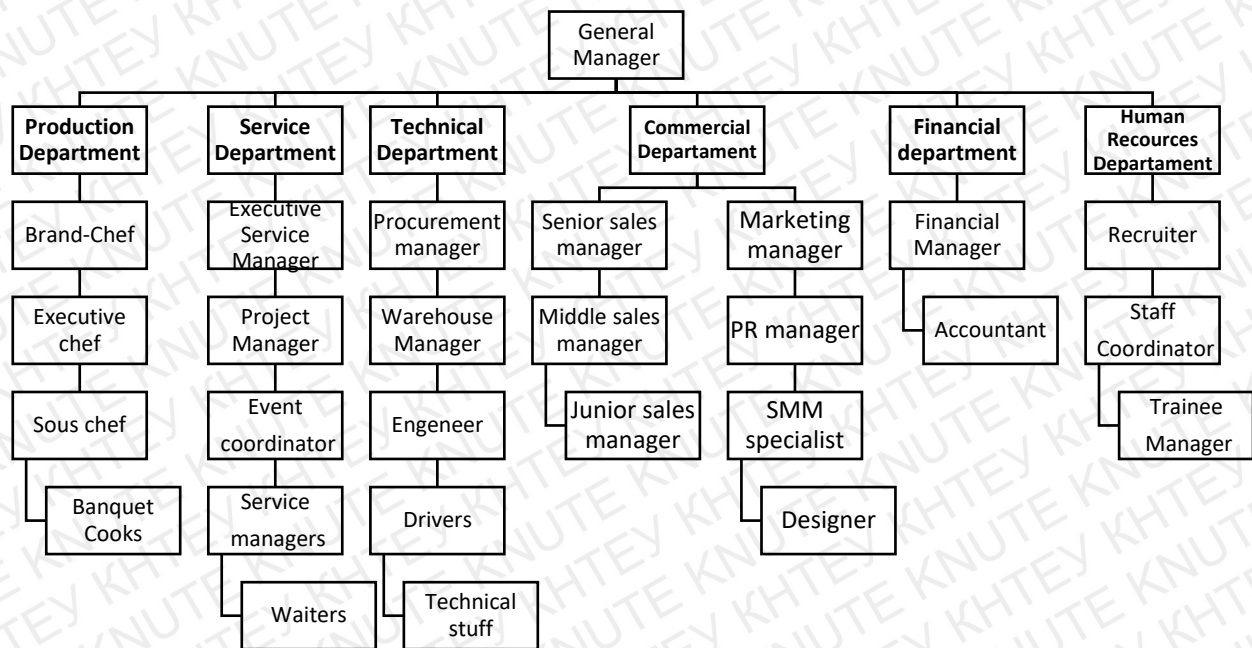


Figure 2.2. Organizational structure of LLC “Figaro-Catering”

It can be concluded that the existing organizational structure of the enterprise is linear-functional. Management corresponds to the existing conditions of the catering complex management.

Activities of employees are regulated by job descriptions. This is a document that regulates the activities within each management activity and contains the requirements for the employee holding the position. Formally, the organization uses functional departmentalization, that is, the division into departments occurs according to their functions.

The LLC “Figaro-Catering” sales team consists of seven people - the head of the department and six managers. Each of them has a long experience in sales and project management in the field of catering services.

The commercial department at LLC “Figaro-Catering” is responsible for the whole process of project implementation - from the first communication with a potential client to the end of the project.

Next, it is necessary to analyze the internal environment of the organization.

The internal environment of the organization is that part of the overall environment that is within the organization. It has a constant and most direct impact on the functioning of the organization. The internal environment has several sections, each of which includes a set of key processes and elements of the organization, the state of which together determines the potential and the opportunities that the organization has.

The SWOT method used for analysis is a widely accepted approach that allows for a joint study of the external and internal environment. The SWOT analysis is presented in table 2.1

Table 2.2

SWOT analysis of LLC “Figaro-Catering”

Strengths	Weakness
<ul style="list-style-type: none"> •Variety of menu •Efficient logistic system •Reliable suppliers •Professional management staff •Modern equipment •Ability to serve a large number of customers •WOW- effect technologies •Availability of extensive storage facilities •Customer loyalty •Strong branded image 	<ul style="list-style-type: none"> •Employees turnover •Lack of qualified specialists at lower levels •High prices comparing to competitors •Costly depreciation rate of equipment •High transportation and storage costs. •Absence of non-financial motivation •Staff destabilization •Top-down planning process •Customer defection •Limited funds
Opportunities	Threats
<ul style="list-style-type: none"> •Profecional skills improvement •New trends in catering development •Tendency of eating outside instead of cooking at home •Ability to capture new market segments •Growing popularity of packed prepared food among milleneals 	<ul style="list-style-type: none"> •Strengthening competitors •Large number of competitors in the same segment •The emergence of new competitors •Instability of consumption •Low purchasing power •Inflation

SWOT analysis helps to understand that “Figaro-Catering” LLC has weaknesses, such as employee turnover, top-down planning process, costly depreciation rate, as well as threats in the form of strengthening competitors, their growing number, instability of catering product consumption, inflation and others.

Due to these research it's possible in the future to highlight the desired development strategy, taking into account the strengths and capabilities of the enterprise, such as: professional management staff, strong brand image, loyal customers, the possibility of capturing new market segments and so on.

To ensure the main aspect of the company - quality - there is all the necessary, technologically advanced equipment that meets the requirements of reliability and performance. Spacious kitchen facilities, refrigerators, and freezers, ovens, dishwashers, and stoves, as well as utensils and lunch boxes that deliver food directly. Delivery is organized in the best way. All machines are certified: they have vans with a special coating, are subjected to monthly sanitation. In many ways, such a system allows to maintain sufficient level the profitability of the business and not have problems with the authorities.

As we can see from the table of SWOT-analysis, the organization has good opportunities to realize its strengths in terms of strengthening its position in the market, and later expanding it at the expense of successful marketing policy.

Profit is the economic aim of any business and core interest of shareholders, that's exactly why, in order to make suggestions regarding increasing of effectiveness of hotel managements it is necessary to analyze the expenses, income and other economic indexes.

The catering company's ability to sell dishes and obtain targeted revenue and profit is determined by the capacity of the market, the state of competition, the dynamics of the market situation, the elasticity of demand for products.

All things being equal, a catering company can use the positive influence of the elasticity of demand to increase its market share, increase the volume of profit, income. The degree of elasticity of demand has the effect of different directions on the volume of sales: in the case of elastic demand, the total volume of sales revenues increases under the condition of price decrease, while elasticity - decreases, because the losses due to the decrease in price can not be compensated by the increase in the number of sold meals. [1]

Economical valuation based on fundamental analysis involves checking and

analyzing financial statements and not just the stock price. The key financial statements of a company are the income statement, the balance sheet and the cash flow statement. The income statement is generated for a specific period.

To analyze the dynamics of the company's income we used balance Sheet and income statement and it is presented in the table 2.3.

Table 2.3

Income statement analysis of LLC "Figaro-Catering" LLC for years 2016-2018

Indexes	Dynamics, thousand UAH			Absolute deviation, thousand UAH		Relative deviation, %	
	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Year	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Sales revenue	27166,5	34153,6	37842,9	6987,1	3689,3	25,7	10,8
<i>Cost of goods sold</i>	14253,9	15864,1	17147,2	1610,2	1283,1	11,3	8,1
Gross profit	27193,3	36171,6	38157,6	8978,3	1986,0	33,01	5,5
<i>Operating expenses</i>	11906,0	17545,1	20547,3	5639,1	3002,2	47,4	17,1
Operating profit	-	2017,8	2547,9	-	530,1	-	26,3
Net profit before taxes	1032,4	2513,2	2984,3	1480,8	471,1	143,4	18,7
<i>Taxes</i>	186,0	497,6	578,8	311,6	81,2	167,5	16,3
Net profit after taxes	846,4	2015,6	2369,4	1169,2	353,8	138,2	17,6

Having analyzed the results of the calculations in table we can make the conclusions that despite the growth of sales revenue through 2017 in 26% that is about 6987,1 thousand UAH, Cost of goods sold and operating expenses increased in 11% and 8% that is about 1610,2 and 1283,1 thousand UAN in accordance. The indicators of gross profit deviation display a positive growing trend in 33% in 2016-2017 years and in 5% in 2017-2018. This table shows that within 2016-2018 the catering improved its activities what we can observe from the indexes of growth of income from main activities.

Speaking about assets we divided them into fixed and current and made an

analysis of their dynamics and structure. Calculation of the assets structure of LLC “Figaro-Catering” is described at the table 2.4.

Table 2.4

Analysis of the assets of LLC Figaro-Catering

	Dynamics, thousand UAH			Absolute deviation, thousand UAH		Relative deviation, %	
	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Trend of	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Fixed assets incl.	2139,5	1357,5	1187,4	-782,0	-170,1	25,7	12,5
Current assets incl.	2359,0	3698,4	4269,2	1339,4	570,8	11,3	15,4
<i>Cash</i>	155,4	0,5	45,4	-154,9	44,9	33,01	8980,0
<i>Accounts receivable</i>	735,6	1315,6	1576,6	580,0	261,0	47,4	19,8
<i>Inventories</i>	664,1	1425,0	1875,6	-	450,6	-	31,6
Total Assets	4496,5	5055,9	5798,2	559,4	742,3	143,4	14,7

Having analyzed the table above, we can see that amount of fixed assets are decreasing during 2016-2018 for about 25,7% which is about 782 thousands UAH. But within the same period of time current assets has increased in 15.4% which is about 1339,4 thousand UAH. In addition, we can stipulate that total amount of company’s assets is increasing through last years – in 14,7% (742,3 thousand UAH).

In order to consider the financial management practices on the enterprise, it is a necessity to analyze the liabilities and stockholders equity structure and it’s dynamics – table 2.5.

Table 2.5

Analysis of the liabilities and stockholders equity of LLC “Figaro-Catering”

	Dynamics, thousand UAH			Absolute deviation, thousand UAH		Relative deviation, %	
	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Trend of	2016	2017	2018	2016/2017	2017/2018	2016/2017	2017/2018
Stockholders equity	2834,6	819,0	1142,0	-2015,6	323,0	19,1	39,4
Long term debts	-	-	-	-	-	-	-
Current liabilities	1663,9	4236,9	3657,5	2573,0	-579,4	2,6	-13,7
<i>Accounts payable</i>	1523,6	3561,4	2484,6	-1167,5	-1076,8	12,5	-30,2

<i>Short term debts</i>	-	158,6	129,3	-	-29,3	-	-18,5
<i>Accruals</i>	-	-	-	-	-	-	-
Total Liabilities	1669,9	4236,9	3657,5	2567,0	-579,4	1,6	-13,7
Balance	498,5	5055,9	6337,2	4557,4	1281,3	2,7	25,3

As we see from the table above, LLC “Figaro-Catering” current liabilities are slowly decreasing and for the last year the indicator was 13,7% (579,4 thousand UAH). This is a positive tendency taking into account the fact that bank loans are the longest to be paid off. At the same time, the amount of stockholders equity increased in 39,4% (323 thousand UAH) within the last year, which is not causing serious problems for the company.

The activity ratios are counted at the table 2.6.

Table 2.6

Activity Ratios analysis of LLC “Figaro-Catering”

Activity ratios	2016	2017	2018
Total assets turnover	12,08	13,51	13,87
Current assets turnover	11,52	9,23	8,86
Inventory turnover	21,46	11,13	9,14
Average age of Inventory, days	17,01	32,79	39,92
Account receivables turnover	36,93	25,96	24,00
Average collection period, days	6,69	9,51	10,29
Account payables turnover	11,51	22,19	27,02
Working capital turnover	39,08	-63,42	61,87

Having analysed the results of the calculations in table 2,5 we can make a conclusion that total assets turnover ratio is growing as well as average age of inventory that is a positive indicator according to the norms of financial stability of the enterprise.

The liquidity ratios are counted at the table 2.7.

Table 2.7

Liquidity ratio analysis of LLC “Figaro-Catering”

Ratio	2016	2017	2018
Current Ratio	1,42	0,87	1,17
Quick Ratio (Acid Test Ratio)	1,02	0,54	0,65
Working capital	695,10	-538,50	611,70

As we can see from the table 2.6 the current ratio is very unstable within analysed period of time. During 2016-2017 years it has decreased which indicates an efficient activity of the enterprise. However, in 2018 it has raised, so that the management should work on improving this indicator.

The profitability ratios are counted at the table 2.8.

Table 2.8

Analysis of profitability of LLC “Figaro-Catering”

Ratios	2016	2017	2018
Gross Profit Margin	1,00	1,06	1,01
Operating Income Margin	0,04	0,02	0,004
Return on Assets	0,23	0,50	0,51
Return on Equity	0,36	3,07	2,61

Having analysed the table above we observe that gross profit margin ratio is higher than 1 and the indicator of return of assets is growing within 2016-2018 years that indicates sufficient activity of the enterprise according to the norms of financial stability.

The financial sustainability and debt ratios are counted at the table 2.9

Table 2.9

Financial sustainability and Debt Ratios analysis of LLC “Figaro-Catering”

Ratio	2016	2017	2018
The equity-to-asset ratio	0,63	0,16	0,20
Debt to Equity Ratio	0,59	5,17	3,20
Long-Term Debt Ratio	-	-	-
Debt Ratio	0,37	0,84	0,63
The Long-Term Debt to Total Capitalization Ratio	-	-	-
The current assets to equity ratio	0,83	4,52	3,74

Analysis of financial indicators of LLC “Figaro-Catering” evidence that the company is solvent, that is proved by its activity and profitability indicators. However, there are a lot of unstable indicators in several periods. Those indicators show how LLC “Figaro-Catering” management is at using its assets to generate earnings.

Consequently, the management failed in using assets effectively which affected

the amount of earnings within last years. That means that hotel's financial policy and business processes must be revised thoroughly and in short terms in order to meet the requirements of rapid and negative changes of economic situation in Ukraine and tendencies in world economy.

2.2 Sales policy analysis of “Figaro-Catering” LLC

The “Figaro-Catering” LLC sales team consists of seven people - the head of the department and six managers. Each of them has a long experience in sales and project management in the field of catering services.

The sales department at Figaro-Catering is responsible for the whole process of project implementation - from the first communication with a potential client to the end of the project.

The sales process is the set of steps “Figaro-Catering” sales team follows when moving a customer along the sales tunnel which encompasses all major customer interactions from prospecting to closing a sale. These process consists of 8 steps that are presented on the figure 2.3

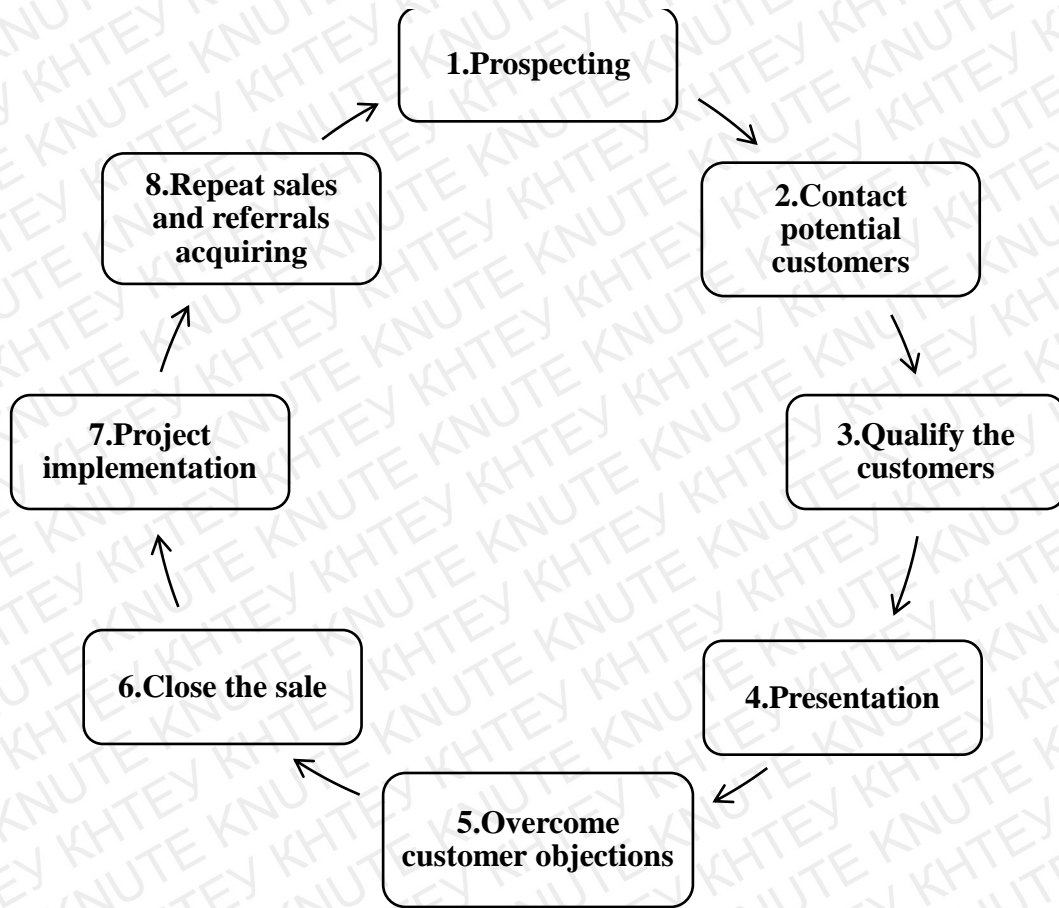


Figure 2.3. Main stages of sales process of LLC “Figaro-Catering”

The company strives to meet the highest customer expectations, from comfortable communication during the preparation phase to the type of dishes served at the event, from site selection to high service. The 8 phases of “Figaro-Catering” sales process is described in the table 2.10.

Table 2.10

The features of sales process of LLC “Figaro-Catering”

No	Phase of selling process	Description
1	Prospecting	The sales process starts with a lead generation. There are several methods the “Figaro-Catering” LLC utilize to prospect clients: social media marketing methods, networking at live events or trade shows as well as, CRM database lists, cold calling and referrals or online search. The prospecting process helps identify potential buyers who have expressed interest in the catering product or service or who might be interested based on their demographics, industry or other characteristics.
2	Contact potential clients	After identification of the prospects, the next stage is to initiate contact. In some instances, a phone call is the appropriate means of contacting a prospect, while other times first point of contact may be an email or a more traditional sales letter. The full sales pitch isn't given during this stage, just establishing contact with potential clients for setting up a

		more formal meeting.
3	Qualify the clients	This process is initiated in the contact stage of the sales cycle, but the majority of qualifying usually happens during the first sales meeting. Qualifying prospecting clients questions asked are typically related to budget, authority, needs and timeline. The sales manager finds out if a contact person is a decision maker and, if so, whether they are actually interested in purchasing catering product or service.
4	Presentation of the catering product and service	At this point in the sales process it's time to clearly communicate the value of the "Figaro-Catering" LLC solution in terms of the prospects needs, challenges and desired end state. Communicating with the client, the manager tells how the company works. A clear and detailed explanation helps the customer to recognize a competent contractor. They also talk about how food is transported and stored. when it will be prepared, how stored, served and served. Special attention is paid to logistics, timing, and control of staff. At the end of this stage a proposal is typically scheduled for a mutually agreed upon date.
5	Overcome customer objections	The main goal at this point is to manage and overcome any objections. To make the customer's final decision, managers offer testing. To evaluate the quality of services, the customer is invited to attend one of the events being served. In this case, the customer will have the opportunity to make quite a certain impression about serving dishes, table design, the appearance of staff and other elements of the service.
6	Close the sale	This step commonly involves sending a proposal or a quote covering the tailored solution you are offering. When the sale is made, prospects agree on the terms and price or negotiate for mutually beneficial ones. All objections have been addressed and all details are finalized for delivery. This phase also involve introductions to other departments of the company who will be handling these next steps.

Continuation of table 2.10

7	Project implementation	The sales team's role doesn't end after closing the deal. sales manager continues to work with the customer during onboarding. This creates a sense of continuity and builds on their already-developed relationship. Onboarding can include delivering the product, getting the client set up with your solution, and providing any necessary support Sales manager is responsible for Interaction with the banquet service, control of the execution of the banquet service of all necessary requirements and nuances in the project implementation;
8	Repeat sales and referrals acquiring	By maintaining excellent customer relationships, sales personnel up-sell and generate repeat sales more easily. The customers are kept updated about new services, and regularly asked for feedback on how you can serve them better.

Having analyzed the process of sales management at “Figaro-Catering” LLC we can conclude that sales managers pay a lot of attention to work with clients at all stages of communication: from the first contact with a potential customer to the completion of the project, providing all the necessary information and documentation, carefully monitoring the implementation of all requirements specified in the contract.

Assisting the customer in the selection of catering, the manager of “Figaro-Catering” LLC provides him with:

- information on clients and projects, a list of events that the company served;
- information about the halls (catering that operates a fixed banquet hall or other venue, in this market is always perceived as a more reliable contractor);
- showroom (to showcase interesting collections of tableware, staff uniforms, decor options, and table setting);
- testing (willingness to provide free tasting assists the customer in the selection of dishes for the event);
- animation and demonstration cooking - they always vivify the event;
- services facilitating the preparation of the event for the customer - their list may include the printing of individual menu cards, name cards for guests, table numbers or decor appropriate to the concept;
- additional options (if you are preparing an event for a very demanding customer, the development of unique dishes especially for him will be an important addition to the standard service).

“Figaro-Catering” LLC actively applies modern information technologies, including 1C systems, electronic document flow, CRM systems. Modern CRM-systems provide a comprehensive approach to automating work with customers and are aimed at providing the most convenient service for consumers. One of the most important tasks of systems of this level is the organization of interaction between the marketing, sales and service departments. Customer Relationship Management is a business strategy developed to optimize revenue, profitability and customer satisfaction. For that purpose, it is extremely important to analyze the dynamics of the

number of attracted, lost and loyal customers, as well as their average check. The dynamics of these indicators are presented in the table 2.10 and figure 2.4

Table 2.11

Customers retention analysis of LLC “Figaro-Catering”

Year	Dynamics, thousand UAH			Absolute change, thousand UAH		Relative deviation, %	
	2017	2018	2019	2017/2018	2018/2019	2017/2018	2018/2019
Number of new customers	76	98	142	22	44	29	45
Number of lost customers	12	25	34	13	9	108	36
Number of loyal customers	93	112	159	19	47	20	42
Average sales per customer	98,9	115,6	113,2	16,7	-2,4	17	-2

This table demonstrates the number and dynamics of attracting new customers, how many of them have become loyal customers or have been lost. As we see from the statistics for 2017-2019, the number of attracted customers increased by 29% and 45%, respectively, which shows the effective activity of the sales department. A positive growth trend in the number of loyal consumers indicates that the service was provided at a high level. Analyzing the average check over the past two years, one can observe an unstable trend: in 2017, the average check increased by 17%, and by 2018 decreased by 2%. The difference is not critical, but it's worth working to improve this indicator.

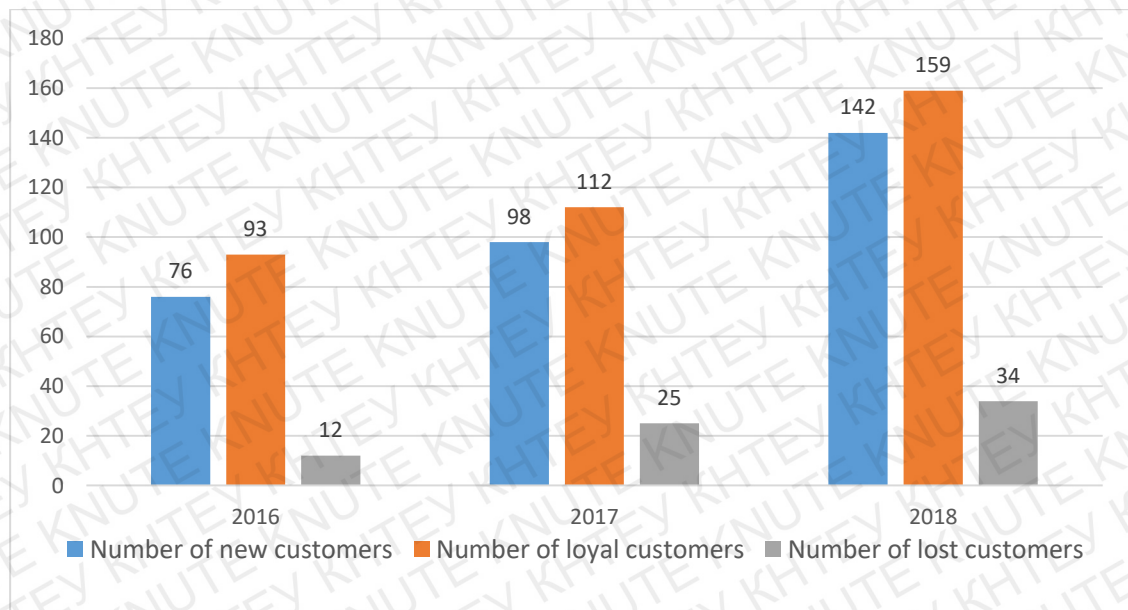


Figure 2.4. Dynamics of customer retention of LLC “Figaro-Catering”

The chart 2.4 allows us to visually examine the dynamics of increasing the number of customers in 2016-2018

In order to build an effective strategy and sales planning for future periods the management of the commercial department, it is necessary to analyze sales volumes and income by consumer segments (table 2.12) which includes:

- Enterprises
- Final Consumers
- Government institutions
- Other organizations

Table 2.12

Quantative analysis of customer segments of LLC “Figaro-Catering”

Indicator	Enterprices	Final consumers	Government	Other organisations	Total
Share of segment	57%	29%	8%	6%	100
Net revenue (thousand UAH)	21570,5	10974,4	3027,4	2270,6	37842,9
Number of customers	157	80	22	17	276
Number of orders	191	97	27	20	335
Average check (thousand UAH)	262,7	112,8	159,1	98,2	113,0

As we can see from the table 2. The biggest share of net revenue (21570.5

thousand UAH), number of customers and orders and the highest average check (262.7 thousand UAH) occupy enterprises segment of clients. We can conclude that this segment is the most promising for cooperation. But it is also worth paying attention to the segment of state structures. As we can see from the table, its average bill is higher than of other segments and customers in this segment order Figaro-Catering LLC services more than once a year.

Profitability is one of the most important indicator for analyzing financial statements and company performance as a whole. It is calculated by dividing the gross profit by the sales revenue and is expressed in terms of percentage. Profitability comparison of consumer segments of “Figaro-Catering” LLC is displayed in table 2.12

$$\text{Profitability} = \frac{\text{Revenue} - \text{Costs}}{\text{Revenue}} * 100\% \quad (2.1)$$

Table 2.13

Profitability of customers segments analysis of LLC “Figaro-Catering”

Indicator (per segment)	Enterprices	Final consumers	Government	Other organisations	Total
Share of segment	57	29	8	6	100
Net revenue (thousand UAH)	21570,5	10974,4	3027,4	2270,6	37842,9
Expenses (thousand UAH)	9573,9	5272,7	1371,8	928,8	17147,2
Profitability	56%	52%	55%	59%	

Having analysed the profitability ratio conclusion can be made that the most profitable segment for business activity is the other organisations, its profitability is 59% that is quite positive result. It means that the company receives the highest profit with minimum expenses. That is due to the fact that this activity occurs in collaboration with other companies, therefore the company incurs lower expenses in comparison with ordinary activities.

In the figure 2.5 we can clearly see the growth dynamics of net revenue indicators depending on the segment for 2016-2018.

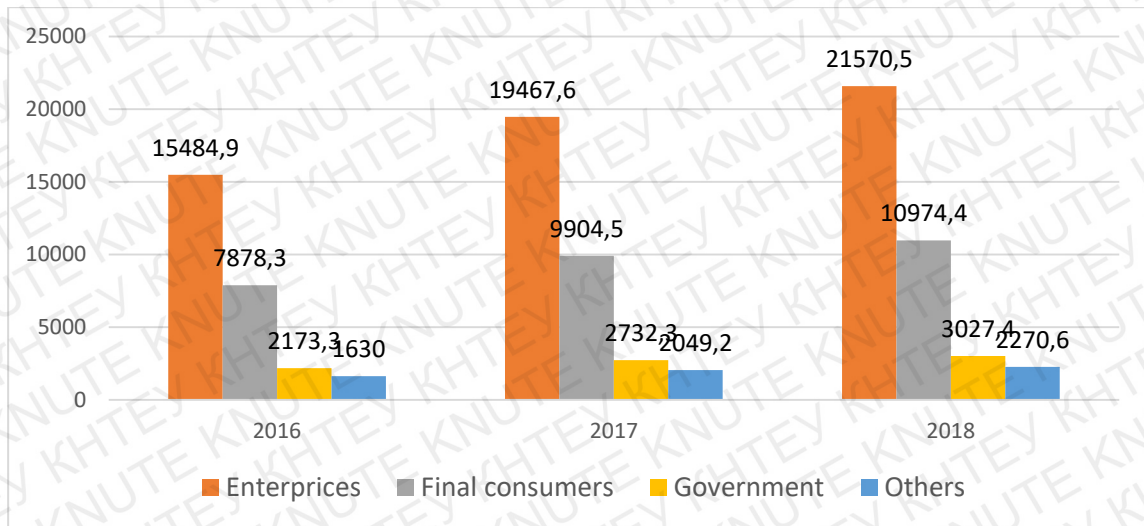


Figure 2.5. Dynamics of sales revenue per segments of LLC “Figaro-Catering”

As it is shown on the chart, revenues from the enterprise segment significantly dominate the rest. During 2016-2018, profitability from all segments increased proportionally, which signals a positive tendency.

2.3. Assessment of sales policy efficiency of LLC "Figaro-Catering"

One of the most important responsibilities of sales managers is to evaluate the performance of the sales personnel.

A proper evaluation process ensures that the organization is well managed. It also provides the sales personnel with information on their performance and gives recommendations for further improvement. Performance evaluation can also help in improving the relationships between the sales force and superiors by minimizing suspicion and improving interaction.

The purpose of conducting performance evaluation is to check whether the sales force activities are in alignment with organizational objectives. It also helps monitor the sales force activities and provide remedial action, if required. Performance evaluation also helps to prepare a future action plan for the sales personnel and fulfill the organizational objectives. It exerts an influence on the mode of compensation, fixing of sales quotas, and decisions on the transfer or removal of the salesperson from the organization. In most organizations, it is the immediate

superior or the sales manager who conducts the performance appraisal. It depends on the complexity of the sales plan, the costs involved, and the current objectives of the organization.

The sales manager can take the help of quantitative or qualitative criteria. Qualitative criteria include sales skills, territory management skills, personality traits, etc. The quantitative factors include the Return on sales, average calls per day, sales orders, close or expenses rate . Quantitative criteria are those aspects that measure the sales performance in terms of the end results whereas qualitative criteria involve all those activities that the sale person does to achieve the end results.

The sales manager must ensure that the performance standards are set to compare and evaluate the actual performance of the sales force. Performance standards come under quantitative standards, qualitative standards, time-based standards, or cost-based standards. Finally, regular monitoring and review of the sales force activities are also necessary to ensure that the organizational activities are aligned to the sales plan.

In order to analyze qualitative performance indicators, we will begin with return on sales. Return on sales, often called the operating profit margin, is a financial ratio that calculates how efficiently a company is at generating profits from its revenue. Since the return on sales equation measures the percentage of sales that are converted to income, it shows how well the company is producing its core products or services and how well the management teams is running it. This indicator is calculated with the help of 2.1 formula and the results are presented in the table 2.13

$$ROS = \frac{\text{Operating profit}}{\text{Net Sales}} \quad (2.2)$$

Table 2.14

Return on Sales analysis of the salesforce of “Figaro-Catering” LLC

Return on Sales Indicator	2016	2017	2018
Net Sales thousands UAH	27166,5	34153,6	37842,9
Operating Profit thousands UAH	1786,2	2017,8	2547,9

Return on Sales %	6,6	5,9	6,7
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As we can see from the table 2.13, the company converts up to 7% its sales into profits. In other words, 93% of net sales are spent to run the business what is not very efficient. In order to increase the net operating income, the management should focus on reducing expenses or increasing revenues so that the company will be more efficient and as a result will be more profitable.

Another key indicator that helps in analyzing salesperson's efficiency is sales leads to close ratio. This ratio measures the percentage of sales leads that the salesperson converts to actual sales. It is calculated by dividing amount of sales closed to amount of leads or applications.

Table 2.15

Sales Leads to Close Ratio as a salesforce efficiency indicator of “Figaro-Catering” LLC

	Amount of sales closed (per year)	Amount of leads (per year)	Amount of applications (per year)	Rate of leads closed %	Rate of applications closed %
Sales manager #1	48	104	613	46,15	7,83
Sales manager #2	39	78	512	52,00	7,62
Sales manager #3	71	211	1266	33,65	5,61
Sales manager #4	53	129	1032	41,09	5,14
Sales manager #5	56	168	840	33,33	6,67
Sales manager #6	68	196	980	34,69	6,94
Total	335	886	5243		

The analysis of this table clearly shows us the efficiency of each employee and the amount of work done by each. These data can help determine the best employee for remuneration, as well as serve as motivation for others. The results show us that several employees have lower rate than others. Management should apply measures to improve performance of sales personnel.

Profitability ratio of salese is computed to show the relationship between an individual expense and sales. It is calculated by dividing a particular expense or group

of expenses by net sales. Expense ratio shows what percentage of sales is an individual expense or a group of expenses.

$$\textit{Profitability} = \frac{\textit{Sales expenses}}{\textit{Net sales}} \quad (2.2)$$

Table 2.16

Profitability ratio of sales of “Figaro-Catering” LLC analysis

Indicator	2016	2017	2018
Net Sales	27166,5	34153,6	37842,9
Sales Expenses	1904,2	2129,5	2568,1
Sales Expenses Ratio %	7,01	6,2	6,7

As we see, the ratio is getting lower each year and means that sales expenses take only 7% of net sales. Net sales are growing, however expenses on sales are decreasing. This calculation shows us that budget on sales is spent effectively.

Having analyzed the process of sales management at “Figaro-Catering” we can conclude that sales managers pay a lot of attention to work with clients at all stages of communication: from the first contact with a potential customer to the completion of the project, providing all the necessary information and documentation, carefully monitoring the implementation of all requirements specified in the contract.

The indicators of customer retention display the positive tendency of rising number of new and loyal customers, which shows the effective activity of the sales department. Having analysed the profitability ratio conclusion can be made that the most profitable segment for business activity is the other organisations, its profitability is 59% that is quite positive result.

We have determined the effectiveness of sales management by evaluating such indicators as: return on sales, expenses ratio and sales leads to close ratio. Return on sales shows that 93% of net sales are spent to run the business what is not very efficient. The analysis of sales leads to close ratio indicates the efficiency of each employee and the amount of work done by each. The result is that several employees have lower rate than others. Management should apply measures to motivate, educate

and improve performance of sales personnel

PART 3

PRIORITY AREAS OF SALES POLICY IMPROVEMENT OF LLC “FIGARO-CATERING”

3.1. Directions of personal sales improvement at LLC “Figaro-Catering”

As a result of the analysis of LLC “Figaro-Catering” sales management, the following weak points were identified:

- Employees turnover
- Lack of qualified specialists at lower levels
- Absence of non-financial motivation
- Staff destabilization
- Top-down planning process

It is therefore essential the following directions of sales management improvement to be developed:

- Staff skills and knowledge development;
- Financial and non-financial motivation of employees for effective working;
- Promotion of active and successful sellers.

In order to choose the most significant options for increasing sales efficiency, it is necessary to describe and analyze each event.

Staff development. This proposition consists in the fact that the sales staff of LLC “Figaro-Catering” passes specialized trainings and seminars to improve sales techniques, to obtain complete and comprehensive information about new products. With the appropriate combination of knowledge and skills, the sales personnel can maximize his efficiency and reach goals that contribute to improving sales efficiency.

The principal skill is the ability to learn and adapt sales activities to customer needs and predict future customer desires in order to enable the salesperson to expand the business with existing customers and raise new ones. The necessity to collect brand-new information about clients and the market segment in catering industry is essential for the management in developing growth strategies. It also requires knowledge of the company's products and services and how these products and

services can be related to customer needs. The complex of the product or the lack of product knowledge affects the successful presentation of products to the customer and may affect sales performance.

Effective sellers need to know the nature of customer and the buying process so that they can better serve customers. The seller must know how to determine buying behavior of customers and the ability to modify the sales process to match customer behavior.

Training has been distinguished as the most important process in developing the seller's knowledge and skills to achieve a strategic advantage in order to increase sales efficiency, which leads to improved sales performance.

Consequently, the role of the sales manager has developed to include the role of training and support. A qualified sales manager educates salespeople to achieve organizational goals and enables subordinates to succeed.

The main goal of sales training for LLC "Figaro-Catering" is to increase sales performance. For That purpose, it is necessary to achieve the following objectives that are displayed on the figure 3.1.



Figure 3.1. Focus areas of training sales personnel of LLC "Figaro-Catering"

One of the most difficult problem a sales manager faces is the motivation of the sales force. It helps to initiate desired behavior in an individual and direct it toward the attainment of organizational goals. The effectiveness of the sales force plays a crucial role in the success and growth of an organization. In order to attain the

goals of the organization, it is essential that the sales force is highly motivated.

To motivate individual salesperson next directions were suggested

- Lead the salespeople to be professionals
- Provide the conditions essential for salespeople to do their best
- Sales management should provide rewards that are simple, immediate, frequent and related to the special act
- Sales management should be aware of the motivational value of personal visits, personal phone calls and letters, and small, intimate sales meetings.

A motivated salesperson is more open to the activities and goals required for effective sales. Therefore, effective sales can be achieved through motivation. Motivation has also been identified as a major attribute of supervision and performance improvement systems.

As a conclusion, having reasoned before mentioned measures that plays a crucial role in salesforce efficiency it was developed the next list of directions of improvemet described in the table 3.1.

Table 3.1

Directions of improvement depending on organisational level

Level of organizational environment	Improvement measures for management of LLC “Figaro-Catering”
The individual salesperson level	<ul style="list-style-type: none"> • Meet Individual needs of each salesperson • Create positive reinforcement • If time limitations make it impossible for the sales manager to determine and respond to the needs of each salesperson, then sales force should be segmented in clusters • Explain the job requirements and expectations to newly recruited salesperson
The sales department level	<ul style="list-style-type: none"> • Explain sufficient product information • Establish communication between top-down organizational levels and departments • Help each salesperson set reasonable goals and design plans to attain those goals, and provide feedback • Create the positions that are challenging, have some authority, and provide some freedom • Prevent job dissatisfaction by providing a fair basic compensation plan, helpful and constructive supervision, acceptable fringe benefits, and job security

Continuation of the table 3.1

The company level	<ul style="list-style-type: none"> • Take an active role in developing the motivational processes • Provide a participative environment • Communicate and maintain an open, constructive, and relaxed environment where trust, faith, and fairness are openly practiced • Through formal and informal channels, communicate that the salespeople are mature, professional individuals involved in significant, meritorious work • Communicate clearly the relationship between performance and recognition
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3.2. Proposals of measures to improve sales policy at LLC “Figaro-Catering”

The sales department is a key tool for generating profit for each company, and the total revenue will depend on how interested its employees are in their work. Therefore, it is very important to pay special attention to its constant development.

Motivating sales personnel is an important aspect of sales force management. Sales personnel require additional motivation because of inherent nature of the sales job, role conflicts, the natural tendency toward apathy, and difficulties in building group identity.

Sales managers can take various measures to motivate the sales force and boost its productivity. These measures can be in the form of sales quotas, sales contests, well- designed compensation plans and reward systems, etc. The sales compensation plan has a greater impact on the company's results than any other single document. It impacts the behavior of the sales organization in a direct fashion. Salespeople are generally paid differently than all other functions within the company. Their performance is easily quantified and measured. As a result, their compensation is generally comprised of a base salary, and a quota or commission.

Financial motivation is the encouragement for employees to receive cash payments based on the results of their labor activity. The application of material and monetary motivation allows to regulate the behavior of management objects based on the use of various cash payments and sanctions. At “Figaro-Catering” LLC

salespeople are generally paid differently than all other departments within the company. Their performance is easily quantified and measured. As a result, their compensation is generally comprised of a base salary, and a quota or commission.

The main factor in material and monetary motivation is the employee's salary. The average salary of a sales manager at "Figaro-Catering" LLC is 15,000 UAH per month.

It is proposed to divide the remuneration at the enterprise into two parts:

- constant - these are tariff rates and official salaries
- variable - rewards, bonuses.

In pursuit of the goal of introducing the financial motivation for the "Figaro-Catering" LLC employees, bonus compensation plans and reward system were developed and described in the table 3.2.

Table 3.2

Reward system plan for 2020 for “Figaro-Catering” LLC

Sales plan for each sales employee	Percentage of plan accomplishment	Percentage of salary raise for plan accomplishment	Amount of salary raise for accomplishment
6300	100%	5	9000
7245	115%	6	10800
7560	120%	7	12600
8190	130%	8	14400
9450	150%	10	18000

This table shows the dependence of the bonus amount on the basic salary for each employee for accomplishing or overfulfilling the established sales plan for 2020. Therefore, if an employee achieves an annual plan of 6,300 thousand UAH, he receives an increase to the basic salary of 5% in the amount of 9,000 hryvnias. If the amount of his sales exceeds the established plan by 15% - the amount of his reward rises to 10,800 hryvnias, respectively, overfulfillment of the plan by 20% will bring him 12,600 hryvnias and so on.

Cash compensation makes the company's staff work more efficiently, since payment is directly related to labor results, and this will give employees confidence

in the existence of a stable relationship between the material remuneration and labor productivity.

As a result of the implementation of the above moral and material motivations, we can make an approximate forecast for the growth of the average sales volume of each employee by 20% in 2020.

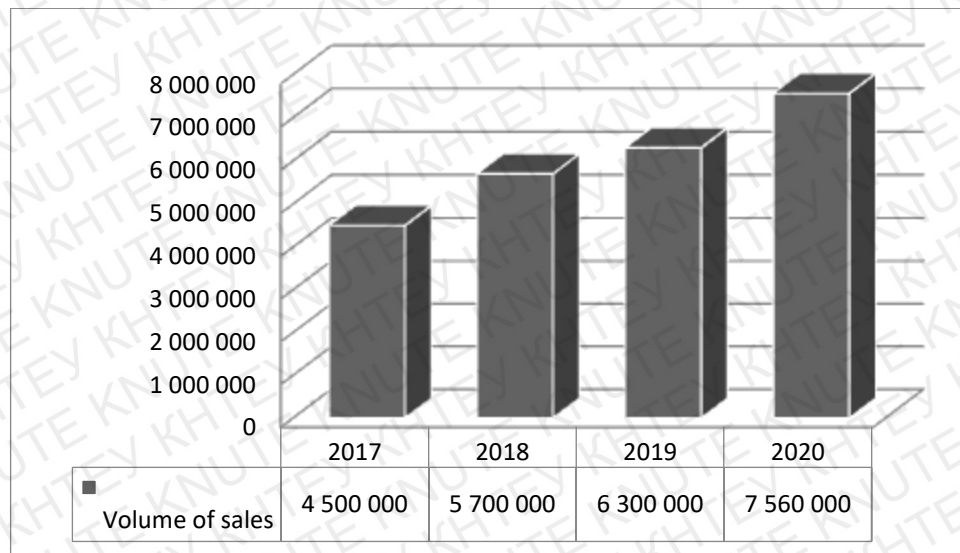


Figure 3.2. Forecast of sales volume per employee of LLC “Figaro-Catering”

This chart shows how the volume of sales can increase by approximately 20%, due to the introduced motivational propositions and compares it with the results of 2017-2019 years.

Behavioral scientists agree that motivation is targeted behavior directed into achieving the desired results, which in turn provides rewards for the purpose. Some salespeople are self-motivated, requiring only a little external stimulation, but usually, they are exceptions. The majority of sales personnel require motivation to achieve and maintain a competent level of productivity.

Non-financial motivation plays an equally important role as the financial ones.

Money, however, loses its power as once the individual has gratified physiological needs and most safety and security needs. Other non-financial (for example, a chance for promotion, which is one way to fulfill esteem and self-respect needs) become increasingly more effective. It is based on a person’s need for public recognition. The essence of Non-financial is the transfer of information about the excellence of a person, the results of his activities in the social environment.

One of the problems identified at the “Figaro-Catering” LLC is the lack of non-financial motivation, therefore it is extremely necessary for implementation. For this, the following groups of events aimed at the company staff were developed. A detailed description is on the figure 3.3.

Recognition	Awards	Special Communications
<ul style="list-style-type: none"> • Recognize each employee • Recognize publicly • Record the recognition • Involve top management • Make recognition personal • Don't use negative recognition • Put the winner in the center 	<ul style="list-style-type: none"> • Awards have to be personal and fit the occasion • Distinctive • Show that the individual level of achievement is consistent with the organization's goals • Can be honorary job titles 	<ul style="list-style-type: none"> • Newsletters • Articles or news features about special efforts made • Pictures of the top salespeople • Spot for award recognition • Individual letters/special telephone calls from the top management

Figure 3.3. Non-financial motivation recommendations

Effective sales training increases sales motivation as a factor in sales performance. Enhancing the salesperson's skills and knowledge through training enhances the confidence of sales personnel in achieving their goals. The demonstrated in the previous paragraph importance of training, despite the absence of a certain measure of performance, indicates that training is an important factor in improving sales performance.

Training for Figaro-Catering sales personnel can be conducted in formal seminars by expert trainers or by a sales manager using training content expanded in-house

Having analyzed the specific training needs of commercial department of LLC “Figaro-Catering” a complete training system was developed for the 2020 year. It will cover both marketing and sales teams.

Table 3.3

Training system plan for 2020 for commercial department of “Figaro-Catering” LLC

Taining speciality	Number of participants	Times per year	Cost per 1 person (UAH)
Marketing	5	3	1590
Effective sales	6	2	3000
Technology of communication with customer	5	1	1200
Product training for new employees	1	As required	Free as held by higher level manager
Coaching skills for managers	6	1	2650
Total	23	8-9	81750

According to the table planned training activities will be held 8-9 times within 2020 year and proposed 5 training programmes will take 81750 UAH.

Sales training stimulates the learning process through practice. With appropriate initial training, most newly employed become productive sales staff. In addition, ongoing sales training increases productivity for both born and experienced sales staff. For that reason was developed training program for freshly recruits employees of the LLC "Figaro-Catering" company. The key issues of the program is presented in the table 3.4

Table 3.4

Training programme for 2020 for newly employed salesforce of “Figaro-Catering” LLC

Training topic	Issues that will be presented
1. Sales skills.	a) sales techniques; b) customer relationship management skills; c) quality service skills; d) skills of search, development and customer retention.
2. Knowledge of the business.	a) knowledge of the catering product, competitors, territory; b) knowledge of customer needs; c) knowledge of the customer base and effective methods of working; d) knowledge of the company's sales strategy.
3. Attitude to sales.	a) loyalty to the business and management of the company, the adoption of goals, commitment, and compliance with them; b) awareness of the relationship between the level of personal sales and personal goals: material well-being, career, etc; c) faith in the quality and need for the goods offered;

This table shows three main training topics for freshly recruited employees of the LLC "Figaro-Catering", namely sales skills, knowledge of the business, attitude to sales and the issues that will be discussed are listed.

Actual for the LLC "Figaro-Catering" may become a Coaching skills for managers training program by "Wilson Learning"

As a rule, organizations are about to invest in training to make sure salespeople have the skills necessary for progress. Both study and practice confirm that training can improve salespeople. However, training their managers is normally a lower priority, particularly when it focuses on coaching and performance management skills. Although it is commonly perceived that managers should maintain and strengthen sales training, it is assumed that they are already qualified enough to do this, or the influence of coaching skills on training is not significant enough for extra expense.

A study by Michael Leimbach [29] shows that the impact of sales training is much more tangible with the support of sales managers who know how to coach and support new skills. According to the study, sales managers need more than just general coaching skills. In order to be completely effective, they need the experience to teach specific sales skills and the processes that their salespeople are learning. Sales managers who have both general coaching skills and the skills to teach new specific knowledge to their sales managers can more than double productivity than managers who have only general coaching skills.

This study determines that an organization can accomplish more comprehensive and permanent productivity improvements by moving to a process that engages spans the entire organization and not only educates salespeople.

In order to estimate whether proposed measures for improvement will produce a positive return on that investment we should take the total operating profit and multiply by 24%. As we are going to implement the sales training in 2020 I predicted an approximate profit by calculating an average relative deviation of previous two years and added it to the sales revenue. The predicted sales revenue of 2020 is 46925.2 thousand UAH (table 3.5).

Table 3.5

Forecast of the impact of the implemented proposals

Indicator	Amount
Sales revenue prediction of 2020	46925.2 thousand UAH
Total costs of training programme for 2020	81750 UAH
Number of sales personnel involved in training	12 persons

To forecast the impact of the proposals we can use ROI formula.

$$ROI = \frac{(46925.2 \times 0.24) - 81750}{81750} = 136.8 \quad (3.1)$$

Thus, the calculation determined that predicted return to the organization will be 137 UAH for every 1 UAH spent on training the managers. This is a significantly positive ROI. As the calculation shows, providing additional manager development is less than double the costs of providing generic coaching skills only, then it will significantly improve the return on investment if the organisation train managers not just to coach, but to coach to the specific skills their people are learning.

That is, if sales managers have well-developed sales skills, then there are higher profits, more complete customer satisfaction, higher personal satisfaction of the sellers subordinate to them. The prediction of sales revenue for 2020 is presented in the figure 3.4

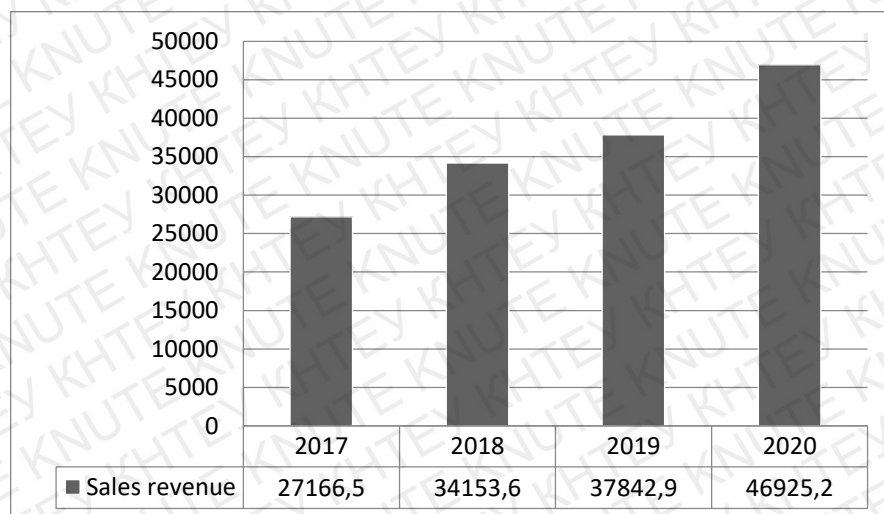


Figure 3.4. The forecast of sales revenue of “Figaro-Catering”

This chart shows the dynamic of sales revenue increase prediction for 2020 after implementation of proposed training programs. The absolute deviation of 2019-2020 can reach the amount up to 9082.3 thousand UAH.

The whole production and marketing process completes in the making of sales, and management’s purpose in training sales personnel is increased job performance. Effective sales training also supports sales management in fulfilling its social responsibility for controlling marketing costs. When salespeople operate efficiently, cost savings show up in advantages to consumers as well as to the organization. A company’s position in its industry is determined importantly by the performance of its sales personnel. Skillfully designed and completed sales training programs have potentials for helping sales personnel to obtain effective job performance.

CONCLUSIONS AND PROPOSALS

Based on a study of the theoretical aspects of sales policy, the following conclusions were drawn:

Defined sales policy as the guidelines for sales manager's actions in order to maximize sales at least cost with maximum profit to the owner and satisfaction to the customer.

Formulation of sales policy takes into account number of factors such as price discounts, patterns of payment, ways of distribution, extent of publicity, type of product, type of customer, and so on.

In hospitality industry distribution is accomplished through personal selling process. Sales policy is one of administrative functions of sales management. Its formation takes place at the level of sales management. So a strong focus is attached to exploring sales management process in general.

In the sales management literature sales management was referred to as direction of sales force. Sales management process consists of four basic elements: planning, coordinating, control, motivating

Tourism and hospitality industry today hardly differentiate sales, sales tools, distribution and reservations due to the presence of online tools that frequently enable hoteliers to reach each of the above mentioned activities' goals with one common step. Personal sales call is the one of the most utilised sales tools firms try to contact potential clients with. Most salesmen use the tools of the world wide web and make presentations to potential partners online or through a conference video call. Processing of business transaction let hoteliers to utilise their own website generate revenue by installing an online reservation surface which customers can easily use to process their booking and payment.

Summarising all the books, articles, publications, surveys and studies read, quoted or referred to, both traditional and online tools are significant in today's economy to generate sales, increase occupancy and guest nights as well as promote products and services. Based on the findings of the literature search the role of personal sales are already significant and will continue growing as more and more

hotels are inquiring about their services and are willing to cooperate with them because of the increased number of guest nights and occupancy.

After conducting organizational and economical assessment of “Figaro-Catering”, having estimated effectiveness of sales management we can make the following conclusions:

The “Figaro-Catering” is a catering company, whose specialization is the organization of banquets, coffee breaks, barbecues, birthdays, weddings for a variety of events - both corporate (business) and private. Organizational structure of the company management is linear-functional that uses functional departmentalization. The LLC “Figaro-Catering” sales team consists of seven people - the head of the department and six managers who are responsible for the whole process of project implementation - from the first communication with a potential client to the end of the project.

SWOT analysis helps to understand that “Figaro-Catering” LLC has weaknesses, such as employee turnover, top-down planning process, costly depreciation rate, as well as threats in the form of strengthening competitors, their growing number, instability of catering product consumption, inflation and others.

Due to these research it's possible in the future to highlight the desired development strategy, taking into account the strengths and capabilities of the enterprise, such as: professional management staff, strong brand image, loyal customers, the possibility of capturing new market segments and so on.

Analysis of financial indicators of “Figaro-Catering” evidence that the company is solvent, that is proved by its activity and profitability indicators. However, there are a lot of unstable indicators in several periods. Those indicators show how “Figaro-Catering” management is at using its assets to generate earnings.

Consequently, the management failed in using assets effectively which affected the amount of earnings within last years. That means that its financial policy and business processes must be revised thoroughly and in short terms in order to meet the requirements of rapid and negative changes of economic situation in Ukraine and tendencies in world economy.

Having analyzed the process of sales management at “Figaro-Catering” we can conclude that sales managers pay a lot of attention to work with clients at all stages of communication: from the first contact with a potential customer to the completion of the project, providing all the necessary information and documentation, carefully monitoring the implementation of all requirements specified in the contract.

The indicators of customer retention displays the positive tendency of rising number of new and loyal customers, which shows the effective activity of the sales department.

Having analysed the profitability ratio conclusion can be made that the most profitable segment for business activity is the other organisations, its profitability is 59% that is quite positive result. It means that the company receives the highest profit with minimum expenses. That is due to the fact that this activity occurs in collaboration with other companies, therefore the company incurs lower expenses in comparison with ordinary activities.

We have determined the effectiveness of sales management by evaluating such indicators as: return on sales, expenses ratio and sales leads to close ratio. Return on sales shows that 93% of net sales are spent to run the business what is not very efficient. The analysis of sales leads to close ratio indicates the efficiency of each employee and the amount of work done by each. The result is that several employees have lower rate than others. Management should apply measures to motivate, educate and improve performance of sales personnel.

As a result of the analysis of LLC “Figaro-Catering” sales management, the following weak points were identified:

- Employes turnover
- Lack of qualified specialists at lower levels
- Absence of non-financial motivation
- Staff destabilization
- Top-down planning process

It is therefore essential the following directions of sales management improvement to be developed:

- Staff skills and knowledge development;
- The financial and non-financial motivation of employees for effective working;
- Promotion of active and successful sellers.
- Motivating sales personnel is an important aspect of sales force management.

The sales compensation plan has a greater impact on the company's results. In pursuit of the goal of introducing the financial motivation for the "Figaro-Catering" LLC employees, bonus compensation plans and reward system were developed and a forecast of its implementation compiled 20% in 2020.

Having analyzed training as a critical process in developing the knowledge and skills of the salesperson, its purpose, objectives, goals, key factors values and we suggested the training-program for developing knowledge and skills.

Having analyzed the specific training needs of commercial department of LLC "Figaro-Catering" a complete training system was developed the for 2020 year. It will cover both marketing and sales teams

According to the plan training activities will be held 8-9 times within 2020 year and proposed 5 training programmes will take -81750 UAH.

This training program shows that an organisation can create greater and more sustained performance improvement by moving toward a process that involves the whole organisation.

The estimation of impact of proposed measures determined that predicted return to the organization will be 137 UAH for every 1 UAH spent on training the managers. This is a significantly positive ROI.

The results of the training provide convincing evidence that the level of development of managerial skills among sales managers is key to predicting the values of all indicators of sales performance. That is, if sales managers have well-developed sales skills, then there are higher profits, more complete customer satisfaction, higher personal satisfaction of the sellers subordinate to them.

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APPENDICES

**Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department
Tourism and Recreation Department**

**HOTEL RESTAURANT
AND TOURISM BUSINESS:
FOCUS ON INTERNATIONAL TRENDS**

**Articles of master programs students
Specialty 073 «Management»
(specialization «Hotel and Restaurant Management»,
«Tourism & Resort-Recreational Management»),
241 «Hotel and Restaurant Business»
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Kyiv 2019

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MODERN APPROACHES TO SALES MANAGEMENT DEFINITION IN HOSPITALITY INDUSTRY

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У даній статті проаналізовано сучасні підходи до визначення поняття управління продажами, розкрито особливості управління продажами в готельно-ресторанному бізнесі. Визначено сутність та складові процесу управління продажами в сучасних умовах.

Ключові слова: управління продажами, складові процесу управління продажами, цілі та функції управління продажами.

The modern approaches to sales management definition are analyzed in this article as well as the features of sales management in the hospitality industry are specified. The essence and the constituents of sales management process are determined in the modern conditions.

Key words: sales management, components of the sales management process, sales management objectives and functions.

Problem statement. In the competitive world of hospitality, ability to effectively recognize potential business, qualify the prospects, engage personal in selling activities is critical for the success. The term selling is frequently used synonymously with the term marketing. Marketing incorporates all of the activities that are fundamental in making a trade between a purchaser and a merchant. These activities include promotion, pricing, product design, and distribution. Selling is merely one part of the promotion mix, which alludes to inducing an imminent client to purchase that fulfills that his needs. The process of making sales grow is essential to operate a profitable hotel restaurant or touristic business. It's also important to monitor sales performance and trends, set objectives.

Analysis of recent research and publications. The Sales management has already been considered by many scientists, such as Dr. Surinder Singh Kundu, Churchill, Ford, Walker, Michael Gilliland, Jaworski, Stathakopoulos, Dyer and Singh, Eisenhard, Harrigan, so we decided to generalize the concept of sales management and consider its using in hospitality industry.

The purpose of this article is to analyze the modern approaches to sales management definition in the hospitality industry.

The object of research is the sales management process in the hospitality industry.

The subject of research is the specificity of the constituents of the hospitality sales management process in modern conditions.

Originally, the term 'sales management' was referred to sales force personnel. But, it has gained a significant position in modern world.

To the opinion of Dr. Surinder, now, the sales management meant management of all marketing activities, including advertising, sales promotion, marketing research, physical distribution, pricing, and product merchandising. Sales management differs from other fields of management, mainly in different aspects: the selling operation of a business firm does not exist in isolation. [1]

The American marketers' association (AMA's) definition, takes into consideration a number of these viewpoints. Its definitions run like: the planning, direction, and control of the personnel, selling activities of a business unit including recruiting, selecting, training, assigning, rating, supervising, paying, motivating, as all these tasks apply to the personnel sales-force. [4]

Sales Managers are in charge of arranging the sales effort, both inside and outside their Companies. Inside the Company the Sales Manager creates formal and informal organizational structures that guarantee compelling correspondence inside the sales department as well as in its relations with other business units. Outside the Company, Sales Manager fills in as a key contact with clients and other outer publics and is in charge of building and maintaining an effective distribution network. They are in charge of taking part in arrangement of data basic to the creation of key advertising choices, for example, those on budgeting quotas and territories.

Many researches discuss external environmental changes affecting the sales force in terms of four categories of influences, including customers, competitors, technology, and the ethical and regulatory environment. The organization's efforts to adapt itself to, and, in some respects, control, changes in the external environment result in changing internal structures and processes (Dyer and Singh; Eisenhardt; Harrigan) that have important implications for sales force management. These influences are depicted in Figure 1. Collectively, these changes in the external and internal organizational environments challenge salespeople's and executives' capacity to adapt and perform to meet rising standards. [2]

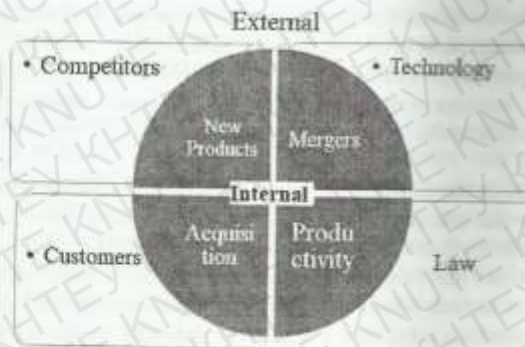


Figure 1. Environmental influences on sales management

Every business firm has certain objectives to achieve. These destinations might be unequivocal and complete, or they might be certain or general. Despite the fact that, organizations have distinctive blends of targets, and they do place differing emphasis.

There are three general objectives of Sales Management:

- Sales Volume
- Contribution To Profits
- Continuing growth

Sales Executives, obviously do not carry the full concern in the effort to achieve these objectives, yet they make major contributions. Top Management has the final obligation, because it is responsible for the achievement of success. Top Management delegates to Marketing Management, which then delegates to Sales Management, sufficient specialist to accomplish the three general objectives. In the process targets are converted into progressively explicit objectives.

Objectives are separated and repeated as definite goals that Company has chance of accomplishing. Before objective setting Sales Executives provide estimate on market and Sales potentials, the abilities of sales force and brokers. When objectives are finished it is the Sales Executives who guide and lead Sales Personnel and brokers who play critical role in implementing selling plans

According to Rai technology University, objectives of sales-management have to cover various sales-functions, in an integrated manner. Since, there are more than one objective, these should be put, on a hierarchical manner (most important, down to the least important). To ensure their flawless realization, they must be congruent, i.e., they must fit together, and not be in conflict with each other. The setting of objectives should not be based only on the judgment of the top-management. Rather, it should be formulated and finalised, with the involvement of the sales-force, at the grass-roots level. In addition, the process of setting of sales-objectives should begin, only after the company has conducted benchmark [3]

Dr. Surinder suggested four basic elements of sales management process, presented on Figure 2:



Figure 2. Basic elements of sales management process

Planning. The plan must be founded on broad market surveying, and the facts must be confirmed at each stage. The plan ought to likewise be assessed, in the wake of examining the all-out market, for a specific sort of product. Adaptability must be given by setting up a specialist's production line, to allow for variety in production. The plan ought to likewise be liable to proceeded with survey. The details of the plan ought to be examined, with all the departmental heads, concerned, and their subordinates, who bear obligation regarding satisfying their pieces of the plan.

Co-ordination: Co-ordination is all inescapable and saturates each function of the management-process. Co-ordination also helps in maximum utilization of human-effort by the exercise of effective leadership, direction, motivation, supervision, communication etc. The control-system additionally requires coordination. Co-ordination have no extraordinary procedures. Nevertheless, there are sound standards, on which to create skills. It has a unique need to assist the staff, to see a complete picture and co-ordinate their activities, with the rest of the group. The sales team lead has to energize direct personal-contact, inside the organisation, especially where there is lateral-leadership. Agreement, and not discord, should be the guiding mantra. Likewise, one needs to guarantee free progression of data that is specific to the targets of the business. No personal problems, emerging from business activities are to be ignored, yet settled through a free trade of thoughts. This is particularly valid on account of the sales force of any organisation. [1]

According to Gilliland in the current business environment, enterprises are challenged on how to incorporate information from the sales organization into business forecasting. The author investigates

- methods for gaining sales force input into forecasting;
- how to use incentives to motivate salesperson forecasting performance;
- whether improved customer/item forecasts provide any benefit.

The article suggests that sales people should contribute to forecasting by providing marketing intelligence (i.e. promotional plans, new store openings/closings, more or less shelf space). In order to increase forecasting accuracy and remove intentional bias, sales people should be assigned forecasting performance goals. Finally, it is questioned that if firms can obtain unbiased information from the sales force would it actually matter to organizational performance. While they may be times that sales person input is pertinent, it may not always be the case. [5]

Controlling: the sales manager has to check regularly, that the sales activities are moving in the correct direction or not. He guides, leads, and motivates the subordinates, in order to accomplish the objectives got ready for the business. He needs to find a way to guarantee that the activities of the people fit in with the plans and destinations. The controlling framework ought to be with the end goal that one can think about the past, note the traps and take restorative measures, so comparable issues may not happen later on. The controller needs to guarantee that the set targets, spending plans and timetables are achieved or followed in letter and spirit. There must be techniques to uncover the inability to accomplish an objective. The control-framework has to

1. determine the level of sales-budget;
2. determine the sales-quotas for each salesman;
3. determine, review and select distribution-channels;
4. organise an efficient sales force;
5. establish a system of sales-reporting;
6. establish a system of statistical sales-credit;
7. establish stock control system(s);
8. review of performance of the salesforce; and
9. establish periodical testing programs.

In a big organisation, each salesman is allocated a territory (not all that huge that it can't be satisfactorily secured). Each salesman has an objective, set for explicit period. From the week after week and month to month deals reports, the control framework is built up, that will prepare records whether a specific salesman is working proficiently or not. [1]

Sales management control systems (SMCSs) are implemented by firms to adjust salespeople with organizational. For instance, organizations regularly use outcome-based SMCSs such as sales quotas as a way of defining, monitoring, and evaluating the performance of salespeople.

In the SMCS literature, salesperson performance is separated as behavioral performance, outcome performance or overall. Most researched studies have explored the impact of controls on behavioral performance at the sales-force/organization dimension of investigation. In any case, examine directed by Piercy recommends that social controls assume a significant role in a salesperson's organizational citizenship behaviors. Further, specialists have revealed a constructive

connection between yield controls and result execution among promoting supervisors just as salespeople.

On the other hand, sometimes behavioral controls have been found to be negatively associated with salesperson outcome performance. However, a recent meta-analysis on the effects of behavioral- and outcome-based controls showed that, overall, both types of controls have a positive relationship with salesperson outcome performance. Then there is Cravens, who looked at how different control systems impact salesperson overall, finding high control systems to have the strongest relationship with salesperson overall performance. To sum up, constrained outcomes propose the significance of fit between the sort of controls being used and the kind of execution being estimated. Although findings suggest that the efficacy of both behavioral and output controls is enhanced when combined with informal controls, specific relationships between informal controls and salesperson performance (of all types) are largely unknown. [6]

Motivating: Motivation is basically a human resource idea. It intends to weld together unmistakable personalities into a productive group. For this, learning of human brain science is required, as a method for understanding behavior patterns. This is particularly significant on account of the sales-force. Just motivated sales-persons can accomplish organization's objectives. [1]

According to *Journal of Personal Selling & Sales Management*, there are two general types of motivation: extrinsic motivation comes from the anticipation of rewards and/or punishments, and intrinsic motivation is rooted in the spontaneous enjoyment of an interesting activity that promotes personal growth. Motivation is one of the strongest determinants of salesperson overall performance. Oliver and Anderson, for example, reported finding that behavioral controls are related to greater intrinsic motivation among salespeople; output controls are related to greater extrinsic motivation. However, a third «hybrid» system with moderate levels of controls (i.e., directing, monitoring, rewarding) was found to have the strongest positive relationship with intrinsic motivation.

In addition to concentrating efforts on buyers, enterprises can accomplish higher levels of service quality by marketing to their employees. Internal marketing encompasses all activities used by a firm in an effort to improve the marketing effectiveness of its employees. Efforts should be made to communicate with all employees, especially those in boundaries panning roles who come in contact with customers. The ability to deliver consistent, high-quality service depends on the organization's ability to recruit, train, retain, and motivate dedicated service personnel.

Service firms need to select and hire employees who are willing and able to provide high-quality service. There are many people in the job market, and firms need to create attractive positions that appeal to highly motivated individuals. A range of potential service exists that an employee can provide from the minimum necessary to retain the position and not be penalized to the maximum possible service. This variability in the level of possible service is referred to as discretionary effort. For example, if an airline passenger leaves a carry-on item on a flight, the airline's personnel have some discretion as to the level of service they will provide. They can take their time and forward the item to the traveler's next destination, or they can try to deliver it to the traveler before he or she boards the next plane or leaves the airport.

In the hospital industry managers should provide employees with adequate training so they possess the skills that are required in performing their job tasks. In addition, the firm should communicate with employees so they are aware of changes within the organization as well as upcoming events. If service personnel are well trained and they understand what management expects, the environment is right for success. Firms can use both internal communications, such as newsletters and e-mail, and external communications, such as advertising and public relations, to convey their expectations to employees. An advertisement can be used to create and manage consumer perceptions and expectations, but at the same time, the ad can be used to educate employees as well. One of the major airlines aired a commercial on television that showed an athletic employee running through the airport to catch a traveler who left his briefcase at the check-in counter. This commercial served two purposes:

- it let customers know that the airline provided high-quality service, and

- it gave employees an idea of the firm's service expectations.

Finally, managers need to provide employees with rewards and recognition when they perform at a high level of discretionary effort. This motivates service providers to continue performing at high levels and to remain loyal to the firm. Retaining good employees is important in providing high-quality service, and it reduces the costs associated with turnover. It takes a great deal of time and effort to hire and train good employees. Firms can use extrinsic rewards such as salary increases and bonuses or intrinsic rewards such as recognition and job satisfaction to motivate employees. Many firms recognize «employees of the month» by honoring them with plaques displayed where customers can see them or allowing them to use special parking spaces close to the building. studies, to find out, as to where it stands in terms of product, brand and market-sales and market share trends. [7]

Conclusion. Development of sales management plays a significant role for an organization, especially in hospitality industry. A success is not just dependent upon having the right strategy and resource. It is also reliant upon the ability of its managers to develop an integrative management style using adaptive, problem solving, extensive information, in many cases is an ever changing market place.

Sales Mangers in the present business condition must be able to o add value. Be that as it may, managers should likewise have the skills to lead, communicate, use changing technologies, build teams, motivate sales people, form strategic alliance with customers. Numerous internal and external changes in organizations have dictated the need to lead business differently. External business environment encountered evolving innovation, globalization, more competition and more requesting and refined clients. Internal changes have included more prominent accentuation on quality dimensions in product and service output, quicker correspondence channels and progressively taught, gifted worker base. The connection between sales people and customer is changing quicker than sales orders requests can be prepared. Most noteworthy is the way that it is clients who are driving change. Companies are building connections, improving technologies, procedures and systems frameworks along the way.

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