

Incorporating Sales Governance System into Sales Management: A Case Study on How it Could Minimize Risk of Losses and Damages from Fraudulent Sales Activities

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Abstract

The purpose of this article is to assist the management of any company to develop the sales governance system. This is to ensure that a sales department will generate trustworthy income for a corporation. The article utilizes the documentary research method (DSM), and will be divided into two parts respectively. The first part helps the manager to understand the nature of the sales fraud, through seven case studies. It also focuses on creating awareness among management, bearing in mind that fraudulent sales activities do not reside only within the confines of bribery. It could come up through other means such as; concealment, tie-in sales tactics, and so on. After taking into cognizance the sales fraud, its possible consequences and probable causes is based on the fact that it has become a necessity that the corporation must put in place a sales governance system that would govern the sales operation. Furthermore, it consists of three platforms and procedures which include: 1) The preventive platform that is aimed at preventing the new sales fraud, 2) The surveillance platform that focuses on controlling the preventive platform, and discovering existing but un-caught sales fraud, 3) The responsive platform which has room for recommended steps that management should follow in case any sales frauds was identified. The aim of the sales governance system cannot be overemphasized as they; minimize risk of financial losses and credibility damages, support corporate governance system, and as well enhance the effectiveness of sales management.

Keywords: Trustworthy income, sales governance, fraud, corporations, management.

Introduction

The reason a salesperson conduct sales activity and gain the support of other employees in related functions is to generate trustworthy income for his or her company. Such income must be derived from lawful and ethical practices, rather than manipulative or fraudulent sales operations. Therefore, the corporation must establish a sales governance system, or set of procedures, to see to it that all sales activities comply with its needs and conditions, as well as the authorities' rules, laws, regulations, and ethics. Moreover, such a system could aggrandize sales productivity and assist the firm to minimize the risk of losses and damages, which arise from undetected or pernicious fraudulent sales activities.

Research Method

The article utilizes the documentary research method and was built upon two types of document; primary and secondary (Mogalakwi, 2006).

The primary documents include the author's experience, and as a former associate justice at the Central Intellectual Property and International Trade Court in Thailand. The secondary documents include the high profile cases in various industries and resource guides from authorities, such as the European Union; the US Government Agencies; and laws, rules and regulations.

The article will be divided into two parts, namely; the seven case studies and the sales governance system.

PART 1: SALES FRAUD CASE STUDY

The Structure of the Case

The hypothetical case will be split into three parts: the case scenarios, the consequences and the probable cause of the fraud.

Special Note

Difficulties are deep-rooted in describing the case scenario, identifying the possible consequences, as well as the true cause of fraudulent sales activities. This is because;

- (1) Crime is, by its nature, a mystery, a conundrum, an unpredictable, and is not a scientific notion.
- (2) The confession or testimony of the culprit, inside and outside the court, is designed to result in leniency or a reduction in punishment. Therefore, it is often fabricated.

The Sequence of the Case

Case number one through six other cases are based on sales activities along the sales process. However, Case number seven could happen at any time.

Case Number 1: Embezzlement

Case Scenarios

The salesperson has to make a sales call to a particular customer. Through this means, he/she has embezzled the company's product with the agenda to resell into the black market. This is done by creating a fictitious sale through the following modus operandi.

1. The sales person has submitted a fictitious sales order to his/her supervisor, accounting department or credit controller for approval, and gets a permission to deliver the goods.

2. The salesperson embezzles the goods and resells them at a discount price rate, using the black market in exchange for cash on delivery.

The Consequences of the Embezzlement

The company suffers the following losses and damages;

1. **Financial Losses:** The company may suffer financial losses from incurred debts, commissions and incentives the salesperson received. If he or she quits or receives a termination letter, the company still has to pay a replacement cost.

2. **Unfair Performance Evaluation:** The salesperson's performance will include the fake sales and he/she could even receive an award for the salesperson of the year. An instantaneous promotion may crop up, or the chance to be a part of a human resources development program could spring up, such as talent management. Sadly, an honest and truly competent salesperson might feel unmotivated and may take rash decision such as leaving the company. The company has no other choice than to pay a replacement cost.

3. **Unlawful Financial Gain:** The company must include the fictitious sales in its income statement, and the company is however liable for taxes on those sales.

4. **Damaging Economic System:** The fraudulent salesperson has to dump the goods at very low prices, which leads to serious damage for the company and competitors.

5. If the salesperson steals the information or identity of a real person or a company, and uses it to create his/her own customer, a cybercrime known as identity theft would have been committed (fbi.gov). Consequently, the company may violate the European Union's data protection rules (europa.eu), which was enforced on May 25, 2018.

Probable Causes

Crime is a conundrum and the following are probable causes:

Management

- **Management Negligence:** When management fails to establish prevention and control procedures, an avenue is created for the salesperson to commit fraud.

- **Management shows an example by not taking responsive action.** This is perhaps because the financial losses are small or recoverable from the insurance company. Nevertheless, this is possible if the company has a fidelity or crime insurance policy.

- **Sales Performance Management:** The sales performance is evaluated only once, rather than on a continuous basis at every step within the sales process.

- **Setting Sales Goals:** Management might have set sales goals unrealistically, which are high in comparison with the rest of the industry. Therefore, the salesperson has to cheat to avoid facing redundancy.

The Salesperson

- The salesperson has a heavy debt, which may arise from gambling, an affair, or support of a sick family member.

- Some salespersons simultaneously possess certain features such as; fearlessness, shamelessness, and delusion, which ignites an unquenchable desire in them to commit fraud.

- The salesperson has to join a clique to commit fraud.

Case Number 2: Concealment

Case Scenarios

The salesperson, who acts as a representative of the company, presents the features and benefits of the company's product and services to a group of customers. The main purpose is to induce the new customer to start buying the product, or convince a current customer to continue buying the product and or using the services.

The sales presentation fraud could be executed, unintentionally or deliberately, by a salesperson.

1. A salesperson deliberately commits a crime by concealing harmful and negative features, with the intention to make the product and services appear more appealing to the customer.

2. The salesperson may unintentionally convey falsified product information, as issued by the corporation, to the customer. Nevertheless, to make falsified claims appear real, the management has to orchestrate all promotion activities through every media channel. Of course, this involves the salesperson transmitting the falsified messages to the customer. The falsified reports may be scientific, medical, engineering related, or any number of other

categories. However, in regards to this particular case, the salesperson is "wholly" innocent. (en.wikipedia.org)

The Consequences of the Sales Presentation Fraud

Everyone, be it the customer, the public, competitors, and the company, could lose out due to sales presentation fraud.

1. The customer could lose on both sides; economically and health wise, bodily and psychologically.

2. The public may face environmental hazards, which is seen as a major political issue.

3. Competitors may lose market share and revenue to fraudulent corporations.

Therefore, the company itself may face the following losses;

1. Financial losses may emerge from fines, legal costs, and cost of recalling the product from the market for modification or destruction. Also, the company may need to compensate the plaintiffs. In some countries with class action lawsuits, the company is liable for a very large amount of compensation.

2. Credibility losses may occur among stakeholders, the public and financial institutions. This becomes apparent from unlawful financial gain or from a dishonest and unreliable corporation.

3. Damaging Performance Appraisal System: The dishonest personnel, at any level of the organization, may receive rewards, promotions, or other recognition because the fraud may increase sales and enhance other performances. Nonetheless, honest and competent personnel who cannot tolerate such wrongdoing may leave the company.

Probable Causes

1. Falsification of the product or service information could occur at any level of the organization. Also, upper management may engage in the following fraudulent activities for their personal gain in financial exploitation, advancement and recognition through the following activities;

- They falsify reports to achieve financial goals by concealing harmful product information or negative features, to make the product look more appealing to the customer to buy or use.

- They are incompetent in validating the information.

- They seize advantage of loopholes in local regulations. For example, this can be seen in cases where the punishment is very lenient. In some countries, a consumer must pay high costs to take legal actions against a corporation or to deal with the authorities. However, the bureaucratic system may be inefficient and slow to enforce corrective action.

2. The sales management, if not conspiring with upper management or the salesperson, fails to monitor the salesperson to make the right sales presentation. Sales management may not give adequate sales training to the sales force. This is because they are not competent enough to conduct the training and they do not receive enough support in finance and other resources from the company.

3. The salesperson may make the following wrongful presentation to be intentional or unintentional.

- **Misrepresentation:** The salesperson has to convey the product information in accordance with the company's instructions, without any knowledge that the information is falsified.

- **Concealment:** In order for the salesperson to be able to meet and exceed the sales goals, he/she covers up harmful or negative features to persuade the customer to either start or continue using the product or services.

Case Number 3: Unlawful Sales Tactics

Case Scenarios

After the customer has shown satisfaction with the product, the salesperson has presented and is ready to place an order. Therefore, one or more of the following sales tactics is employed:

1. **Bait and Switch:** During the sales presentation, he/she offers an exceptionally lower price product. However, after the customer has accepted, the salesperson tells the customer that the product is out of stock for an unknown period of time. The customer is left with no other choice than to buy a higher price product.

2. **Cross-selling Tactic:** An investment representative creates a condition that if the investor wants to buy a lucrative financial product, he/she must buy a high premium life insurance. This will lead to the company receiving a sustainable income and the representative will in turn receive a high commission.

The Consequences

The mentioned sales tactics are illegal in certain territories. In some locations, they are simply unethical. In spite of that, the unsatisfied customer may leave for competitors. If the tactics is illegal, the company may be confronted with a fine. But if the salesperson uses these tactics to achieve sales goals, he/she will receive a reward. This could result in unfair competition among the salespersons.

Probable Causes

Salesperson

- The salesperson is gluttonous and wants to make more money at the expense of the customer.
- The salesperson tries to acquire additional income and rewards for going above sales goals.
- In some cases, the salesperson realizes that the sales goals are too high and may be unable to successfully achieve them through normal sales tactics.
- The salesperson fears retribution if he/she is unable to attain sales goals.

Management

- Management sets very high or unrealistic sales goals, and forces the salesperson to deliver accordingly.
- Management coerces the salesperson to sell higher margin products or products providing sustainable and lucrative returns. However, management may offer very attractive commissions to the salesperson to popularize such products.

Case Number 4: Bribery

Case Scenarios

Bribery could be initiated by either a salesperson or a customer.

1. From the Seller: The salesperson, agent or distributor of the company, offers a kickback, with or without management's consent, to someone who is instrumental in awarding a sales order(s). This could either be a private or a public enterprise. The agreement has to be concluded prior to the time the customer places an order. The kickback will be secretly given to a purchasing agent or a committee, depending on illegal agreement.

2. From the Buyer: The purchasing agent or member of the procurement committee from a private or a public organization demands for money or an equivalent value of property from the salesperson in exchange for the order(s).

The Consequences

Bribery is a serious crime and anyone involved in the bribery scam is on the losing end. This is because these individuals could face imprisonment and pay heavy fines if they are caught.

The following are possible consequences:

1. The public company may be suspended from trading on stock exchange.

2. The company may lose its credibility, because of the distorted financial statements involving financial institutions, stakeholders, the public, and the authorities.

3. The uncaught personnel will be given rewards, awards, and promotions, which could jeopardize the performance appraisal system.

Probable Causes

1. Anyone involved is insatiable and turns to bribery for personal gain. Thus, this is at the expense of others that are involved.

2. Upper Management Involvement: Since the amount of money is on the high side and beyond the ability of a salesperson to pay, upper management would need to authorize sales expenses for the scammed items, which the salesperson and the supervisor invented to use for bribery. (See case number six).

3. Upper Management Manipulation: Upper management may threaten the salesperson to engage in bribery, stating the fact that if he/she will not do it, someone else will.

Case Number 5: Manipulation of Sales Order

Case Scenarios

The following fraudulent sales activities happen after sales transactions have been concluded.

1. Diversion of Sales Order: The customer places an order, but the salesperson diverts that order to his/her own company, a relative or friend's company, or even to a competitor. Accordingly, these companies which sell a similar product will deliver that similar product to the customer instead.

2. Withholding Sales Order: The salesperson keeps the customer's order for the next sales cycle which may provide more attractive commission. But when the salesperson is aware that obviously the current sales target cannot be achieved, he/she would rather keep it for the next sales cycle.

The Consequences

1. The company has to absorb selling expenses for nothing.

2. The company will lose market share to similar product.

3. The company will lose the most valuable asset, which is the customer.

4. The company will incur a replacement cost, if the salesperson is caught and terminated.

Probable Causes

Salesperson

- He/she may act for personal gain when there are some shares in another company.
- He/she may seek vengeance for the company or management considering a certain reason. For example, if there was any time the salesperson received unfair treatment or an unjustified performance appraisal, which may prevent advancement opportunities.

Management

- Management may fail to ask the candidate for the sales position, or disclose outside business relationships that may cause conflicts of interest.
- Management Negligence: The sales manager may fail to monitor the entire selling process, and simply accept whatever the salesperson has reported.

Case Number 6: Overstated Expenses Report

Case Scenarios

At the end of the selling cycle, the salesperson is expected to submit the expenses to the supervisor for approval. He/she might do the following:

1. Alter the receipts to gain a higher reimbursement.
2. Issue fake receipts for reimbursement.
3. Create sham events for speakers and guests that did not take place at all to collect the expenses. The expenses will be diverted, such as the 'speaker fee', to bribe customer to either buy or use more products (Sagonowsky, 2016).
4. Spend the company's money to buy gifts or to entertain family members.
5. Inflate overtime hours to claim extra expenses.

The Consequences

1. Sales expenses will increase.
2. The company will not get any financial returns from indulging in such malpractice.
3. The salesperson gives extra money directly or indirectly to induce the customer to buy or use more products, that constitutes bribery, for which the company is liable (See case number four).
4. The salesperson may derive extra sales from illegal acts, so that rewards and promotions can be given, which will destroy the credibility of the sales performance appraisal system.

Probable Causes

1. The salesperson acts for his/her personal gain.
2. The salesperson also uses the extra money to buy gifts for the management or personnel in other areas with the intention to gain 'favor'.
3. Upper management conspires with the salesperson to use the extra money to bribe customers.

Fraudulent Sales Activities Outside the Sales Process

Case Number 7: Stealing of Company's Property

Case Scenario

1. Stealing of a company's intellectual property such as trade secrets. Here, a salesperson is performing a type of espionage by selling the company's marketing plan or customer list to a competitor.

2. Stealing of the company's physical property such as; product samples, promotion gimmicks, communication equipment, gasoline, and so on for reselling or personal use.

The Consequences

The company may encounter loss of competitive advantage to the competitor. As a result, the company may lose income.

Probable Causes

Crime is unpredictable. Thus, the following are probable causes:

1. Management Negligence: When management fails to classify the information, this allows the salesperson to access limited information.
2. Salesperson: A greedy salesperson may sell the company's intellectual property for monetary gain with the hope that the competitor will hire him/her for a higher position with better incentive.

Summary of Possible Consequences and Probable Causes of the Seven Case Studies

Consequences

1. Quantifiable : losses of income, customers, and competent salesperson.
2. Unquantifiable internal damages : performance appraisal system and competitive advantages.
3. External damages such as the image of the corporation, health and welfare of consumers, environment, economic, laws, and political systems.

Causes

1. Management: managerial incompetence, manipulation, negligence, greed, and leniency.

2. Salesperson: greed, fear of retribution, and vengeance.
3. Inefficient bureaucratic system.

PART 2: SALES GOVERNANCE

Objective

1. To reduce risk that helps in minimizing potential loss and damage from fraud.
2. To enhance an effectiveness of the sales management, such as creating a fair performance appraisal system in order to retain the best salespeople.
3. To support the corporate governance policy and procedures
4. To maintain credibility among the stakeholders, authorities, and the general public.

Sales Governance Management

Top management has to do the following;

1. Initiate the following sales governance platforms
 - The Preventive Platform: This platform will prevent the occurrence and reoccurrence of sales fraud.
 - The Surveillance Platform: This platform will ensure that everyone in the organization complies with the preventive procedures and as well discover existing but un-caught sales fraud.
 - The Responsive and Remedial Platform: This platform will deal with existing fraud and offer remedy to victims.

However, these procedures must adhere strictly to local employment laws, rules, and regulations and conform to corporate governance policy and the company's employment policy.

2. To set up the sales governance committee that will execute the sales governance policy and procedures.

The Sales Governance Committee

This committee has the ultimate responsibility for the entire sales operations of the corporation. Sales governance is under the corporate governance umbrella, and it must be integrated with other functions alongside corporate leadership. The following are the roles and responsibilities of the committee;

1. Ensure that all the sales activities are in compliance with the legal, ethical, and moral standards of the company, and the community within which the company operates.
2. Protect the company's interests in the financial sector and in terms of brand image, credibility among stakeholders and the local community.

3. Make decisions regarding ambiguous and uncertain circumstances without been bias, exhibiting unfairness, favoritism, or nepotism.

4. Ensure that the performance assessment is fair, reliable, and unquestionable. Also, the assessment should include valid reasons and evidence to keep rule-abiding and effective salespeople, as well as prevent rule-breaking salespeople from obtaining promotions.

5. Intervene, where necessary, and take corrective action to protect the interests and stability of the company, if the sales management is failing to do so.

6. Act as a center of information exchange.

7. Coordinate and integrate the efforts of other functions with the sales function. This is carried out to ensure the effectiveness and transparency of sales activities.

8. Provide adequate training and development programs to every level of the organization, so that sales governance procedures are executed successfully.

9. Provide regular reports to the board of directors about incidents, and ask for recommendations to further ameliorate sales governance platforms.

10. Set a job rotation policy for sales personnel, ensuring that everyone is interchanged for a certain period.

11. Create a compensation policy that is fair, competitive, and adequate.

12. Establish criteria to ensure that the right salesperson enrolls in human resource development programs, which will lead to personal development and preparation for further advancement.

13. Set the following procedures to deal with the existing sales fraud; disclosure, witness, whistleblower protection, disciplinary measures, and victim recourse.

14. Make certain that the research, development and regulatory affairs personnel have validated all data prior to use for commercial presentation and communications.

15. Regularly review the current sales governance system and provide feedback, together with recommendations, to the board of directors for further modification.

The Preventive Platform

At each level, the committee, the sales management, and the sales personnel will have its own procedures to follow.

Sales Governance Committee Level

In the absence of a committee, upper management or the owner will take full responsibility to prevent sales fraud.

The following preventive procedures are intended for internal use only.

1. The company must provide its own or from a whistleblowing service provider, a secured, confidential, and toll free hotline. The essence of doing this is to allow any person whether inside or outside the organization to be able to send information, such as suspicions of fraud, grievances, evidence of unlawful acts, and questionable product information. Hence, management must make a thorough investigation promptly.

2. Decision-making and authorization procedures should be in place regarding sales activities, such as; opening of a new account, setting a credit limit and other conditions, and sales and entertainment expenses. A limit must exist for every level on authorization power, and a policy should be in place outlining how to advance to a higher level.

3. The committee will not manipulate salespeople into committing fraud.

4. A policy must be inaugurated for the handling of classified information.

5. Prompt corrective action must be taken in the case of questionable performance assessments.

The Sales Management Level

The sales manager or the supervisor has the following roles and responsibilities to carry out, alongside the three stages of the preventive platform.

The Sales Planning Stage prior to Sales Activities

1. Organizing the Sales Force: The sales manager must cooperate with the human resources manager and obtain the final approval of the sales governance committee or upper management regarding the following:

a) Recruitment and Selection of a Salesperson: Not only must the personal qualifications meet the company's criteria, but it must also be revealed, except in cases where the human rights would be violated, his/her relationship with someone in and outside the organization, especially if that relationship may create a conflict of interest (Cassin, 2018).

b) Compensation: The compensation level and the total remuneration package, including incentives, commissions, awards, and benefits, must be adequate and competitive to attract the new sales personnel, as well as to retain existing salespeople.

2. Setting up a sales goal for the sales team and individual salesperson. Sales goals confine the salesperson's performance with financial gain, advancement, promotion, and recognition, if the salesperson is not satisfied, which may be a major demotivating factor. If possible, with approval from the

committee, a representative from the sales force should participate in setting and allocating sales goals.

3. Training: Regular training will be allotted to every salesperson with the aim to increase competency and compliance with the company's rules, regulations, code of conduct, and related laws.

The following are examples of episodic training agendas (Suvagondha, 2007):

- a) Orientation training for new salespeople.
- b) Sales presentation training, which includes product knowledge, competitor or alternative product knowledge, legal sales tactics in negotiations with the customer, and strategies for making use of promotional materials.
- c) Practical training in the form of simulations or role playing to ensure that the salesperson will be able to integrate knowledge effectively and legally during the sales presentation.

Implementation of Sales Activities Stage: The sales manager shall employ the following procedures to control the salesperson as well as activities involved,

- Verify the genuineness of the customer via the manual and electronic techniques the surveillance platform section mentions.
- Validate the sales presentation.
- Track through manual and electronic devices, the movement of the salesperson and match that with the location of the customer, without violating privacy or human rights.
- Engage in field coaching, which provides the golden opportunity for the sales manager to also meet with customers in order to enhance relationship.

Evaluation and Feedback Stage

- Evaluate the salesperson's competence in dealing with the customer to take corrective action later.
- Engage in counseling with the objective to improve sales performance by eliminating negative factors, including personal problems and obstacles. Obstacles may include unfair and illegal practices by other salespeople and the supervisor. The sales manager should however seek advice from the committee to get rid of these negative factors.
- Continue motivating the salesperson to keep engaging in legal and moral practices.
- Provide instant evaluation and monitoring of sales performance, through the current information technology. This should start from the submission of the travel plan and the sales call plan until the end of the sales cycle.

- Evaluate the current procedures and recommend changes where necessary for improvement of the committee.
- Ask for feedback from the customer to use for improvement of the quality of the sales call and other services, ultimately to enhance customer satisfaction.

Sales Personnel Level

The salesperson must conduct the following self-control procedures:

1. The Righteous Sales Call:

1.1 Existing Customers

- a) He/she must place a call to customers within the company's active customer list.
- b) The sales personnel must only call customers assigned to him/ her.
- c) He/she should not call customers who belong to another salesperson without the supervisor's authorization.
- d) He/she must follow the terms and conditions that have been set for a particular customer. However, recommendations can be made to management to change the conditions, with the support of sound reasons.
- e) He/she must report to the sales manager when customers become inactive, especially when customers have not bought within the certain period set by management.
- f) He/she can reactivate inactive customers with new terms or conditions, but must first obtain approval from the sales manager.

1.2 New customer: The salesperson has to make a request to the sales manager to open a new account and must provide the following information, having gained the customer's consent and acknowledgement, such as estimation of sales potential and credit rating, customer's business and current suppliers, key personnel, location, and so on.

2. Validation of Sales Presentation.

- The salesperson is allowed to present approved information.
- The salesperson must report or give feedback if the customer is in doubt about product information to ensure further validation.

3. Handling of Customer's Identity and Relevant Information: The customer's information must be strictly kept in a confidential manner and must not be revealed to anyone inside and outside the organization. If such information warrants other purposes, an approval from the supervisor or the committee should be given. Consequently, permission from the customer cannot be overlooked.

4. Bribery: If a customer asks for a kickback, such request must be denied and promptly reported to the sales manager or the committee.

The Surveillance Platform

The objectives of this platform are to enforce the preventive platform and discover existing but uncaught fraud. In a particular case, it took decades to discover the sales fraud. (Shane, 2018)

Enforcement of the Preventive Platform

The following procedures will be applied to the salesperson, the sales manager, and the committee, to ensure that everyone complies with the preventive platform:

1. Internal control conducted by internal auditors.
2. Training on preventive procedures.
3. Use of the surveillance mechanism for close observation and supervision.

Discovering Existing Fraud

The following are the mechanisms for detecting existing fraud:

Manual techniques

1. Observation
 - Document handling, for example, submitted reports are messy and delayed.
 - Behavioral changes, for example, in lifestyle, questionable and secretive practices, and unusually close associations with customers and credit controllers. (Suvagondha, 1985)
2. Callback verification using the following contents, such as; showing appreciation to customers for their patronage, introducing a new salesperson to collect an outstanding payment, and accept returned goods. If the company receives an unusual response that the customer has never had a relationship with the company, the management must quickly spring into action and carry out prompt investigation. This method is one of the cheapest and most effective surveillance method.
3. Job Rotation: The replacement salesperson may report an unusual practice and the activity is brought to the knowledge of the supervisor to take responsive and immediate action.
4. By Accident: During the original salesperson's vacation or reward trip, a replacement salesperson may discover something unusual and report to the sales supervisor.
5. Tip from an anonymous person, whistleblower, customer, competitor, and so on.

6. The media is another source of information. A disgruntled salesperson or employee could reveal the harshest sales conditions to the investigative journalist, and general public via social media. (Reckard, 2013; Hotten, 2015)

Electronics

1. For verification purposes
 - The simplest method is to simultaneously respond to customer communications, regarding orders, delivery schedule, payments, etc., via emails.
 - Using a service from a service provider to check the truthfulness of the email address, website, electronic signature, and so on, of the customer who places an order.
2. Analyzing the data to find discrepancies or to ensure correctness.
3. Analyzing and thoroughly screening the information from the secured hotline or anonymous letters prior to when responsive actions will be taken.
4. The data protection officer (DPO) must alert salesperson, management, and the committee immediately, when someone tries to hack or steal the company's confidential or classified information. (edps.europa.eu)
Warning: Privacy intrusion and evasion are subject to civil liabilities.

The Responsive Platform

The purpose of a responsive platform is to stop the spread of newly discovered fraud and to provide remedial action to the victims of the fraud. However, the procedures will be divided into four levels of accountability and responsibility.

Salesperson

1. He/she must act in good faith to promptly inform the supervisor about any form of misbehavior and suspicious acts put up by other salespeople, the customer, or the competitor, so that further investigation can occur.
2. The salesperson must give full cooperation to the investigation team.
3. The salesperson must not conspire with a group of dishonest salespeople within or outside the business unit or organization, as this could lead to obstruction of justice.
4. The salesperson can suggest to the supervisor to make necessary changes that would be useful to the organization, in dealing with existing fraud.

Sales Management

1. The sales manager must make a prompt initial investigation after receiving information about possible fraud from any source and from personal observations and investigations.

2. He/she must report an incident to the committee or upper management, and ask for their permission to initiate the following internal investigation procedures.

- Question the suspect, conspirators, and witnesses.
- Collect forensic evidence that will be functional to investigate the case, such as receipts and sales reports.

3. The sales manager must also give full cooperation to the investigation team.

4. He/she must ask the committee for permission to suspend or terminate the suspected salesperson and conspirators from sales duties.

Sales Governance Committee

1. Collaborates with the local authorities if the case involves the public sector, such as; damaging the consumer's health, environment and bribing the government officers.

2. Inform the insurance company to recoup the financial losses, according to the conditions in the fidelity or crime insurance policy, if the company has insurance.

3. When the sales manager and the assistants are found to be actively involved in the fraud, then the committee, after consulting with the legal and human resources departments, must suspend them from duties until the investigation is complete.

4. After the case is closed, the committee must submit a report that shows thorough analysis and recommendations to the board of directors or the owner for final ruling.

5. Ensure that everyone complies with the terms and conditions of the court or authority's verdict. Otherwise, the firm may face hefty and heavier punishment. (commerce.gov, 2018)

Board of Directors or the Owner

When the members of the committee are found to be involved in the fraud, the board of directors or the owner of the company must decide whether to eliminate them prior to conducting an in-depth investigation, or ensure that apologies are rendered to the victims and the public for any inconvenience or mishaps, after the dispute has been settled. (gsk.com, 2014)

Summary and Conclusions

Sales fraud is no longer an individual salesperson's crime. It could extend to the entire organization. Therefore, corporations need effective and dynamic sales governance systems to deal with fraud. The objective of sales governance is not limited to combating sales fraud. Additionally, it also has an aim to enhance sales productivity throughout the sales management process. It starts from recruitment and selection of a competent salesperson that has no conflicts of interest. Then the company must provide adequate compensation and appropriate training and development. However, the training will emphasize the legal and moral way to make a sales presentation from validated product information. Salespeople will not bully, use unlawful tactics or bribe the customer to get an order. The righteous salesperson will be loyal to the company by not diverting sales orders or selling the company's intellectual property for profit to competitors or customers.

The sales governance has three linked platforms; the preventive platform to avert new sales fraud and the recurrence of existing fraud, the surveillance platform to control the preventive platform and discover existing but uncaught sales fraud, and finally the responsive platform to deal with existing or caught fraud and offer remedies to the victims.

To sum it all up, a well-developed with meticulous execution and continuous improvement of the novel system could minimize financial losses and damages, and intensify productivity of the sales operation.

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