

Commercial Management

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Course & Class Inform

- **Course: Commercial Management**
- **Program:** Bachelors in Business Administration and Management
- **Credits: 6 ECTS**
- **Mode:** Onsite / Blended
- **Class 1: Strategic and Operational Foundations of Commercial Management**
- **Instructor:** Dr. Leul Girma

Main Teaching & Learning Materials

Core textbook

- Principles of Management
- Principles of Marketing
- Case studies and real-world examples
- Academic articles and selected readings



Objective and Learning Outcomes

Objective:

To develop students' understanding of the strategic and operational foundations of commercial management and enable them to design and implement commercial strategies aligned with company goals.

By the end of this class, Students will be able to:

- Explain the dual role of strategy and operations in commercial management
- Identify key commercial functions and their responsibilities
- Understand how commercial goals align with corporate strategy
- Evaluate the commercial management framework for decision-making

What is Commercial Management?

Commercial management refers to the **strategic** and **operational** activities of managing **sales**, **customer relationships**, and **market-driven decisions** to achieve business objectives (Bright et al., 2019).

Think about your organization:

- How does commercial management differ from **general management**?
- What **responsibilities fall under commercial** versus operational roles?
- How does commercial management **support overall business success**?



Strategy vs. Operations

Commercial management balances **long-term strategy** with **daily operations**. Strategy focuses on **planning, positioning, and value creation**. Operations focus on **sales execution, team management, and performance tracking** (Bright et al., 2019).

Consider a real business scenario:



- Why can a great strategy fail if operations are poor?
- What happens when a sales team has no strategic direction?
- Can a company succeed with strong operations but weak strategy?

Align Commercial Goals with Corporate Strategy

Aligned commercial goals ensure **consistency, efficiency, and accountability**. When commercial activities support corporate strategy, **resources are used wisely** and the business responds faster to market changes (Bright et al., 2019).

Consider a real business scenario:

- What happens when the **sales team pursues targets that do not match company goals**?
- Why is alignment critical during a company turnaround?
- How does **misalignment** between marketing and sales **hurt performance**?



Commercial Management Framework Work

The commercial management framework is a structured cycle of **analysis, planning, execution, monitoring, and adaptation** that guides organizations in managing sales and customer relationships to achieve business objectives (Bright et al., 2019).

Five Key Aspects:

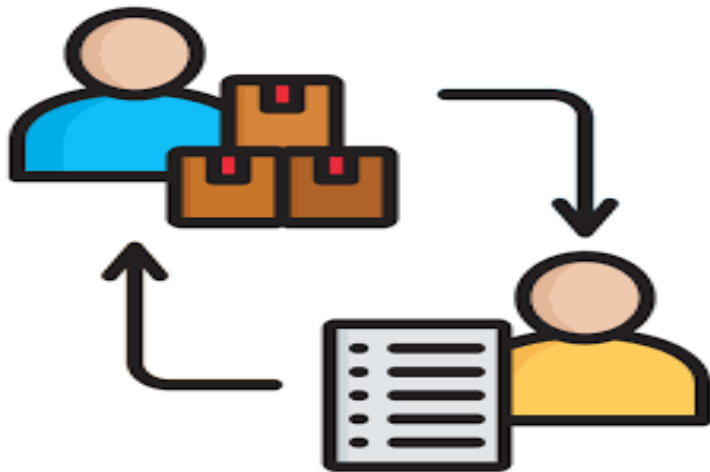
- **Analysis:** Assess markets, customers, and competitors
- **Planning:** Set objectives and allocate resources
- **Execution:** Manage sales teams and daily operations
- **Monitoring:** Track performance against goals
- **Adaptation:** Adjust strategies based on results

Key Commercial Functions

Key functions include **sales management** (leading teams), **customer relationship management** (building long-term clients), **sales operations** (data and tools), **channel management** (indirect partners), **pricing** (revenue optimization), and **negotiation** (securing agreements) (Bright et al., 2019).

Consider a real business scenario:

- Which function is most critical for a startup versus a mature company?
- How does poor CRM affect sales performance?
- Why must pricing and negotiation work together?



Sales Planning Foundations

Sales planning begins with **forecasting** future demand, setting **quotas**, and allocating **territories**. Effective planning aligns sales targets with market potential and company resources (Bright et al., 2019).

It focuses on:

- **Forecasting:** Predicting future sales based on historical data, market trends, and economic conditions
- **Quota setting:** Establishing realistic yet challenging targets for individuals, teams, or regions
- **Territory design:** Dividing markets into balanced geographic or account-based areas to maximize coverage and fairness

Customer Segmentation

Customer **segmentation** divides the market into groups with similar needs, behaviors, or characteristics. This allows companies to tailor commercial strategies, pricing, and service levels to each segment (OpenStax, 2023)

- **Geographic:** Region, city size, climate, urban vs. rural
- **Behavioral:** Purchase history, brand loyalty, usage rate
- **Psychographic:** Lifestyle, values, personality traits



Key Account Management

Key accounts are the most valuable customers who contribute significantly to revenue or strategic goals. **Key account management** involves assigning dedicated teams, building deep relationships, and offering customized solutions (OpenStax, 2023).

It focuses on:



- **Identifying** the top 10–20% of customers who generate the majority of revenue
- **Assigning** dedicated account managers to build long-term partnerships
- **Customizing** solutions, pricing, and service levels to meet specific client needs

Salesforce Organization Structures

Companies organize salesforces by **geography**, **product line**, **customer type**, or a **hybrid** model. Each structure has trade-offs between specialization and coordination (OpenStax, 2023).

Structure	Description
Geographic	Sales reps cover specific regions; simple and cost-effective
Product line	Reps specialize in specific products; suited for complex portfolios
Customer type	Reps focus on specific segments (e.g., enterprise vs. small business)
Hybrid	Combination of structures; flexible but complex to manage

Sales Leadership

Sales leadership goes beyond managing numbers. Great leaders **motivate** teams, **coach** underperformers, **recruit** top talent, and create a **performance culture** (Bright et al., 2019)

It focuses on:

- **Motivation:** Inspiring teams through recognition, incentives, and clear purpose
- **Coaching:** Providing regular feedback, training, and development opportunities
- **Recruitment:** Identifying and hiring individuals with the right skills and cultural fit
- **Culture:** Building an environment of accountability, collaboration, and continuous improvement

B2B vs. B2C Sales Models

B2B (business-to-business) involves selling to other companies. **B2C** (business-to-consumer) sells directly to individuals. Each model requires different commercial approaches (OpenStax, 2023).

B2B	B2C
Longer sales cycles	Shorter sales cycles
Multiple decision-makers involved	Single or few decision-makers
Rational, logic-driven purchasing criteria	Emotional and impulse-driven purchasing
Emphasis on relationships and long-term contracts	Emphasis on branding, advertising, and convenience

Commercial Planning

A commercial plan translates strategy into actionable steps. It aligns teams, tracks progress, and enables accountability (Bright et al., 2019).

It focuses on:

- **Sales targets:** Revenue goals by region, product, or team
- **Budgets:** Allocation of resources for hiring, marketing, tools, and travel
- **Channel strategies:** Selection and management of direct and indirect channels
- **Pricing and promotions:** Tactical decisions to drive volume or margin
- **Resource allocation:** Assigning people, time, and budget to priority initiatives

Customer Relationship Management Systems

A Customer Relationship Management (CRM) system tracks interactions, sales pipelines, customer history, and performance metrics. It is the central tool for managing commercial activities (OpenStax, 2023).

It is useful for:

- Organization:** Keeping all customer data in one accessible location
- Forecasting:** Predicting future sales based on pipeline activity
- Retention:** Tracking customer history to improve service and identify renewal opportunities
- Visibility:** Enabling managers to monitor team activity and performance in real time

Negotiation Techniques

Effective negotiation follows a structured process. Successful negotiators focus on **interests**, not positions, and aim for **win-win** outcomes (Bright et al., 2019).

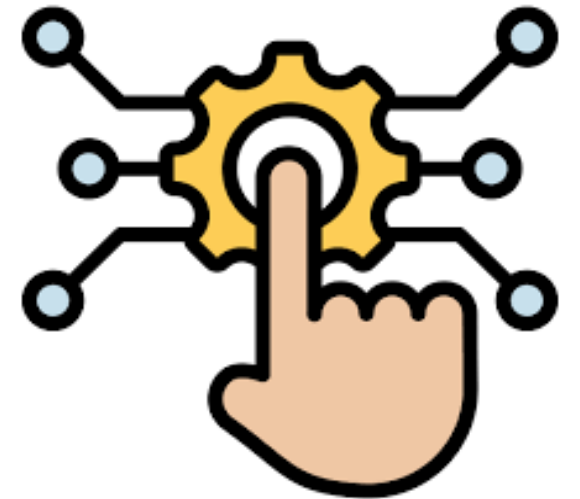
Prepare	Explore
Define goals, BATNA (best alternative to a negotiated agreement), and walkaway point	Understand the other party's interests, constraints, and priorities
Propose	Close
Offer solutions that create value for both sides	Secure agreement and confirm next steps

Digital Transformation in Commercial Operations

Digital transformation brings **automation**, **data analytics**, **e-commerce**, and **social selling** to commercial operations (OpenStax, 2023).

It focuses on:

- **Automation:** CRM systems, email sequences, and workflow tools reduce manual tasks
- **Data analytics:** Dashboards and forecasting models replace guesswork with evidence
- **E-commerce:** Direct selling channels bypass traditional intermediaries
- **Social selling:** LinkedIn and digital platforms enable outreach and relationship building



Ethical Selling Practices

Ethical selling means being **honest** about product capabilities, **transparent** with pricing, **respectful** of customer needs, and **avoiding manipulation** (Bright et al., 2019).

Key characteristics:

- **Honesty:** Accurately representing product features, benefits, and limitations
- **Transparency:** Clearly communicating pricing, terms, and conditions
- **Respect:** Understanding customer needs and recommending appropriate solutions
- **Integrity:** Avoiding pressure tactics, false claims, or misleading information

Strategy and Execution in Commercial Management

Commercial success requires **both** strong strategy and flawless execution. Strategy without execution is **dreaming**. Execution without strategy is **chaos** (Bright et al., 2019).

- **Strategy:** Market positioning, long-term direction, resource allocation, competitive advantage
- **Execution:** Daily sales activities, team management, performance tracking, operational discipline

The best commercial managers master the **dual role** — thinking like a strategist and acting like an operator. Success comes from balancing both dimensions continuously.

Key Takeaways

- Commercial management balances **strategy** and **operations**
- Sales planning starts with **forecasting**, **quotas**, and **territories**
- **Segmentation** and **key accounts** focus resources on value
- Salesforce structure and pricing drive **performance**
- B2B and B2C require **different commercial approaches**
- CRM, negotiation, and ethics build **sustainable success**
- Digital tools enable **data-driven** decisions
- Strategy without execution is **dreaming** — execution without strategy is **chaos**

Further reading

Bright, D. S., Cortes, A. H., Hartmann, E., Parboteeah, K. P., Pierce, J. L., Reece, M., Shah, A., Terjesen, S., Weiss, J., White, M. A., Gardner, D. G., Lambert, J., Leduc, L.

M., Leopold, J., Muldoon, J., & O'Rourke, J. S. (2019). *Principles of management*. OpenStax, Rice University.

Thank you



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