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Coping with alternatives in sales organisations: Experiences from an Italian company

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Abstract: This paper analyses the relevant aspects of the transition that must be addressed when companies operating in mature markets change from one sales structure to another. In our specific research context, we try to shed light on the transition between one sales configuration based on manufacturer's representatives (reps) to a different configuration set on the direct sales channel. The research uses a single case and exploratory method, focusing on the Italian firm Santarelli, which operates within the construction industry. Santarelli is a general contractor that also handles the sale and management of properties for residential and commercial use. After analysing its competitive context, Santarelli created its own sales offices, slightly veering away from its established network of intermediaries (real estate agencies). The general conclusion is that changing the sales organisation is a non-linear process: one way of managing complex changes is to keep business relationships alive within the business network.

Keywords: Sales Channel · Intermediary · Channel Shifting · Construction Industry · Transition · Case Study

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Introduction

Increasing numbers of firms are outsourcing their sales and distribution functions, such as by developing relationships with intermediaries like a “contract sales force” (McQuiston, 2001). In determining whether to refer to an intermediary and under which conditions, it is contributory to rely on intermediation in general, which has been a central topic in the marketing literature (Avlonitis, 2010; La Placa, 2010). Powers (1987) pointed out an important question about when and under which conditions it is desirable for a manufacturer to switch from its intermediaries to direct salespeople. Powers (1987) discussed a method based on forecast potential to justify the change from company agents; in primarily dynamic industries, it is advisable to change from one method to another. This paper attempts to explore the specific driving forces that lead a company to design and organise its sales channels to discover the consequences of shifting a sales channel from one configuration to another. Following Chen et al. (2008) and Zoltners et al. (2006) in interpreting changes or shifts within sales channels, we concur that changes should be considered decisions to modify the channel structure (from one typology to another). Specifically, this paper focuses on the modifications in firms’ sales channels when overall market conditions vary as either the increased competition or the growing sophistication of customers’ demands often encourages firms to change their sales patterns. Beyond analysis of the relevant factors and conditions that companies must cope with when the sales structure is set, we are focused on the “transition” phase. Transitioning from a manufacturer’s representatives (reps) to a direct sales channel constitutes a potentially interesting field of research. Organising a direct channel is not easy; it requires organisational principles as well as structures and processes new to the manufacturer. For instance, new capabilities are required and the shift implies costs and new resources to exploit. The literature is rather scarce in indicating the challenges inherent in transition, and this gap has encouraged our research.

To support our aim, we seek to answer the following questions: How does a company deal with the transition from reps to a direct sales channel? Do the conditions that foster the shift affect the management of the transition phase?

This paper reports the findings from a qualitative single case study of a construction company that has initiated changes in its sales channel structure from reps to direct sales.

The paper is structured as follows. After presenting our theoretical framework, we explain the methodology; this will be followed by illustration of the empirical case study. Afterwards, we will discuss our findings, concluding the paper with managerial implications.

Theoretical framework: Managing the transition from reps to direct sales channel

Changing the sales structure leads companies to contemplate several issues, including when the new sales configuration must be determined and implemented. Accordingly, it is quite complicated for the company to deal with issues that arise in the phase between choosing to adopt one configuration and implementing the new sales strategy. In our argument, transition refers to a period of transformation or reorganisation of the sales arrangement. Navigating the transition might be positive if companies succeed in reaching their goals, or it could be a painful process if the organisation does not successfully cope with the change.

Our framework is divided into three sections. The first section discusses the motivations that lead the company to choose at a general level between different sales structures and at a particular level between manufacturers' reps or a direct sales channel (DC). The second section outlines the antecedents of the shift in sales channel. The third section will try to explain how companies handle the transformation from reps to DC.

The Appendix contains a summary literature review based on key references concerning (1) conditions and antecedents for structuring sales organisations, (2) dimensions involved when companies deal with changes in sales channels and (3) choices in adopting reps or DC.

Alternatives and key factors in choosing between reps and DC

Determining how to design and organise a sales channel has been a central topic on the agenda of many researchers and, over the years, the literature has discussed contributions addressing this issue. For instance, Dishman (1996), in discussing the conditions about which managers should be concerned when making channel decisions, showed that the evaluation process may originate from an economic issue but it has to match other internal and external determinants.

From a theoretical point of view, the transaction cost theory (TCT) has generated interest in its application beyond economics (see Rindfleisch and Heide, 1997); for instance, it has been applied to marketing studies that examined important issues within sales and distribution channels management (Anderson, 2008).

Channel design decisions are based on several dimensions, as illustrated by Anderson et al. (1997). Important key factors, among others, result from the types of intermediaries. In this respect, there are two broad channel alternatives, usually recognised as vertically integrated channels versus independent intermediaries. The TCT theory provides interesting insights concerning the key factors that companies must consider when taking decisions on the sales structure, such as the characteristics of the product and the company's size.

The characteristics of the product in terms of service requirements (Anderson and Coughlan, 1987) may affect the channel design. When the product requires a high level of service (demonstration, installation, after-sales service), an integrated channel could improve service performance through efficiency as compared to an independent intermediary. The independent intermediary might lead to increased costs because of the difficulty and expense associated with monitoring its service performance. Also, according to Anderson and Coughlan (1987), the degree of product differentiation may influence channel selection. In that the product is differentiated, it might be more convenient to sell it using the company's own structure due to the customers' perception of the complexity of the buying process. In this case, the agent would not have all the information necessary for the customer to buy the product. McQuiston (2001) claimed that manufacturers' representatives depend heavily on manufacturers for activities (e.g. shipping, invoice) necessary to serve the ultimate users of the complex products. Why manufacturers rely on an independent channel intermediary has also been addressed by Gilliland and Bello (2002). According to them, an attitudinal commitment force links the manufacturer to an intermediary although social bonds are underdeveloped. In contrast, Bellizzi and Glacken (1986), in illustrating why manufacturers might encounter difficulties in using reps, stated that the recruiting is critical to building a successful rep sales force.

The company's size represents another feature to consider when the sales channel must be organised. Vertically integrated channels have been suggested more for large companies than for small companies to justify more financial resources to set up a company's own sales organisation (Anderson and Weitz, 1986). In fact, manufacturers often rely on reps when they have limited resources for developing personal sales efforts (Powers, 1989).

Finally, according to Shapiro (1977), small companies rely on representatives during their development and maturity phases while they prefer to develop their own direct sales force when they reach a moderate size.

Antecedents of sales channel shifting

Why a certain sales structure is changed is an interesting but tricky issue to address. To examine this topic, we need to identify the antecedents for companies' decision to shift the sales channel.

The literature indicates a variety of different motivations and antecedents for changing a sales structure. According to some authors, such as Powers (1987), the economic side or dimension drives the process. In his article examining why companies shift from reps to DC, he stated that the most important criteria involve the sales potential for a given territory, or “economic criteria”. In contrast, Weiss and Anderson (1992) pointed out that not only do economic reasons play an important role in pushing managers to change the sales arrangements, but psychological motivations lie behind the managers’ choices. In the same vein, Weiss et al. (1999) stated that the decisions to integrate the sales structure vertically or switch to reps are driven by reputational concerns instead of economic reasons: “we find that as the manufacturer’s reputation exceeds that of the rep, and the manufacturer’s belief that highly reputable firms use their own sales force increases, the manufacturer’s intention to change its sales organization structure by vertically integrating the sales force also increases” (Weiss et al., 1999, p. 86).

At a general level, as Bucklin (1966) stated, the distribution and sales channels are always under certain pressures that mostly come from outside the firm, for instance, changes in the customer level of demand and consequently the scale of operations.

Rapp (2009) analysed firm-specific factors leading a company to outsource the sales process to independent actors such as reps; he highlighted that not only the cost reduction but also the firms’ strategic orientation affects the decision whether to adopt the direct channel. In this logic, Rapp (2009) stated that if the firm is oriented to exploit its brand strategy or if the company is very much customer oriented, the tendency to outsource the sales force is reduced.

Managing the transition from reps to DC

This transition between one channel and another is characterised by a complex combination of several factors or conditions that are interdependent of each other. For instance, it is necessary to balance an already existent structure with goals established for the new arrangement. To explore what aspects are relevant to manage when switching from reps to DC, we can rely on the work done by Hurley (1998) and Ross et al. (2005). Their contributions are relevant to those interested in analysing the relevant aspects to address when companies face the transition from one sales arrangement to another. Hurley (1998) carried out research based on two sales organisations that faced radical changes in their sales structure. He adopted a change management perspective (Nadler, 1989; Kotter, 1995) in investigating the way to manage changes, which can be viewed as the attempt to handle the transformation from one structure to another. By referring to a critical literature review of change management applied to sales organisations, Hurley (1998) presented nine propositions for successfully managing changes in sales organisations. Since we adopt a slightly different perspective – analysing the relevant aspects to address when companies change sales organisation from one structure to another − we will refer only to certain variables or dimensions.

During the transition, the firm should manage customers' reaction to the change. This is really an important element because shifting from reps to DC might affect the business relationships with customers (Myers et al., 2004). In this respect, it is quite critical to manage correctly the period of ambiguity and confusion which will follow the change and to maintain a clear customer vision.

Hurley (1998) built another valuable proposition that deals with the need to manage the steps toward the new sales structure also considering sales force behaviour. The organisation requires "an understanding of why the old ways are no longer appropriate" (Hurley, 1998, p. 64): in other words, the rationale behind the change should be shared within the organisation from the top levels down. The involvement of employees and customers might also be fruitful when critical and radical changes are implemented (Brockner and Wisenfeld, 1996).

Another key aspect to deal with during the transition, according Hurley (1998), is the interdependency between the intra- and inter-organisational dimensions. Internal and external dimensions of sales channel organisation affect each other, and all these dimensions must be taken into account and managed during the transformation, as suggested in studies carried out within the industrial network model (see e.g. Håkansson, 1982; Håkansson and Snehota, 1995).

Ross et al. (2005) investigated how companies should manage the transaction period when changing the sales structure toward DC; they stressed as most important the need to train and indoctrinate the sales staff. This is consistent with Jackson (1985), who highlighted the importance of setting up certain activities such as training of salespeople when companies switch sales channels. Moreover, Jackson (1985) suggested the importance of developing, if necessary, information systems to assist in the transformation phase.

Methodology

The current research adopted a case study approach (Yin, 1989), focusing on Santarelli Costruzioni S.p.A., an Italian company operating in the construction industry. Using this company enabled us to investigate complex questions, such as how the company in question has managed its distribution channels within its organisation, including its effects on internal and external processes involving middlemen relationships. The data were gathered during interviews with company executives. These interviews were supplemented with secondary data in the form of company brochures and internal documents.

The data were collected from December 2010 until February 2012, employing both face-to-face interviews and telephone interviews lasting between 30 minutes and 1 hour. The interviews were tape-recorded and transcribed. We ultimately conducted 10 face-to-face and telephone interviews, including those with the sales director, the sales manager, and a key account manager employed in one of Santarelli's real estate agencies (see the Appendix). The interviews focused on the following central themes:

(1) distribution choices in the construction industry in general and for Santarelli in particular; (2) key business relationships between Santarelli and its real estate agencies; and (3) the rationale behind the strategic “channel” management decisions and their consequences for the company’s operations.

The Santarelli Case Study

Santarelli Costruzioni S.p.A., an Italian company operating in the construction industry, is located in the Marche region. In 1960, Pietro Santarelli transformed the artisan work of his father into a real enterprise, setting up the firm Pietro Santarelli Costruzioni; after continuous expansion, it was renamed Santarelli Costruzioni S.p.A (Santarelli). During the 1970s and 1980s, the company grew fast and gained a significant number of orders from the civil and public sector. At the end of the 1980s, the company began to extend its business beyond Rome and the Marche region to other parts of Italy. In 1995, Pietro’s sons joined the company after graduating from university, holding managerial positions. Today Santarelli is a holding company of 15 SBUs employing more than 1.000 people in several fields, spanning from real estate to the energy and tourist sectors. Santarelli acts as a general contractor, designer, builder and buyer, and it handles the sale and management of properties for residential, managerial, commercial and tourist-hotel use.

In this case study, we focus on Santarelli’s activities in the building industry, which is the core business of the group. Santarelli operates in three different sectors:

- non-residential building,
- residential building,
- public housing.

Half (50%) of the company’s turnover comes from buildings sold in the Rome area while the remaining 50% comes from buildings sold in central Italy, in regions such as Marche, Umbria and Toscana.

The Santarelli philosophy is to outsource the most important parts of the building processes to reduce the company’s involvement in activities not considered to be value-driven. The construction of a building starts with research and development (R&D) activities carried out by Santarelli sales and technical directors with the aim of validating the project’s economic feasibility. Once Santarelli’s top management accepts a project, the operation cycle begins. Customers can purchase the building from various real estate agencies that represent the middlemen (or intermediaries) or through Santarelli’s sales office.

Relationships between Santarelli and its intermediaries

New buildings developed by Santarelli are introduced to customers through real estate agencies whose role is to show apartments built by Santarelli and sell them to the customers. Thus, Santarelli’s sales team’s mission is to find and select the most promising real estate agencies while also emphasising training these agencies. Salespeople from real estate agencies should have strong technical expertise in both housing and sales skills, according to Santarelli's philosophy. In particular, the development of sales skills is a major priority at Santarelli. Thus, the business relationships between Santarelli and its agencies are clearly very tight, but they do not last very long as they usually dissolve when the agencies sell the apartments or building. The duration of the relationships with the agencies ranges from four to eight years, depending on the complexity of the project.

Different types of agencies were tracked during the current study, including agencies that operate using the Santarelli brand and autonomous agencies using their own brand. We also included agencies consisting of different and autonomous entities using their own brands but operating directly under the supervision of the Santarelli sales office. For example, one major agency located in the city of Ancona (Marche region) operated as a holding company under the Santarelli brand while its three sub-divisions operated with their own brand.

The business relationships with the agencies constitute a major asset for Santarelli in terms of promoting its products to the market and to the ultimate customer. Santarelli routinely plans meetings for ordinary sales activities or to address specific commercial projects of strategic importance. In some cases, management of the relationships with key agencies gains high relevance, and Santarelli takes advantage of such resources to improve its offerings and its relationships with its ultimate customers, who also play a key role as they provide input into new product development processes. However, in other cases, relationships with agencies are complex and conflicting, which results in tensions and difficulties. One main cause of conflict, according to the sales director of Santarelli, is the terms of payment agreed upon between the agency and the final customer.

Santarelli exerts strong influence on agencies and its management team must sometimes manage internal conflicts among the agencies. Santarelli's sales team spends a significant amount of time coordinating activities and initiating sales projects. One reason for this is the great need to teach agencies how to handle flows of information.

Changes and evolution of Santarelli's sales organisation

By the beginning of 2008, Santarelli - in its attempt to improve the quality of customer service and deal with competition that was gaining strength in the building sector - had to upgrade its sales organisation. It first started to improve the value of its products (e.g. apartments with a higher level of comfort incorporating high technology) as well as the delivery of its products and after-sales service. The emphasis on the technological profile of its products was the result of an increase in R&D investment, which also led to quick implementation of customers' requests. The customer orientation approach Santarelli adopted was exemplified by the fact that it also offered consulting services to clients facing financial issues.

A major strategic decision that Santarelli had to make involved the re-organisation of its selling activities without the involvement of external agencies. In fact, in Rome, which accounted for a large percentage of its business, Santarelli established its own sales organisation, reflecting a new way to sell its products. The company appointed a sales director, who was assisted by area and regional sales managers and an internal sales force, to plan and implement sales strategies for the area in which construction sites were opened. To improve the planning and coordination of selling activities, Santarelli adopted a customer relationship management (CRM) system. The software helped salespeople analyse customers' portfolios and manage customers' visit reports. In this context, customers interacted directly with the internal sales force, which provided support in terms of technical solutions, delivery and service. In addition, the new sales organisation received support from the marketing office, which is responsible for market analysis, communication campaigns and participation in trade fairs and exhibitions. Using the CRM system, this office also became involved in customers' portfolios and customer satisfaction analyses.

According to Santarelli sales personnel, the major new challenge facing the current organisation is the appropriate management of the processes concerning the search for new customers and the establishment of good relationships with both existing and new customers. In this context, when a new customer is contacted, the sales personnel receive support from a team of civil engineers and architects who take a lead position in activities concerning the technical dimensions of the product offered. In fact, in the new sales organisation, technical people are also fully committed to proposing technological solutions and helping sales personnel demonstrate technical competence when dealing with sales projects.

Given that customer service is of paramount importance in the market in which the company operates, particular emphasis is placed on this issue. Previously, customer service activities were carried out by the real estate agencies, which were much more concerned with the selling of a building or apartment than the after-sales service activities; consequently, the results on this front were not satisfactory. In the new sales organisation, customer service activities are the responsibility of people with an appropriate background who are able to handle complex customer requests.

Thus, Santarelli has attempted to enhance its brand recognition not only through a better product offering, but also through a sales organisation involving the presence of its own sales force in various geographic regions to improve the level of interaction with the ultimate customers throughout the selling process.

Case analysis

Our analysis focuses on two themes: How does a company cope with the several aspects which emerge during the transition from reps to DC? Can we assume that the conditions that led the company toward the shift have an impact on the transition phase?

Our case study provides insights into the conditions which led Santarelli to change its sales arrangement. Historically, Santarelli has relied on reps to develop all sales activities. The spark to shift this established configuration was Santarelli's aim to collect and keep strategic market information in a more strategic and organised way than it had in the past.

According to the management, the company's intermediaries often had not shared relevant facts regarding customer needs, market trends or competitors' positions.

Moreover, Santarelli perceived that its representatives could not transfer knowledge about products offered to potential customers due to their lack of technical skills and competencies.

The transition toward the DC configuration appears complex, and customers' requests certainly pressured Santarelli. A first problem was that Santarelli did not have all the competences and resources needed to set up the new sales structure, nor did it know that DC would be the right solution to satisfy customers. In fact, the new process to reach the final market by creating its own sales force has been critical for Santarelli. In this respect, we identified certain effects on Santarelli's behaviour to better engage its organisation when defining the distribution and sales arrangement. Keeping some relationships with real estate agencies was necessary to maintain tight connections between internal staff and the customer so as to develop activities and exchange resources. In this sense, it was important to address the problem of integration.

Another relevant issue during the transition phase was related to how to combine the upcoming DC with the already existent structure. With regards to the activities undertaken, Santarelli personnel from technical departments became more customer-oriented. They were responsible for the design and creation of new concepts for buildings according to customer needs; therefore, technical personnel had to collaborate closely with the sales and marketing units to fulfil client needs. This process required significant time and involved actors such as the historical Santarelli reps: thus, relations with the reps were exploited to improve the sales skills (learning by interacting). It became clear that Santarelli played a critical role as a "buffer" linking several different activities carried out by actors such as the reps, the customers and the sales personnel.

With regards to our second research question, concerning whether motivations that pushed Santarelli to change its sales structure affected the transition process, we found at least two relevant connections.

In particular, the decision to set up Santarelli's own direct sales channel was certainly motivated by a lack of customer knowledge. In addition, this aspect was an important premise for setting up a new information system. In fact, Santarelli's top management decided to build up CRM software to store and collect customer information. Adopting a CRM system was considered helpful in recovering market information the reps held to educate the new salespeople about customers.

Another reason for switching the sales structure that had a direct impact on management of the transition was linked to the business opportunities existent in a particular Italian area. Santarelli decided to begin by adopting the direct sales channel in the Rome area because of the potential to achieve high profits, according to a market analysis the marketing office conducted. Benefits from Santarelli adopting a direct sales strategy are strongly connected to aspects such as the attractiveness of a geographic area (e.g. Rome) and customers' buying behaviours.

During the transition, Santarelli had to continue its relationships with a number of reps because it did not have knowledge concerning specific markets. Also, Santarelli had to start the process of choosing who would become salespeople. In this respect, the transition was characterised by the development of new activities, such as the recruiting and training of salespeople.

To sum up, by switching its sales organisation, Santarelli became aware of customers' needs because it developed its organisational processes in a more efficient way than it had in the past. We argue that the selling channels also facilitated the creation of more favourable conditions for customer relationship development. In this respect, Santarelli can propose its brand directly to the market and avoid being seen only as a building contractor.

Conclusions and managerial implications

The paper has investigated sales channel changes and how a firm might accomplish the consequent transition phase. We stated that managing the transition is a blurred process since it takes time and is onerous as well as ambiguous. The present study contributes to the research on the relevant aspects to address when organisations switch from reps to the direct channel system by suggesting that those aspects might affect the transition phase. Based on the extant literature that refers to the transaction cost theory in choices to adopt either reps or direct sales channels (e.g. Anderson, 2008; Anderson et al., 1997; Anderson and Coughlan, 1987; Anderson and Weitz, 1986), shifting sales channels (e.g. Bucklin, 1966; Powers, 1987; Weiss and Anderson, 1992; Weiss et al., 1999; Rapp, 2009) and change management perspectives (e.g. Hurley, 1998; Ross et al., 2005), as well as the analysis of an illustrative case, this study suggests that exploiting already existing business relationships with reps facilitates the mechanism of building the direct sales channel. Some implications for managers emerge from our findings. Generally, the decision to switch from manufacturers' intermediaries to direct salespeople is difficult as many trade-offs must be considered (Powers, 1987); however, the most critical aspect is understanding how the transition from one system can be accomplished. The case provides critical evidence for what a company must manage when modifying its sales structure:

- analysing market conditions;
- keeping or dismantling all or part of distribution relations;
- defining new processes and acquiring new competences;
- developing and embedding within the organisation information technology (IT) systems for improving customer knowledge management processes.

The company's management should analyse its target market to assess whether the sales channel transformation is necessary. Adopting the direct sales organisation can present an opportunity when market demand is increasing and, for companies operating within the construction industry in particular, when it might be possible to develop projects in the future (new buildings).

Companies should also compare the channel structures within their industry to identify best practices. In fact, dismantling relationships with intermediaries could hinder the company as intermediaries play an important role as market information gatherers. Replacing them could be difficult if the company does not integrate certain competences/capabilities (e.g. market analysis, customer knowledge management) internally.

In addition, it is always necessary to consider that the company must invest in training new salespeople; certain activities might require training from the intermediaries. When the product is complex, like a building, it is imperative that salespeople possess a high level of product knowledge.

Finally, for managers engaged in this process, it is also important to adopt IT to support customer relationship management. A CRM system includes basic elements such as databases; analytical tools to create, evaluate and manage information about customers; and decision support systems such as data mining (Daghfous and Barkhi, 2009). IT systems such as CRM allow for the more efficient use of customer information within the organisation, especially when relationships evolve.

Limitations of the study

The conclusions of this study must be considered with care since they are based on one exploratory case study representing the construction industry that is defined by certain market characteristics. In this respect, extending the empirical ground by adding more cases might strengthen our results. Another limitation is that this study relies on the manufacturer's perspective when the process of change is analysed, and this also limits the possibility that the findings can be generalised. The customer's perspective might add interesting insights when the transition phase is studied, although this study aimed to provide exploratory ideas (Yin, 1989). Further research integrating the customer's perspective regarding the shift of sales channel and its impact on the manufacturer's organisation might offer interesting results.

Appendix 1: List of interviews

	Role of the informant	**Company**	**Type**	**Form of record**	**Length**
1	Sales director	Santarelli	Face-to-face	Notes	45 minutes
2	Sales manager	Santarelli	Face-to-face	Notes	45 minutes
3	Sales director	Santarelli	Phone	Notes	30 minutes
4	Sales director	Santarelli	Face-to-face	Tape recorded	40 minutes
5	Sales manager	Santarelli	Face-to-face	Tape recorded	30 minutes
6	KAM	Progetto Casa (real estate agency)	Face-to-face	Notes	About 50 minutes
7	Marketing manager	Santarelli	Phone	Notes	30 minutes
8	Sales personnel	Santarelli	Phone	Tape recorded	40 minutes
9	Managing director	Santarelli	Phone	Tape recorded	30 minutes
1	Marketing manager	Santarelli	Phone	Tape recorded	40 minutes

Appendix 2: Literature review

Table 1: Selected key literature references about sales channel organisation and change

Choices in adopting reps or direct sales channel	Conditions and antecedents for structuring distribution/sales organisation	Changing distribution/sales channel arrangements
Dishman, 1996 - Role of reps in the long-term development of a firm	Weiss et al., 1999 - Manufacturer's reputation as a factor that influences the organisation of the sales structure	Weiss and Anderson, 1992 - Factors that affect the change such as switching costs
Bellizzi and Glacken, 1986 - Difficulties in using reps	Powers, 1989 - Matching channel design and intermediary selection	Hurley, 1998 - Critical factors for managing change in sales organisation
Rapp, 2009 - Factors affecting the choice of outsourcing the sales force	Anderson et al., 1997 - Role of strategy in configuring the sales channel	Chen et al., 2008 - Assessing the impact of channel change
Ross et al., 2005 - Cost analysis as to whether to use reps or direct sales force	Cespedes, 1988 - Control and resources as key interplaying factors for designing distribution channels; factors shaping channel strategy are introduced	Powers, 1987 - Sales forecast as a method to reach decision on when to switch from reps to direct salespeople

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