Selling policies are the general rules that a business’s managers set to guide the personal-selling effort. They establish uniform operating procedures for all salespeople to follow and are very useful in routine selling situations. They outline how the selling process should go and ensure that all customers are treated fairly and consistently.

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A business may put its selling policies in writing, or it may simply talk to employees about them. This generally depends on the nature of the organization. Companies with large sales forces usually provide policy handbooks that fully explain all selling policies to sales trainees. On the other hand, small companies with few salespeople may operate without written policies.

Opinions vary as to whether selling policies should be put in writing or passed on verbally. Those in favor of written policies feel that employees receive better direction, are more consistent when making decisions, and function more efficiently and effectively under their guidance. Those against written policies claim that they are too restrictive, inflexible, and unworkable due to the frequent changes made to them. Whether sales policies are written or simply understood, the primary responsibility for implementing them rests with the individual salesperson.

Common types of selling policies
Selling policies apply to a wide range of business activities, from the provision of credit to the delivery of the product. Consequently, a company may have a large number of selling policies in place. By categorizing them, you can gain a better understanding of their nature and function. Selling policies can be categorized into three basic groups that:

- Govern the salesperson’s selling activities
- Dictate the services a salesperson can offer
- Relate to the terms of the sale
Selling policies must, however, be interpreted and enforced in a reasonably firm manner. If not, they cannot be considered policies at all. Imagine if a business treated each customer differently. There would be no standard operating procedures to streamline company activities, and some customers would receive more favorable treatment than others. This could result in a loss of reputation and profitability.

**Need for selling policies**
A business adopts selling policies to help meet its goals and increase profitability. Selling policies help to accomplish this by providing a framework in which to make appropriate decisions and establish good relationships with customers. These policies define the sales job for that particular business and ensure uniform action by salespeople. For example, going door to door selling cable and Internet services is a difficult job that requires aggressive sales techniques, while soft-drink sales often are automatic, requiring less aggressive tactics by the salesperson.

Selling policies benefit the salesperson, the company, and its customers. They can:

- Prevent misunderstandings
- Reduce confusion for employees
- Keep salespeople from having to make decisions on their own
- Make sure appropriate action is taken when necessary
- Assure that customers receive fair and equal treatment

Well-defined selling policies may also enhance employee loyalty, increase job satisfaction, and contribute to a more pleasant work experience. Furthermore, managers can use selling policies to assess sales staff performance and determine appropriate actions for giving raises and promotions.

**Summary**
Selling policies are general rules, normally established by management, to guide the selling effort. These policies outline uniform operating procedures for salespeople to follow in routine selling situations. Sales policies may be written or verbal. Salespeople are responsible for their implementation. There are three categories of selling policies—selling-activity policies, terms-of-sale policies, and service policies. Selling policies need to be flexible yet interpreted and enforced in a firm manner. A company relies on selling policies to help it achieve its goals and increase its profitability.

Government regulations restrict businesses from engaging in price discrimination. Simply put, a business cannot charge one customer one price for a product, then charge another customer a different price. However, businesses may legally give discounts or special favors. For example, a salesperson might find an extra coupon to give a favorite customer when he or she comes into the store, or a salesperson may throw in some “bonus” products or samples after a purchase has been made. Such actions are not illegal, and they may even contribute to building stronger relationships with some customers. But, are they ethical? What do you think?
What’s the problem?
Salespeople may encounter difficulties when they are not knowledgeable of their company’s selling policies, are unable to explain the policies to a customer, or are asked to make an exception to a policy. For example, a salesperson who cannot explain his/her company’s delivery and installation policies is risking the sale.

In an extreme case, poorly administered policies can force a company out of business. A company may offer prospective customers extremely liberal credit terms without checking their creditworthiness. If these customers do not pay, the company may have financial difficulties.

To avoid some of these negative effects, managers should ensure that their selling policies do not:

• Restrict the salesperson’s normal authority
• Slow down the sales process
• Restrict the salesperson with petty rules
• Frustrate the salesperson and the customer
• Give the customer the impression that the salesperson can act independently without considering what might be best for both the buyer and the seller

Summary
Selling policies are influenced by many factors. These factors can be external, internal, or regulatory. External factors are those in the business environment over which the company has little or no control. Internal factors are those stemming from the limits of the organization and the goals the company seeks to achieve. Regulatory factors include federal and state antitrust and consumer regulations. Managers can take steps to reduce any negative effects of the selling policies they have established.

1. What external factors affect selling policies?
2. What internal factors affect selling policies?
3. What regulatory factors affect selling policies?
4. What are some potential problems involved with selling policies?
5. How can managers minimize the potential problems involved with selling policies?

Make It Pay!

What selling policies are in place where you work? How do they affect salespeople and customers? Would you change any of them? If so, why?

If you have recently purchased a product, was the selling policy you were subjected to positive or negative?