STRATEGIC SALES MANAGEMENT MODELS AND FINANCIAL PERFORMANCE IN BARCLAYS BANK OF KENYA LTD

BY

TERESIAH MUKAMI NDUNGU

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NOVEMBER, 2015
DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

Signature.................................. Date..............................................

TERESIAH MUKAMI NDUNGU

D61/7149/2006

This research project has been submitted for examination with my permission as supervisor.

Signature.................................. Date..............................................

PROF. BITANGE NDEMO

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
DEDICATION

This project report is dedicated to my partner and loving husband Philip Mugo and son Allan Kimani and all those who supported in the completion of this project writing. Thank you and God bless you abundantly.
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ABSTRACT

This study investigated strategic sales management models and financial performance in banks. Various aspects of sales management models were highlighted and investigated including their links to financial performance within banks. Other studies have identified strategic sales models within the banking industry in Kenya and also in East Africa.

The study utilized a case study of Barclays bank of Kenya to be able to understand the use of strategic sales management models, their impact, challenges and how they can be mitigated, and the success factors in their implementation. One such challenge that was highlighted by the study was performance swings, where the sales volumes would be unstable and even unpredictable. Others include risks associated with fraud, operational and credit losses, mis-selling and brand risks were also highlighted as key challenges associated with strategic sales management models.

This also included the methodologies employed by organizations to monitor the performance of the sales management models. The study also established the factors that influence the selection of strategic sales management models.

The study established that the use of strategic sales management models has an impact on the financial performance of the organization. It resulted into increased market penetration and a growing customer base, all of which positively influenced by the gross sales. Other non-financial outputs associated with strategic sales management models such as market relevance, increased brand confidence, and overall customer confidence in the organization were established and their links to financial performance.
CHAPTER ONE
INTRODUCTION

1.1 Background
There is a growing consensus on the strategic importance of the sales function within commercial organizations. Sales strategies adopted by organizations have been seen to play a pivotal role in their financial performance and commercial success. This study has examined strategic sales management models (independent) and their link to financial performance (dependent) of an organization. Strategic sales management models refer to the strategies that an organization utilizes so as to get its products and services to its customers (Cravens, Meunier-FitzHugh, & Piercy, 2011). According to Dev & Rao (2006), the financial performance of an organization is described as the subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.

There are different theoretical approaches around sales and strategic management and financial performance that have been adopted in this study. These include: Agency theory where the strategic management team (agent) acts on behalf of shareholders in making strategic decisions such as sales strategies and strategic management models. Decision theory which emphasizes on the methods used to determine the best course of action for strategic management and their consequences. Sales management theory deals with the microeconomic approaches that surround the manipulation and creation of demand. And finally financial performance theory, that determines the precise and accurate ways in which the business performance may be measured (Bowie & Freeman, 1992).

Over the years, the Kenyan financial industry has become a highly competitive industry with a multitude of players made up of foreign banks, local banks, mobile service providers, insurance companies and micro-finance institutions all providing the similar banking products and services. Banks have been challenged to implement aggressive sales strategies to acquire new customers and retain their market share (Hasan, 2015).
As a result, strategic sales management has gained in importance and hence the need for more research into the link between strategic sales management and financial performance. The study has focused on the strategic management of the sales function within Barclays bank of Kenya over the last 5-6 years. Focus has been placed on the sales volumes within the same period of time and the financial performance of the firm with regards to the use of the prevailing sales model.

1.1.1 Concept of Strategic Sales Management Models

Strategic sales models are representative of the systematic efforts that banks are now compelled to employ in order to gain or maintain a competitive edge within the financial sector. Therefore, the choice and implementation of any of them will, to a great extent, determine the financial performance of the organization.

Specific sales management models are derived from any of the four recognized sales model; Macro sales models, micro component sales models, micro analytic sales models, and micro behavioural sales models. Macro sales models are based on the law of demand and supply which assumes a well-informed customer with a full access to all products and services choices and substitutes. Micro analytic models are centred on the relationships among marketing models (Rogers B. , 2007). Strategic managers are now challenged to have to go beyond the mere recognition that the sales function is crucial and into the strategic management of its sales efforts by selecting and employing the right sales models that suit the organization and also produce the desired service culture and ultimately, financial outcomes.

1.1.2 Concept of Financial Performance

Financial performance is also used as a general measure of a firm's overall financial health over a given period of time, and may be used to compare similar firms across the same industry or to compare industries or sectors altogether. There are several different ways to measure financial performance, but all measures should be considered in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. An analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Dev & Rao, 2006).
This study has evaluated the financial performance of Barclays bank over the last 5-6 years around financial performance indicators such as gross profit margins, net profit margins, return on capital employed, and shareholder value. The study has established the links between these financial performance indicators and the sales management model employed.

1.1.3 Strategic Sales Management Models and Financial Performance
The key elements that sustain an effective sales management model are around good recruitment strategies to attract talent, competitive products and pricing to attract customers, efficient operational models to support sales and delivery of products and services, lean cost management models to manage profit margins and effective risk management models to reduce exposures of the business from governance issues and operational losses.

Any gaps in any of these areas create opportunities for low business productivity, low brand perception, high operational costs, customer attrition, litigation, fraud and operational losses which in turn affect the financial performance of the business. The logical operational structure of any business is such that the sales function takes a central and strategic position and in many ways, becomes the pivotal factor in its commercial success.

1.1.4 The Kenyan Banking Industry
According to the Bankers Association of Kenya (KBA, 2015), there are 45 financial institutions operating in Kenya. This has brought about stiff competition within the sector as the banks strive to attract customers, both the ‘unbanked’ and ‘under banked’. Industry analysts state that Kenyan banks currently grow at a rate of three times the rate of the country’s overall economic growth rate (Young, 2014). The Kenya banking landscape is a highly competitive environment with a total of 43 commercial banks in operation as at end of 2013. Of these 31 are local banks and 12 foreign banks. In addition are 8 deposit taking micro finance institutions, 112 foreign exchange bureaus and 2 credit reference bureaus. In the same sector, several licensed insurance Companies and service providers are present.
There is also increasing financial sophistication with core banking system enhancements to drive competitive edge between banks, strong competition emerging from non-traditional players in the market for example; telecoms payment solutions (Mobile Money Transfer), Savings Cooperative Societies commonly referred to as SACCOs (Young, 2014).

All these financial services providers compete in the same markets for the same pool of customers with largely homogenous products and services. This necessitates the need for a differentiated sales model and service culture to grow market share and retain customers. The two most popular sales models with the Kenyan bank industry are Macro Sales Models and Micro Analytic Models. Macro Sales Models support the businesses meet rising banking demands for customers whilst Micro analytic sales models are able to support banks derive maximum sales from marketing strategies.

1.1.5 Barclays Bank of Kenya
Barclays Kenya is one of the international banks based in Kenya and a branch of Barclays Africa Group limited which is one of the largest bank franchise in Africa with 12 operations in 11 countries across Africa serving a portfolio of 3.3 million customers through over 1300 branches, 10,700 ATMS, relationship managers and digital banking platform. The organization has been operational for more than 80 years in Kenya and is also one of the key players in the vibrant financial sector.

The Company provides financial services to the market. It operates through two main business segments: Consumer Banking and Corporate Banking (Barclays, 2015). Barclays Bank of Kenya has mainly adopted the Macro Sales Model approach for its sales strategy. Macro Sales Model gives the bank room to expand its sales team as per customer demand and behaviour. The bank adopted the direct sales agent model in 2008 to support its wide branch network. Barclays bank has an estimated asset base in excess of US$2.329 billion (KES200,975 billion), as of March 2014.
This research study seeks to evaluate the effect of strategic sales management models on the financial performance through a case study of Barclays bank. The study has employed a case study approach that examines the impact of different sales models employed over a period of 5-6 years within Barclays Bank of Kenya.

1.2. Research problem

In order to achieve commercial success, organizations have placed more emphasis on competitive advantage through cost leadership, differentiation, innovation, production, design, pricing, marketing, operational effectiveness and supply chain management strategies. Strategic management of sales is equally important in that it not only ensures that goods and services are promoted and sold to consumers, but it ensures sustainability of sales revenue through selection and use of best-fit sales models to grow and retain market share for financial performance.

The research has examined the strategic sales models and financial performance in Barclays Bank of Kenya. The key variables of the study have been strategic sales management models (independent) and financial performance of the organization (dependent). The study has focused on the strategic management of the sales function within Barclays bank and has particularly examined the various sales models and their link to an organization’s financial performance.

The banking landscape is highly competitive with a large number of commercial companies, entrance of insurance companies and microfinance deposit taking institutions, banks can no longer rely on traditional sales strategies that are heavily reliant on branch networks. There is still high potential for increased market share with nearly 40% of Kenyans still unbanked. In this respect, sales strategies are a key success factor in financial performance of banks. Sales management models employed will therefore have a direct link to the financial performance of these organizations.

Various researchers have examined strategic factors that impact financial performance of banks in the East African market. A study conducted by the African Development Bank in 2012 was carried out and focused on the business models, products offered, risk factors and risk analytical
frameworks and their impact on the performance of Kenyan banks. The study however examined the general business models, product offerings, and risk analytical frameworks, without specifically examining sales management models and their link to organizational financial performance. (Calice, Chando, & Sekioua, 2012).

Ho & Zhu (2004) conducted a study on 41 listed firms in the banking industry in Taiwan on separate effectiveness (strategic management) from (operational) efficiency. However, the study was based on the strategic management indicators (effectiveness) and did not focus on strategic sales management and its impact on financial performance.

Kathuni & Mugenda (2012) have also examined selling strategies adopted by banks with a view to understand how they contribute to the competitive advantage among Kenyan commercial banks. The study established the most commonly practiced sales management models within the Kenyan banks with respect to competitive advantages and market share. The study however did not examine the link between these sales strategies and financial performance.

A similar study was also conducted by Thuku (2009) where the competitive strategies for top performing banks were analyzed. The study, which used a qualitative approach, sought to compare strategic management approaches such as pricing strategies with sales management models and to establish if they are more effective and which ones had the largest contribution towards attainment of a competitive advantage. The scope of the study therefore did not address financial performance of the organizations under study. These studies are discussed in more detail, including the results, findings and gaps, in the literature review section.

Muendo (2011) examined the direct sales strategy as a strategic response to the performance of commercial banks in a changing competitive environment in Kenya. The study undertook a descriptive research design to examine strategic responses to competition and the population of the study consisted all commercial banks operating in Kenya. It concluded that direct selling, which is one most common sales models, enhanced the retail distribution infrastructures of the banks leading to higher sales revenues.
Oketch (2009) examined the link between between strategy and key industry success factors among commercial banks in Kenya. The study sought to establish the key industry success factors and whereby the management can then devote the organization’s resources with a view to enhancing competitive advantage. The study identified key performance factors within commercial banks which included leadership, wide product range, employment of modern technology, and branding. Identification, development, and implementation of strategies, (a key role of the strategic management) is therefore a crucial success factor in the success of commercial enterprises, especially in the banking industry.

The relationship between strategic management and organizational performance has previously been examined by Mwende (2013) in a research study that sought to establish the influence of strategic management practices on the growth of commercial banks in Kenya. The study inferred that the strategic management strategies developed have a strong and positive influence of the growth of commercial banks in Kenya. It highlighted the crucial link between strategy and organizational performance.

Onuonga (2014) conducted an internal factor analysis of profitability of Kenya’s top 6 commercial banks. The research study analyzed the determinants of banks’ profitability and which were divided into 2 categories; those that can be controlled by management (internal factors) and those that are outside their control (external factors). The study concluded that internal factors of a bank’s profitability reflect its management policies and strategic decisions and they include use of funds, capital, liquidity management, and expenses management.

Therefore, existing research studies have focused on key factors that influence organizational performance in a general sense and there is little available research that has specifically focused on the strategic management of the sales function with respect to its strategic role in the financial performance of the organization. Additionally, knowledge gaps also exist in that most of the literature and research studies have focused on financial management, sales and marketing strategies, and operational performance. There is little research on the strategic sales management models and most of the available literature focuses on financial performance with respect to the measurement of organizational success.
There are hardly any links within the existing literature between financial performance and strategic management models though both variables seem to be studied and examined independently. Researchers are therefore challenged to answer the question; is there a link between the strategic management models applied within an organization and its eventual financial performance?

1.3. Research Objectives

The objectives of the research are:
   i. To find out the sales management models applied at Barclays Bank of Kenya
   ii. To establish the link between strategic sales management models and financial performance.
   iii. To determine the most effective sales management model at Barclays bank of Kenya

The research questions shall be; what are the sales management models used at Barclays bank of Kenya? Do specific sales management models have any link to financial performance of the organization? Which is the most effective sales management model? The independent variable is the sales management models while the dependent variable financial performance. The study shall seek to establish the relationship between the independent and the dependent variables.
1.4. Value of Study

The study will contribute towards policy development in areas of strategic sales management and financial performance. The findings from the study will help policy makers within financial sector identify crucial areas in their organizations and make appropriate decisions to ensure that strategic sales management is critically emphasized on.

The study may be a theoretical source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study will highlight factors of the relationship of strategic sales management models and financial performance for any further research.

The study will contribute towards sales and financial practice in the corporate sector and can serve as baseline study for any future sales management theories. It will be valuable to the managers of sales within the organizations in the Kenyan financial sector as it will serve as reference as well as provide insights when considering various sales management models.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the literature available on strategic sales management models and financial performance. The first section focused on the theoretical framework surrounding sales management models. The second section reviewed the fundamental background of sales as an important function of the commercial organization and an overview of the importance of retail banking. It also discusses an overview of the retail banking in Kenya. The last section discusses the sales management theory that underpins the study and focuses on the effects of strategic sales management models on financial performance. Related empirical studies in these areas are also reviewed in this chapter.

2.2 Theoretical Foundation

There are several theories that, in aggregation, relate to the financial performance of organizations as well as sales management models. Each of the theories discussed in this section highlights various aspects of the variables on which the study is based.

2.2.1 Strategic Sales Management Theory

According to Johnson (2014), sales management theories are essentially subsets of broader microeconomic approaches that relate to the creation and manipulation of demand. In this sense, it reflects a potential or ability of converting purchasing power into demand. While personal selling is normally the principal factor in the sales process, modern sales management operations and models can combine the traditional face to face selling with other customer contact tasks such as internet selling and automated or personalized customer services to achieve the same if not higher value from the transactions.

Donaldson (2007) observes that sales management in an overall sense involves planning, organizing, staffing, directing, and controlling performance. The main aim of selling is to create value for the organization at the contact point with a customer and is usually expressed as profit
or revenues. This may occur as a one-time purchase or a life-time purchase goods and services. A strategic and effective sales management is not only crucial to gaining the maximum value for from each transaction, but also for the growth of the organization as a whole (Donaldson, 2007).

As inferred by Hassan (2015), financial performance of the organization is to a great extent determined by its sales volumes in relation to the market size. Therefore, sales management strategies that focus on positively impacting sales force effectiveness have gained in recently gained importance in many industries, more so in relation to their financial performance. This has also made value maximization of sales efforts, whether it is per every transaction or continuous purchases of the utmost importance as far as strategic sales management is concerned.

According to Donaldson (2007), value maximization is not possible with every transaction and therefore, the strategic management team must provide guidance about the appropriate sales management models that should be adopted or prioritized in consideration of the current and future profitability of the organization. This emphasizes the importance of selecting and adopting the right strategic sales management model. Management theory scholars argue that the evaluation of the organization’s sales performance is a key component of the overall corporate evaluation and must be separate from the analysis of individual salesforce personnel. The salesforce organization, units, and models must be evaluated as a whole so as to diagnose for problems, develop solutions, or make strategic decisions on whether they should be modified or reconsidered altogether (Ingram, et al … 2012). This is indicative of a strong relationship between strategic sales management models and financial performance of an organization.

### 2.2.2 Financial performance theory

According to Rogers & Wright (1998), business performance remains as one of the most widely used dependent variables by many scholars while it is yet one of the most vague variables. However, the level of ambiguity regarding the precise and accurate definitions of business performance has been minimized by such concepts as benchmarking and balanced scorecards, among others.
Since the 1990’s moving forward, theories have emerged that help to not only track and guide, but also measure the performance of organizations. Organizational performance systems now are now based on performance theories such as the Balanced Scorecard (Poister, 2004). The balance score card shows a set of goals that are to be achieved over a specific period of time and includes a list of activities and measures that are to be used to achieve them. According to Poister (2004), these goals are traditionally focused on four key areas namely; financial performance, customers, internal business processes, and innovation and learning.

However, Chan (2004) explains that any balanced score card, together with its set objectives would not be useful if the organizational strategy is not linked to a set of indicators. These may be both financial and non-financial. According to Chan (2004), organizations have a tendency to adopt the balanced score card approach in an uneven way, focusing on four other areas and leaving other crucial areas including innovation and financial effectiveness.

According to Freeman (1984), stakeholder theory refers to the relationships between an organization and others in its internal and external organization. These are groups or people that can affect or be affected by a corporation and include customers, employees, and shareholders. Financial performance is a key element of the relationship between the firm and its shareholders in that, they are motivated by profits.

### 2.2.3 Decision theory in Strategic Sales Model Selection

According to Peter Tryfos (2001), decision theory entails the methods for determining the best course of action whenever several alternatives are available. Decision theory also emphasizes on the nature of alternatives involved in that; their consequences cannot be forecast with a degree of certainty. Business leaders are often tasked with making strategic decisions on behalf of the organization which according to the theory have expected monetary implications and which are referred to as decision problems. Tryfors (2001) further states that the consequences of any such decision problems (business problems) are measured in financial terms and of profit, revenue or cost. Therefore, decision theory holds that a reasonable criterion of optimality must then revolve around the identification of the alternative with the highest monetary value.
As suggested by White (2009), an essential prerequisite of a (business) decision problem is a motivating state of ambiguity. In relation to the study, overall success in sales, which will have financial implications, represents the motivating ambiguity. The final decision will therefore have financial implications as the organizational leadership will have to identify and utilize any of the available sales management models. Their decisions therefore will be chiefly responsible for the outcomes when all related factors remain constant (White, 2009). Therefore, the organizational leadership have to determine the right model for the organization’s products and services and the specific market. They will have to carefully appraise each of the available models and then proceed to make a decision on which one to adopt based on the desired outcomes, targets, markets, and prevailing market conditions.

### 2.2.4 Agency theory in Strategic Sales Management

Agency theory is described as a relationship where one party acts, makes decisions and engages other third parties on behalf of another, referred to as the principal. The strategic management team and the company shareholder represent a good example of an agency relationship in the sense that they are, on behalf of the shareholders, chiefly responsible for making all the strategic decisions that the company undertakes (Bowie & Freeman, 1992). According to Solomon (2007), the strategic leadership of the firm is therefore charged with the responsibility of maximizing shareholder wealth within the existing agency theory framework. Strategic managers act on behalf of shareholders and must make key strategic decisions that give returns to shareholders. Selection of a best fit strategic sales model is a crucial decision and if well adopted and execute maximizes returns to shareholders.

Success in sales management often has a direct link to financial performance and therefore, the strategic decisions involving sales, such as the selection of a sales management model are crucial as far as the financial well-being of the firm is concerned and returns to shareholders. This emphasizes the crucial link between stakeholder theory and agency theory whereby the agent and the principal find common ground with which to achieve individual aims (Solomon, 2007). Financial performance is a key outcome for both the principal in that, the agent is charged with the responsibility of maximizing shareholders’ returns from the revenues.
2.3 Strategic Sales Models in Organizations

While it often thought of as a part of marketing, sales is distinguished from marketing in the sense that it refers to the presentation of goods or services to the potential customer and convincing them to purchase them. It is considered as an art of persuasion but also in a general sense, it is a discipline on its own, usually represented in several stages (Kotler, 2008). It therefore requires an effective strategy, often referred to as a sales model, which is based on the goals of the organization and the prevailing market conditions. The sales function or department of an organization is therefore chiefly responsible for its gross revenues outcomes. It is the engine of growth and sustainability for all commercial organizations and is normally expressed as a set of objectives in the strategic plan (Donaldson, 2007).

Throughout the world, success of any corporate includes sales in their performance parameters. This simply shows that sales is very important to the financial growth of any company. Research has also shown that majority of the entry level positions in the banking industry are in sales. To ensure success with the customers, several sales models have been developed to sell different products to the customers and ensure an increase of sales within a period of time (BCG, 2010). However, the sales models have both pro and cons. The different banks in have used different sales models which have given different results after a period of time.

The success of many banks has been linked to the robust sales efforts that have been witnessed in within the last 5-8 years. The retail business has stabilized most banks even in the midst of a global financial crisis. While the retail business for many banks may not be characterized by an explosive performance, it has provided a crucial cushion against economic downturns within which many of the banks operate. Therefore, there is a generally greater appreciation of the retail business by the banking sector not just for its sheer size and relative stability, but also for its invaluable role as a source of funding for the asset side of the balance sheet (BCG, 2010).

The banking industry has experienced major changes as the market becomes more volatile due to fierce competition. Further, its customers, who are now more connected, are demanding stronger relationships than ever before. This has created significant challenges for the banking industry, not least of them, an empowered customer base that has created an uncertain future for many of
the banks and challenged their strategies that were primarily focused inwards in the past (Peppers & Rodgers, 2011). Pressure is mounting on financial institutions to not only improve to the demanding customers, but also build or adopt sales strategies that positively affect salesforce effectiveness and branch productivity (Hasan, 2015).

2.4 Empirical Studies and Knowledge Gaps
Other researchers have previously examined various aspects of sales management models and their effect on the overall performance of the organization. These have covered the bases of competitive advantages by the banks, the sales models that are utilized, and in the international scene, the systematic efforts that banks have made to cater for the growing niche markets.

According to (Ho & Zhu, 2004) most previous studies continue to focus on performance evaluation, and particularly, operational efficiency. Strategic management, and in this case, sales management, is concerned with effectiveness of the organization which directly influences the long-term survival of the enterprise. Ho and Zhu (2004) conducted a study of 41 listed firms in the banking industry in Taiwan. A two-stage data envelopment model was used to separate effectiveness (strategic management) from (operational) efficiency. The study concluded that there is no correlation and that an organization may have greater efficiency but is not more effective. However, the study was based on the strategic management indicators (effectiveness) and did not focus or highlight sales management.

In other markets, Calice, Chando, & Sekioua (2012) have also examined specific aspects that relate to financial performance of banks in other markets. In a study commissioned by the African Development Bank, they sought to analyze selling strategies that are utilized in catering for a growing market segment in Africa namely, the SME segment. The study was conducted in Tanzania, Uganda, Zambia and even Kenya. A total of 16 banks were analyzed through both a qualitative and quantive approach approach it narrowed down to the selling strategies that focused on catering to the growing SME industry within the region.

The study revealed that 37% of the total loans sold by the banks sampled in the study were to the local SMEs. The study also concluded that this success rate was largely driven by the identification and application of deliberate sales management strategies that were focused on having more SMEs as their clients. Notably, the study identified strategies such as the adoption
of their internal systems to the prevailing SME market conditions so as to better serve this niche market and as a result, create competitive advantage. This study therefore underscores the theory that the selection and adoption of effective sales management models impacts the financial outcomes of the organization, whether in the niche markets or in mass markets.

Kathuni & Mugenda (2012) examined a number of sales management models that are applied by banks in Kenya. They conducted an empirical study which sought to establish the most common and most effective strategies and their link to the overall performance of banks in Kenya. The study adopted a survey approach and focused on the sales strategies (sales models) utilized in 40 banks in Kenya and their effect in developing a competitive advantage. The study identified particular strategies that were most commonly employed by both the top performing banks and the majority of the banks. Notably, the study revealed that 57% of the banks applied one particular strategy; direct sales strategy.

The study concluded that the adoption of specific sales management models had a great contribution to competitive advantage and therefore, their financial importance. While the outcomes and conclusions of their study reinforce the theory that the deliberate identification and adoption of specific sales management models has an impact on the financial performance of an organization, it did not explicitly emphasize a link between the strategic management’s choice of a sales strategy and the impact on financial performance of the organization.

Thuku (2009) assessed the competitive advantages in top performing banks through a study that sought to establish the competitive strategies employed by the banks operating in Kenya. The study utilized a qualitative approach and polled top managers within the banks to establish the effectiveness of sales management strategies as compared to other strategic management strategies such as pricing strategies and their contribution towards attainment of a competitive advantage. The study inferred that sales management strategies contributed the most towards attainment of competitive advantage as compared to other strategies such as pricing strategies.
The study however did not establish the link between the identification and adoption of effective sales management strategies as key component in the organizations competitive edge, and thereby, the financial performance. The study only inferred that banks that employ selling strategies that revolve around sales management models have a better competitive advantage when it comes to the overall performance of the organizations(Thuku, 2009).

2.5 Chapter Summary
This chapter presents a review of literature on the key concepts of the study. It also presents findings and conclusions by other scholars and researchers on related concepts, theories, and topics. It also contains a review of secondary data on the topics and how they are linked to the topic under discussion.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, data collection methods and comes to a conclusion with the data analysis and data presentation methods that were used in this study.

3.2 Research Design

According to Cooper and Schindler (2003), a research design represents the activity and time based plan for the conduct of research, based on the research questions. It specifies any procedures that are necessary for obtaining the information that is needed. There are various research designs that can be employed by researchers. The study has utilized a case study approach. According to Malhotra and Birks (2007), a case study is a descriptive, exploratory or explanatory analysis of a person, group or event. This research used a case study approach to get an insight into Barclays Bank, with a focus on the link between sales management models and financial outcomes for the specified period of time.

The study has collected primary data from the middle and top sales managers over a period of 2-3 months to analyze their thoughts and opinions on the sales models adopted by Barclays Bank and their link to financial performance and overall success of the organization. The study has also collected secondary data on the financial performance of the organization over a 5-6 year period.

3.2 Data Collection

Research instruments are testing devices for measuring a given phenomenon. They are also tools used in data collection in a study (Chandran, 2004). The data collection instruments for this study are structured interviews to Regional Sales Management, Head of Analytics, Resource Coordinator, Branch Manager and Sales Representatives in Barclays Bank of Kenya using a pre-developed interview guide for the purposes of receiving complete and detailed understanding of the topic of study.
An interview is a discussion conducted to a group or individual people. The purpose is to gather data about the people’s attitudes, thoughts and behavior. The researcher accumulates the answers of the people in the sample in order to know how the group as a whole thinks or behaves. Interviews are best used in case studies research and therefore, this informed the researcher’s choice (Chandran, 2004).

The data collection process requires that the data collection tools are pretested. The pretesting is a way of trying out the interviews on a small population to find out whether the interview guide measures the variables of the study and if it is clear enough to provoke responses or biases (Mugenda, 2011). Therefore pretesting was done in order to test the reliability and validity of the tools. The results from the interviews have been compared against each other in order to get more understanding on strategic sales management models and financial performance. The results collected have also been compared with the theoretical approaches and documentations cited in the literature review.

3.3 Data Analysis
Data analysis is a process of bringing order, structure, and meaning to the mass information (Mugenda, 2008). The qualitative study using content analysis in the interview results, secondary data and relevant material on themes of the study have been reviewed. The analysis has been presented using figures and the relevant statistical functions for qualitative data.

Ethics are norms or standards of behavior that guide moral choices about our behavior and relationship with others. The goal of ethics in research is to ensure that no one is handed or suffers adverse consequences from research activities. According to Mugenda and Mugenda (2003), ethics deals with one’s conduct and serves as a guideline to one’s behavior. The researcher got permission and consent before conducting the interviews and has exercised a high level of professionalism, confidentiality and honesty to ensure that the information given is only to be used for its purposes.

3.4 Chapter Summary
This chapter presents the methodology used in gathering, analyzing, and presentation of primary data that was collected during the study. It also details the data collection tools and methodologies used to analyze the data collected.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents the analysis and findings of the study as set out in the research methodology. The results were presented on the strategic sales management models and financial performance in Barclays bank of Kenya Ltd. The research interviews conducted on a sample of 20 respondents from top level management, middle level management, junior level management and sales representatives in non-management designation. All the targeted interviews were conducted making a response rate of 100% which was sufficient for statistical reporting. The chapter covers the demographic information, and the findings are based on the objective.

4.2 Background Information
The respondents were asked to give information on their current job designation. From the findings, the respondents served the bank in various capacities such as Regional Head of Sales, Branch Managers, Head of Management Information and Analytics, Sales Managers, Finance Managers, Human Resource Managers, Risk Compliance Managers and Branch Operations Managers This depicts that the respondents were conversant with the different strategic sales management models used by the bank and the financial performance owing to their management positions that the respondents held.

The average length of service for the total respondents is 9.5 years with the shortest serving employee being 1 year and the longest being 20 years. 30% of the total respondents have served the organization for 15-20 years. This enhances the credibility of the responses as they theoretically have an understanding of the organization’s strategy and have been a part of the decision making and implementation of Strategic Sales Management Models.
4.3 Strategic Sales management models

The respondents were asked to demonstrate their understanding of strategic sales management models and describe what strategic sales management models that had been used by the bank. All of the respondents were able to demonstrate an understanding of strategic sales management models as they were able to identify with at least one of the various models employed by the organization at any period of time. 60% of the total respondents were able to identify with various selling strategies while the remainder identified with the market expansion strategy, growth strategy, financial performance strategy, and customer delivery strategy.

4.3.1 Strategic Sales Management Models used in Barclays Bank of Kenya

The respondents were asked to describe the strategic sales management models used by the bank over the research period 5 -6 years. All the respondents stated, the bank employed a direct sales model since 2006 with various changes to the model to accommodate organizational changes, product nature and market demand. The respondents explained the direct sales model is a strategic sales model where the bank employs individual sales agents managed by sales managers who are employees of the bank to sell its different financial products on a commission basis supported by lower retainer. The respondents also stated until recently, the bank relied on individual sales agents but recently opened an insurance subsidiary whose primary role is to sell insurance products to customers on behalf of the bank through independent sales agents employed by the subsidiary which the respondents explained is a direct sales subsidiary sales model.

4.3.2 Selection of Strategic Sales Management Models

The respondents were asked to outline the factors which influence the selection of a particular strategic sales model over another. According to the findings, 60% of the respondents indicated that the main factor considered when selecting a sales model within the organization was the market potential. This is the potential size of the market influenced by the strategic sales management models adopted by the bank. Other factors that influence the choice of sales management models as revealed by the findings were; the overall company strategy (15%), the product nature-market type (15%), financial resources(5%) and the nature of customers (5%).
4.3.3 Benefits Accrued from use of Strategic Sales Management Models
The study also sought to determine the benefits of using strategic sales management models. According to the respondents, an improved market penetration was the highly observed benefit of employing strategic sales management models. More than 50% of the respondents identified market penetration as one of the key benefits of the various sales management models. Others included financial growth, which was identified by 30% of the total respondents, while the remainder identified easier product reach for the customer and company expansion as some of the benefits of strategic sales management models employed.

4.3.4 Challenges encountered from use of Strategic Sales Management Models
The respondents were asked to highlight challenges that the bank had encountered from use of the strategic sales management models. According to the respondents (35%), performance swings presented one of the greatest challenges while employing the various strategic sales management models. This means that the outputs were less predictable and sometimes lower than expected during certain financial periods. 30% of the respondents identified cost controls as a key challenge in the implementation of the various strategic sales management models. This means that the costs would occasionally go over the budgeted costs during the implementation of the various strategic sales management models. 35% of the total respondents identified mis-selling, people, brand, and fraud risk as key challenges during implementation of various strategic sales management models. Others included operational and credit losses.

The respondents were further required to give insights into the solutions used by the bank to counter the challenges encountered in the use of the strategic sales management models. From the findings, sales campaigns were identified by 40% of the total respondents as a key factor in mitigating the challenges faced in use of strategic sales management models. This was found to particularly mitigate the challenges associated with performance swings so as to strengthen and stabilize the organization’s sales performance.
35% of the total respondents further identified cost controls as a key measure in overcoming the challenges associated with mercurial nature of costs during implementation of the various strategic sales management models. This would ensure the gross sales remain positive at any given period of time. Other measures identified to mitigate the challenges include continuous staff evaluation and training supported by talent management programs to retain and motivate the sales staff to deliver on their performance targets.

4.3.5 Performance monitoring and success factors of sales management models
The study also sought to establish the critical success factors required to achieve high financial performance from strategic sales management models. Nearly half of the total respondents (45%) identified a solid support structure as a critical success factor with any of the sales management models employed by the organization. This means that the success of any of the strategic sales management models will be determined by a strong and solid internal support structure. 35% of the total respondents believe that proper sales governance determines the success of the various sales management models employed by the organization. Other success factors identified include the recruitment of the best sales talent and competitive pricing of products.

The respondents were also asked to give insights into the methods used by the bank to measure the performance of strategic sales management models. The respondents stated that use of financial and management information reports on various aspects of sales such as sales volumes, sales productivity, cost of acquisition, people metrics reports, and key risk indicator reports in form of benchmark dashboards were instrumental in monitoring the performance of the various strategic sales management models over any period of time. The respondents further stated the reports are shared either on a daily, weekly, monthly and quarterly basis as a key communication method throughout the bank to keep tabs on its performance as well as consolidate useful feedback over the course of implementation of strategic sales management models.

4.4 Financial performance
The study sought to understand the respondents understanding of financial performance. From the research interviews, all of the respondents interviewed showed an understanding of financial performance and the factors that impact the financial performance of the organization. 45% of the total respondents identified the growth of the organization’s customer base as a key factor in
the financial performance of the organization. 20% of the total respondents identified the growth of the balance sheet as an important factor that has influenced the financial performance of the organization while 35% identified growth in profits as a key aspect of the organization’s financial performance.

4.5 Strategic sales management models and financial performance

The study sought to establish if the various strategic sales management models used by the bank had an impact on the bank’s financial performance from the respondent’s views. According to the findings, all the respondents interviewed identified company growth as the overall impact of employing strategic sales management models. 30% of the respondents mentioned that the direct sales model contributes approximately 70% of the bank’s financial performance because Retail banking holds the largest percentage of the overall bank business portfolio. This indicates that the identification and implementation of various strategic sales management models had a positive impact on the bank’s growth and financial performance. This was observed by all the respondents interviewed during the study.

4.5.1 Strategic importance of sales management models

Finally, the study sought to establish the strategic importance of the strategic sales management models and if the respondents from their observation would recommend the models to other organizations and their reasons for the recommendation.

According to the findings, 60% of the total respondents identified an improved customer loyalty and brand confidence as an important strategic output of strategic sales management models within the organization. This in turn has been the key factor in the growth of the organization’s customer base. Others important factors identified included market relevance which was identified by 25% of the total respondents and returns to shareholders, increased financial performance, and job creation. All of the respondents interviewed would recommend the use of strategic sales management models to other banks and organizations because of the visible and tangible results seen.

<table>
<thead>
<tr>
<th>Year/ Financial Measure</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Base – No of deposit accounts</td>
<td>748,159</td>
<td>862,140</td>
<td>1,020,826</td>
<td>1,133,873</td>
<td>1,239,618</td>
<td>1,373,838</td>
</tr>
<tr>
<td>Market Share Index</td>
<td>-</td>
<td>10.72%</td>
<td>8.90%</td>
<td>8.08%</td>
<td>7.65%</td>
<td>7.27%</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>9bn</td>
<td>10.8bn</td>
<td>12.0bn</td>
<td>13bn</td>
<td>11.9bn</td>
<td>12.3bn</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>34.25%</td>
<td>41.11%</td>
<td>44%</td>
<td>36.8%(^1)</td>
<td>32.3%(^2)</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Barclays, 2015)

\(^1\) this substantially reduced by share split exercise that increased no of shareholders

The table above shows a summary of the bank’s performance over the period under study. The bank has witnessed 83% growth in its customer base which is as a result of the aggressive sales strategies using strategic sales management models. The bank’s profit before tax has grown 37% over the period in review also attributed to the increased net interest income on its expanded retail asset base and customer deposits from the use of strategic sales management models over the period in review. Return to equity in 2014 was 32.3% compared to an industry 2014 average of 28.2% also reflected by use of strategic sales models as a key sales strategy.

4.7 Chapter Summary

This chapter presents a summary of the data collected during the study. It also presents a brief analysis of key areas under study. Key findings are briefly discussed and also linked to the relevant theories, existing secondary data, and existing literature on the subject. Data is presented in figures and a table.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a summary of the findings on strategic sales management models and financial performance at Barclays Bank of Kenya Ltd. Various aspects of strategic sales management models and financial performance are discussed according to the objectives of the study which were; to find out the sales management models applied at Barclays Bank of Kenya, to establish the link between strategic sales management models and financial performance and to determine the most effective sales management model at Barclays Bank of Kenya. The conclusions and recommendations from the study are also discussed.

5.2 Summary of findings
The findings from the study infer that there is an overall link between strategic sales management models and financial performance of Barclays Bank of Kenya Ltd. Various sales management models were employed and their selection was mainly influenced by the potential of the market and organization strategy among other critical factors.

The market potential or potential size of the target market was identified as the most influential factor in the selection of the sales management model employed. This is indicative of the fact that specific strategic sales management models are ideal for a particular size or potential of the market according to the organization’s sales targets while other models may not be suitable for similar targets.

The study also showed that the choice of strategic sales management models is also influenced by the overall organizational strategy. This means that the specifics model selected must be in line with the organization’s corporate strategy.

The nature of the products and services and the nature of the customers’ targeted also determines the choice of sales management models in that specific models may be employed to push sales of particular products to a targeted customer segment where others would not yield positive or similar results. Financial resources available also influence the choice of sales management model as they have different implementation costs.
Overall, the study found that the use of strategic sales management models had immense benefits to the bank as far as organizational growth and financial performance is concerned. More than half of the respondents interviewed easily identified market penetration as one of the benefits of using the various sales management models. Consequently, growth profits and growth in customer base were also identified as a direct result of using various sales management models by 80% of the respondents. This is indicative of a positive link between strategic sales management models and the financial performance of the bank. The study also showed that the customer base, balance sheet, and the growth in gross profits were key elements of the organization’s financial performance.

According to the findings, the overall impact of employing strategic sales management models was organizational growth. The positive impact of the sales management models on the company growth also included financial performance. The strategic importance of sales management models was also highlighted by the study. According to the study, important strategic outputs that arise from the use of sales management models included an improved brand confidence, overall customer confidence, and market relevance. These were important strategic outputs as they are linked to a growth in customer base and market penetration, resulting in an improved balance sheet and gross sales and eventually, overall company growth. Other important strategic outputs were job creation and returns to shareholders, which is indicative of overall company growth and financial performance.

The use of management information (M.I.) techniques was found to be the chief method used for obtaining and sharing feedback during implementation of the various sales management models. It was also used monitoring and evaluation of the same. The study showed that success of the sales management models depends on the existence of a solid structure within the organization. This means that a marriage of the specific sales models selected and the relevant organizational structures so as to ensure success.

Another important success factor highlighted from the study was proper sales governance. This means that the success of the selected sales management model will be determined by the deliberate and systematic control and influence of the actions and conducts associated with sales management.
Other success factors associated with sales management models that were identified included the competitive pricing of products and services where the organization would seek to have an edge in the market, and the identification and recruitment of top sales talent in the market.

The study revealed the key challenges faced by the organization in the implementation of sales management models in the period under study. One of the greatest challenges experienced was performance swings. The mercurial nature of the performance points also meant that the organization did not meet its set targets from time to time while it surpassed the same targets on other occasions. This unpredictable nature of the results complicates the accuracy of the organization’s evaluation of its sales management models in the short term.

Further, the study also established that the organization faced challenges with cost controls during the implementation of various sales management models. Mis-selling, operational and credit losses, and people, brand and fraud risks were also key challenges encountered during the use of various sales management models. Others included operational and credit losses.

The average length of service of the respondents was 9.5 years and all of them observed visible and tangible benefits of employing sales management models. All the respondents readily attested the positive impacts of sales management models and conceded that they would recommend them to any other bank or organization as a way to positively impact their financial performance.

The financial performance of the bank been positive on most of the key metrics associated with its sales efforts with respect to identification and adoption of sales management models. There is a visible link between several aspects of its financial performance and the strategic outputs of the sales management models in place. These include growth in its market share, customer base, gross profits and returns on equity. On these metrics alone, adoption of its strategic sales management models is directly linked to these key aspects of its financial performance.

**5.3 Conclusions**

The study drew several conclusions about sales management models and financial performance. The selection, use and success of sales management models will depend on a number of factors. The size or potential of the target market was found to be the most significant factor in the
selection of a sales management model. However, it was not exclusively considered as other factors like the nature of the products and services, the financial resources available, and the prevailing organizational strategy also weigh into the selection in varying degrees.

This means that the management will have to consider all the factors before selecting the ideal sales management model. There are no turnkey or blanket prescriptions when it comes to the identification and use of sales management models if an organization is to achieve any success in their use.

The study concluded that there are two important success factors as far sales management models are concerned; a solid support structure and proper sales governance. Successful implementation and positive outputs of sales management models will only be realized where there exists an internal support structure that will facilitate rather than impede the use of the selected model and thereby ensure the desired results.

Further, the influence, control, and standardization of the actions and policies associated with the sales function within the organization (sales governance) is also a crucial success factor in the use of sales management models. Sales governance will positively impact the implementation of a sales management model as it will act an important reference point for the organization from which it may also establish the development and training of the sales teams. A careful selection of sales talent may also impact the implementation of a sales management model and therefore its success. Experienced and talented individuals within the sales teams may make an important difference as far as the sales outputs are concerned.

A positive financial performance is a near-default goal of many commercial corporations as their growth is to a large extent hinged on their financial health. The study concluded that there is an indication that the use of strategic sales management models positively impact the financial performance of an organization.

According to the study, one of the most easily observed benefits of strategic sales management models was an increase in market penetration and a growth in customer base, which in turn lead to improved gross sales and eventually an improved balance sheet. All these are key aspects of the financial performance of any organization and overall company growth.
Use of sales management models also results in important non-financial outputs which increase the value of the organization and consequently its financial performance over the long term. The study established these outputs and they include; market relevance, an improved brand confidence, and overall customer confidence in the organization. While they may not be explicitly evident in the overall organizational value, these outputs are directly linked to other important strategic outputs like growth in the customer base and market penetration, factors that influence the financial performance of the organization.

An improved brand and customer confidence has traditionally been found to reduce sales costs because of the reduced resistance and brand value. Therefore, the study has revealed that there exists a link between sales management models and the financial performance of an organization.

The study concluded that there exist challenges in especially the implementation of various sales management models. Performance swings experienced during the implementation of sales management models is a key challenge in the organization’s success in sales. The fluctuation in performance points during implementations complicates the evaluation of sales management models in the short run. The organization is therefore unable to make the necessary adjustments along the way so as to stabilize its sales performance. The study established that one of the ways to mitigate this challenge was through the use of sustained sales campaigns. Brand and fraud risks, operational and credit losses, and the risk of mis-selling also comprise the key challenges that the organization is likely to face during the implementation of sales management models.

5.4 Recommendations
The study recommends that the organizations should conduct exhaustive considerations of all the factors before selecting a sales management model so as to increase the chances of its success. Since there are no turnkey or blanket applications of sales management models, organizations should consider all factors in aggregation rather than in isolation. These must then be linked to the key success factors. The organization should pay more attention to the critical success factors when it comes to the use of sales management models. Sales governance should be reinforced as it will assist the organization to identify and implement the appropriate sales management model together with the right structures that will deliver the desired results.
Support structures are critical for the success of the selected sales management models as they will provide the environment from which they can be successfully be implemented. Organizations should establish ways in which the selected sales management models will fit within existing organization structures, with the possibility of minor adjustments so as to facilitate smooth running of operations.

5.5 Suggestions for further studies
The study was only focused on a case study of Barclays bank and should be expanded to particularly study the critical success factors of strategic sales models in other banks. The study should also be conducted in other industries and the results compared for further insights and conclusions to generate sales management theories and support in practice and policy formulation.

5.6 Chapter Summary
This chapter presents a detailed discussion of the findings from the study. The discussions are organized around the key concepts and are based on the analyses from the primary data collected during the study. It also presents conclusions based on the data collected, recommendations drawn from the findings, and implications on policy and practice.
REFERENCES


APPENDICES

Appendix 1: Introduction Letter

Date..........................................................
University of Nairobi,
School of Business,
P. O. Box. 30197,
Nairobi, Kenya.

Dear Sir/Madam,

RE: REQUEST TO CONDUCT RESEARCH

I am a postgraduate student undertaking Master of Business Administration (MBA) degree at the University of Nairobi. I am currently carrying out research on the Strategy Sales Management Models and Financial Performance.

I would like to use your bank for the study and and therefore, I kindly request you to participate in a short interview. Your response and or contribution will be treated with utmost confidentiality, and the information provided will be used purely for academic purposes, and specifically for this study.

Your assistance and cooperation is highly appreciated.

Yours faithfully,

Teresia Ndungu
MBA student UON
Mobile: 0724- 496422
School of Business

Prof. Bitange Ndemo
Supervisor

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Appendix 2: Interview guide

Section A: Details

i. What is your position/title at Barclays Bank of Kenya? ................................

ii. What department do you work in Barclays Bank of Kenya? ..............................

iii. How long have you been working in your present capacity? ...........................

Section B: Strategic Sales Management Models

1. What is your understanding of Strategic Sales Management Models?

2. Briefly describe the Strategic Sales Management models has Barclays used over the last 5-6 years?

3. What factors does Barclays Bank of Kenya consider when selecting a Strategic Sales Management Models?

4. Outline the benefits accrued by Barclays bank of Kenya in using each Strategic Sales Management Model?

5. Outline the challenges experienced by Barclays Bank of Kenya in using each Strategic Sales Management Model?

6. How did Barclays Bank of Kenya tackle the challenges experienced in each of the Strategic Sales Management Models?
7. How does Barclays Bank of Kenya monitor the performance of the Strategic Sales Management Models?

8. What would you consider are the success factors in Strategic Sales Management Models?

Section C: Financial Performance

1. What is your understanding of the Financial Performance?

2. How does Barclays Bank of Kenya measure its financial performance?

3. What financial benefits have Barclays Bank of Kenya accrued from the Strategic Sales Management Models?

Section D: Strategic Sales Management Models and Financial Performance

1. What impact has the various Strategic Sales Management Models had on the bank’s financial performance?

2. What is the strategic importance of Strategic Sales Management Models to Barclays Bank of Kenya’s financial performance?

3. Would you recommend to other banks or sectors to the use of Strategic Sales Management Models to improve Financial Performance?

4. Why would you recommend the Strategic Sales Management Models to other banks or sectors for Financial Performance?