

CHAPTER XII

APPRAISAL AND SUGGESTIONS

Much has been said about the efficiency and distribution system of the Malayan Tobacco Company. It is true that no other manufacturing companies in Malaysia have achieved such a complete and praiseworthy distribution system, yet there is still room for improvement, perhaps not the major aspects but the minor details.

The chain of distribution illustrated in Figure 4-6 theoretically appears very sound. In practice, the sub-distributors are a weakness in the system. Their disadvantages have outweighed their advantages. But there are still 111 sub-distributors in the country, although the number is getting smaller and smaller. Perhaps, it may be a good idea to remove this link and convert some of the more efficient and bona fide sub-distributors into full-fledged distributors. Or perhaps, a system of deferred discretionary system be introduced to provide them with a greater incentive to work more diligently and efficiently. The fixed commission system is undoubtedly a poor system and is certainly the cause of the sub-distributors' poor market performance. They are also blamed for the "smuggled goods". Although the sub-distributors' unsatisfactory market conditions are reflected on the distributors who will have their deferred discretionary commission penalized, it appears illogical to penalize one person for the faults of another. The sub-distributors are indeed a "headache" to the Company and the distributors, and the sooner this discrepancy in the distribution system is remedied, the better it will be for the Company.

The distributors are regarded as the "customers" of the Company. This concept puts the relationship between the Company and the distributors in a very delicate position. Any advice or instructions from the Company to the distributors ought to be tactfully executed. Since most distributors are busy businessmen, it is a commendable effort on the part of the Company to advise the distributors to have a full-time Cigarette Manager who will deal direct with the Malayan Tobacco Company's salesmen including the State Representatives.

At the moment, only a few distributors have taken this advice of the Company. It is hoped that soon all the distributors will have a Cigarette Manager each.

The eight-point call is indeed a very necessary function of the salesman. At the moment, the assignment salesman are more concerned with it than the distributors' salesmen. Since the distributors' salesmen know the retailers better and have more contact with them, it is easier for them to do the eight-point call, especially stock-rotation and putting up and cleaning the point-of-purchase material. Their objective should not be just to sell; the eight-point call objective should be just as important. To achieve these double objectives, their daily calls should be reduced to no more than thirty instead of the present number of calls ranging from 40 to 50, so that more time may be spent with each retailer doing the eight-point call.

With the distributors' salesmen taking over the "call duties" as it should be, the Malayan Tobacco Company's salesmen should assume strictly a supervisory and advisory role. Their main objectives should be to check the work of the distributors' salesmen and write reports and to persuade the retailers to stock certain brands, and above all, to win the retailers' goodwill and project the Company's image. To do these jobs well, they must assume a respectable disposition. If they were to do all the eight-point call including putting up the point-of-purchase material - this may necessitate getting on a chair with a hammer in hand trying to put up a poster - they may not command any respect in the eye of the public. Whatever it is, the salesmen's objectives must be clearly defined so that they will know precisely what to do and what not to do. This will remove or at least minimize confusion and misunderstandings between the State Representative and the salesmen.

The "M.T.C.L." classification is a very creditable system. With more than 40,000 retailers, it becomes difficult and costly to service all the retailers. The classification differentiates important outlets from the less important ones. Greater attention is then paid to the more important ones. The classification, however, is only a guide and the actual classification is arbitrary. Perhaps, a more scientific and accurate method of classifying the outlets is necessary¹.

¹Weights may be given to the different factors and then totalled up. A scale is then established to classify the outlets according to the total weights obtained.

Although most of the executives have received training in Management Courses at the British-American Tobacco Company's Training Centre at Chelwood, England, their practical organization leaves much to be desired. The importance of "communications" is repeatedly emphasized but no sooner is it said, when in the next moment it is completely forgotten. Instructions to the salesmen have not been as clear and precise as they ought to be. Sometimes, the communication does not flow through the correct channel. The Sales Manager may go direct to the salesmen by-passing the Representatives and vice versa. A little personal discipline on the part of the "top men" is all that is required to remedy the situation.

Criticism and praise must go hand in hand. Criticism without praise is as harmful as praise without criticism. The former is a very common situation, and this can psychologically demoralize a man. A small praise, a pat on the back now and then, will go a long way to inspire the salesmen to work harder. But, in the Sales Department, praises are rarely heard. "Shelling" appears to be the rule of the day.

-Despite these minor blemishes, the distribution of the Malayan Tobacco Company is indeed creditable and qualifies as a model net-work of a large and progressive Company.