

Sales Team Resources for Market-Driven Behaviors, Norms, and Performance: An Extended Abstract

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Introduction

A recent survey of 1200 sales executives indicated that in order to improve sales performance, leaders must champion salesperson activities that (1) improve customer experiences and (2) support continuous improvement (Accenture CSO Insights 2013). This contemporary focus represents a shift away from a formal mapping of sales approaches and toward an emphasis on sales teams which promote a learning- and customer-centric environment (Bell and Kozlowski 2002) to attune themselves with the market. In line with this, research has shown that learning effort (Sujan et al. 1994) and commitment to customer service quality (Peccei and Rosenthal 1997) are key to developing this more market-driven capability for salesperson performance.

However, execution of this more dynamic sales approach has proven difficult because the complex nature of customers' demands and the resources required to meet them are not completely knowable. These uncertain demands require both broad and widely varying capabilities (Day 1994; Verbeke et al. 2011), making tangible resources, like incentives, costly and difficult to align with customer-focused behaviors (Campbell 2003). A market-driven approach also depends heavily on salespeople expending scarce personal resources, because the flexibility necessary

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to function in this environment is operationally “expensive” for the salesperson (Robinson et al. 2002). Owing to the inherent risks associated with this approach, we propose that the relationships salespeople have within their teams must offer explicit points of leverage (Baldwin et al. 1997; Bell et al. 2010) that enable—and encourage—they to expend these resources.

Drawing from the market-based capabilities perspective (Day 1994), we examine investments in team social capital (ITSC), team goal monitoring (TGM), and transactive memory systems (TMS) as team-level intangible resources that support salespeople to enact the learning effort and customer norms needed for performance in a market-driven sales force. To our knowledge, this model represents the first marketing study to examine these three team resources within a sales framework. In particular, this research allows us to shed light on the association between learning effort and commitment to service quality as core elements to a market-driven sales force.

Background and Hypotheses

We first examine ITSC, which was adapted for sales teams from the concept of organizational investments in social capital (Prusak and Cohen 2001). We propose that ITSC—the manager’s actions to make authentic connections, engender interpersonal trust, and foster cooperation within the sales team—acts as a resource to support salesperson learning and customer service norms. We believe that ITSC aligns the internal relationship objectives (between managers and salespeople) with the external relationship objectives (between salespeople and customers) needed to perform in a market-driven sales environment. More specifically, we view learning as a social cognitive process (Lam et al. 2010) that emerges in social contexts when learners invest scarce resources to attend to the actions of others, practice those actions, and ultimately adopt them into their own repertoire (Bandura 1977). Because ITSC contributes to the team’s social connections and cooperation, it should provide both the social infrastructure and normative impetus, for salespeople to learn. Similarly, we believe the feelings of reciprocity and approach uniformity that emerge with ITSC are likely to increase individuals’ commitment to meet—and exceed—customers’ needs.

Next, we examine team goal monitoring—a self-regulatory approach to track progress toward goals, assess what actions are necessary to achieve goals and communicate progress feedback to team members to align members’ efforts with progress toward goals (Marks et al. 2001). Because the intensity of members’ learning efforts and commitment to service quality are more identifiable when TGM is high, members feel more accountable to the team to expend more effort learning and on customer service (Schmitz 2013). In contrast, when TGM is low, there is less transparency regarding the effort members exert toward learning or their service quality. Given that ITSC also fosters cooperation and connections between the team, we also expect ITSC to be positively associated with TGM. Here, we believe the interpersonal connections created by social investments in a team provide a

functional conduit through which feedback about task effectiveness can be efficiently delivered (De Clercq et al. 2008).

Lastly, because of inherent trade-offs associated with maintaining broad and deep knowledge (March 1991), we further propose that sales teams operating a TMS are likely to strengthen the relationship between learning effort, customer norms, and sales performance. TMS is a shared cognitive directory of team members' expertise that facilitates efficient allocation, retrieval, and application of scarce personal and collective resources (Faraj and Sproull 2000) and provides teams with broader and deeper knowledge than would otherwise be available. Because responsibility for domain expertise is segregated, and coordinated across team members, sales teams operating a TMS can leverage a broader scope of expertise. Thus, as a team-level boundary condition, we explore the moderating role played by TMS.

Methodology

We tested our study model using a multisource, multilevel data set that included matched surveys (manager and sales team members) and objective performance data from a Fortune 100 global industrial goods and services supplier that focuses on selling large-scale customer solutions. This context is particularly suited to test our model because sales performance is predicated on the ability to sell and support customized offerings including combinations of goods and services. The salespeople were nested within manager-defined sales teams to sell and service discrete sales territories, and each member was regularly tasked to assist each other in supporting sales opportunities and fulfilling customer commitments. Given the nested nature of our data (salespeople nested within teams), we followed Preacher et al. (2010), by using path analysis within the multilevel structural equation modeling (MSEM) framework in Mplus 6.1. Our model estimates main effects both within and across levels, as well as cross-level interactions. To test the main effects, we first estimated an MSEM model with individual-level random intercepts and slopes that did not include TMS as the cross-level moderator.

Discussion and Implications

Consistent with the capability framework that we build from (e.g., Day 1994), we find that ITSC is positively associated with team goal monitoring, individual learning effort, and individual commitment to service quality. These results speak to the importance of the everyday investments in social capital that managers can make (Cohen and Prusak 2001; Prusak and Cohen 2001) to foster increases in two facets underlying market-driven capabilities within their sales team members.

Further, we find support for a cross-level relationship between TGM and commitment to service quality. Because the members' commitment to service quality is

more identifiable under high goal monitoring, members feel more accountable and expend more effort on customer service (Schmitz 2013). However, we also uncover a somewhat counterintuitive negative relationship between team goal monitoring and learning effort. In retrospect, the self-regulatory frame we adopt offers a potential explanation for this result. Monitoring is a goal-based regulatory process (Marks et al. 2001) that facilitates identification of *performance* discrepancies (Marks et al. 2001) and promotes evaluation of work contributions (Marks 1999). It may be that in teams with high goal monitoring, salespeople are more focused on accomplishing goals—sales goals, for example—rather than devoting effort to more subjectively judged activities such as “learning.”

Bringing our focus to the individual effects, we find that learning effort is positively associated with both commitment to service quality and sales performance. Further, to substantiate the practical importance of these intermediate outcomes, we also find support that commitment to service quality is positively related to sales performance. Together, these results point to the presence of reinforcing relations between facets underlying market-driven capabilities and illustrate the importance of these measurable outcomes in solution-selling environments. Finally, we find that team TMS strengthens relationships between commitment to service quality, learning effort, and sales performance. This pattern of results coincides with theory and research in management and psychology (e.g., Lee et al. 2014; Zhang et al. 2007) and also speaks to the potentially important role played by TMS for the generation of an interconnected operant resource in sales teams as well (Madhavaram and Hunt 2007).

With practical implications in mind, one of our primary goals in this research was to identify intangible resources that sales managers can leverage to generate a market-driven capability (Day 1994). Our analyses suggest that ITSC, TGM, and TMS may serve as practical solutions. While becoming market driven is the aspiration of many sales organizations, many fail to leverage the performance potential of a market-driven capability (Day 2012). The team resources in our study may provide levers managers can use to help generate this capability. Here, it also is important to recognize the negative relationship we find between goal monitoring and learning effort. We speculate that sales representatives embedded in teams with a heavy emphasis on goal-focused accountability (high TGM) may feel constrained as to the expenditure of resources on improving their skills and learning new approaches to understand and service customers, in favor of time and effort spent closing sales which are monitored by the team.

For researchers, we contribute to a growing body of research focused on harnessing contemporary salesperson abilities and efforts. As customer interactions and selling situations become more complex, we see that TMS can strengthen a salesperson’s ability to leverage knowledge, processes, and structures critical to sales success. Further, building from this result, although a substantial body of research—and theory—points to the collective performance consequences of TMS, we are unaware of any research to date focused on the moderating role played by transactive memory in relations between collective performance drivers and individual performance outcomes. The pattern of relationships we find contributes to theory in the

transactive memory systems domain, providing that TMS not only facilitates functional distribution and storage of critical expertise; but that the capacity of teams to effectively store and allocate information/knowledge resources also can augment the measurable quantitative benefits of key performance drivers (i.e., learning effort; commitment to service quality). Given the importance of shared salesperson knowledge on managing market relationships (Day 2000) and bottom-up learning (Ye et al. 2012), it will be important for future research to conceptually broaden the functional applicability of transactive memory as both a driver and accelerator of collective and individual sales performance.

In summary, while the marketing literature continues to explore the role played by sales teams within organizations, there has been little empirical research focused on the development and leveraging of resources within teams (Mengüç et al. 2013). The results we report provide a step toward understanding the role—and performance implications—of resources within sales teams specifically. These findings extend insight on the implications of conflict within teams, team dynamics on selling performance, organizational and team network effects on creativity, and cross-level effects of social cohesion within organizations. While this study provides a first glimpse of the benefits from sales team resources, understanding the effects of these team-level phenomena remains a critical imperative within the marketing domain.

References Available Upon Request