Goal-oriented balancing: a new model of contemporary sales management

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Abstract

This study focuses on the substantive area of sales management and it suggests that the main concern of a sales manager is to reach the sales and economical goals of the sales organization. The social process by which this main concern is resolved is called goal-oriented balancing and it describes two complementary organizational dimensions, frame development and individual development that are continuously balanced against each other. That is, the sales manager must establish effective organizational processes and structures as well as find the keys to maximum individual performance. These two processes have to be in balance and supportive of each other.

Introduction

A sales manager's responsibilities include assigning territories, mentoring team members, assigning training, and building a plan. Managers are often involved in hiring and firing and have to determine sales force effectiveness. They also have to determine sales force effectiveness by continually assessing how well members of the sales organization perform. These evaluations provide a basis for rewards, but they also generate feedback that can be used to improve the overall sales management process.

The aim of this grounded theory study is to produce a theory that explains the main concern of sales managers and how the population resolves that main concern. Data was collected for this study from 27 interviews in 13 different companies that were regarded as very effective sales organizations. The first eight companies were nominated as "best sales organization" in Sweden 2011 by Weekly Business (in Swedish: Veckans Affärer), a leading periodical. The other five were chosen based on snowball technique and were recommended by the respondents in the first sample.

Data were primarily collected from interviews, each of which lasted approximately 1–2 hours. The respondents were sales managers or directors. The criterion for choosing respondents was that they should have responsibility for the whole sales organization. Therefore, middle sales managers were not included.

The author conducted the interviews at the respondent's organization. Leading questions were avoided during the interviews; rather, interviewees were asked to respond freely to general open-ended questions about the challenges and difficulties they experienced during these management processes. According to Glaser (1978), such an attitude of "openness"(p. 44) is crucial for developing the emerging theory. Finally, existing categories were allowed to

guide the interviews to some extent. The interviews were audio-recoded and notes were taken.

Extant literature

Within the extant sales literature, researchers has often considered the characteristics of the salesperson as the main predictor of sales performance and sales effectiveness (Babakus, Cravens, Grant, Ingram, & LaForge, 1996). Two of the most well known efforts in this regard are the models presented by Walker, Churchill, and Ford (1977) and Weitz (1979, 1981). However, these studies resulted in a lack of "adequate explanation of observed inconsistencies" (Churchill, Ford, Hartley, & Walker, 1985, p. 103); in the 1980s, researchers started to focus on sales management practices as determinants of salespersons' performance and sales organization effectiveness.

To understand these managerial factors, three different and rather disconnected areas of research emerged around the themes of motivation, control systems, and compensation plans (Brown, Evans, Mantrala & Challagalla, 2005). Sales force motivation research is based on psychological theories and emphasizes personal characteristics and perceptions as determinants of individual performance (Vinchur, Schippmann, Switzer, & Roth, 1998; Brown & Peterson, 1994; Bagozzi, 1980; Brown, Cron, & Slocum, 1998). The literature involving control systems has mainly focused on metrics and monitoring, and draws on management and organizational theories (Anderson & Oliver, 1987; Oliver & Andersson, 1994; Jaworski, 1988; Ouchi, 1979; Cravens, Ingram, La Forge, & Young, 1993; Challanga & Shervani, 1996). The studies involving compensation emphasize goal setting and incentives based on economic theories (Basu, Srinivasan, & Staelin, 1985; Srinivasan, 1981; Mantrala, Sinha, & Zoltners, 1994; Raju & Srinivasan, 1996; Rao, 1990; Dearden & Lilien, 1990; Kalra & Shi, 2001).

Even though these research streams yield rich insights into specific aspects of sales management, they also contribute to a situation in which researchers focus on their own issues and paradigms, and exclude other aspects. Scholars (Zoltners, Sinha, & Lorimer, 2008, Ingram, LaForge, Locander, MacKenzie, and Podsakoff, 2005)   have increasingly questioned whether the existing literature actually grasps the complexity of today's sales management processes.

Some scholars (Pangapoulus & Dimitriadis, 2009; Flaherty, Arnold, & Hunt, 2007; Brown et al., 2005; and Zoltners et. al 2008) have called for a more integrated and holistic view of sales force management. Commenting on the different dimensions of contemporary sales leadership, Ingram et al. (2005) stated that "the future will require an understanding of these interfunctional relationships so as to align strategy, systems and organizational structure" (p. 141). Similarly, Zoltners et al. (2008) asserted "much of the sales-related research to date has focused on the outcome of a single sales management decision, process, system or program" (p. 116).

Another example of the disconnectedness among different lines of research in sales management is, as noted by Zoltner et al. (2008), the 25th anniversary of the *Journal of Personal Selling and Sales Management* (Brown & Jones, 2005) that included many different ideas for future research. Nonetheless, most articles have focused on a single effectiveness driver, such as CRM (Tanner, Ahearne, Leigh, Mason, & Moncrief, 2005), leadership (Ingram et al., 2005), and compensation (Brown et al., 2005).

This study aims to contribute to this literature by producing a grounded theory of contemporary sales management processes that incorporate different processes and their interrelationships.

The Theory

The model that emerged from the data analysis consists of a general pattern, called goal-oriented balancing, which describes how the actors resolve their main concern. This pattern consists of two complementary organizational dimensions that continuously balance against each other during the process of managing the sales force.

The core process: Goal-oriented balancing

This study suggests that a sales manager has one main concern and that is to fulfill the goals of the sales organization. These goals can include long- and short-term market share, sales growth, and other results measurements. To fulfill these goals, it is important to understand the function of the sales manager as confirmation that he or she is successful in his or her efforts to direct and develop the sales force.

This study suggests that this main concern makes the sales manager conduct two parallel processes simultaneously. One process is to create structures in order for activities not to be tied to certain individuals, and make sure individuals' effectiveness can be enhanced over time. Those structures are referred to as frame development.

At the same time, the sales manager faces another challenge: to find the key to maximum individual performance. These two processes are not easily unified. If structures and processes predominate, they become a goal in and of themselves. On the other hand, if those structures and processes are not in place, the sales manager can never create an organization in which the personnel run in the same direction and conduct their tasks in accordance with the overall vision and the goals of the company. Thus, this study suggests that not only is it important to conduct the frame development and the individual development, but also that these two dimensions need to be in balance with each other.

More specifically, the author of this study suggests that this balance can be accomplished through (1) Designing and redesigning, Feedback, (3) Adaptation, and (4) Coaching. For example, designing the framework entails creating a structure that provides support, confirmation, and context. In this study, several managers pointed out that it was a matter of creating a framework from the beginning that inspired worker confidence. In that way, the bureaucracy was kept to a minimum and valuable sales personnel time was not wasted. A sales manager in a mobile operator firm commented, "The salespeople should not feel that they have to worry about dressing up a deal they have closed successfully internally just so that it will fit the existing processes."

Even if the framework is established, it has to be redesigned continuously in order to keep up with external and internal changes. The sales director in a global construction and mining company commented on managing in relation to the individual:

You can say that I am the strainer between the formalized processes and the individual. My job is to make sure that our processes are fully supportive of the daily activities and do not hamper what we actually want to accomplish. In fact, if you were to follow these processes in every detail, you would not be able to breathe.

Sometimes, balance does not require changing the structure of the framework; instead, smaller adaptations and adjustments are needed based on upcoming events and everyday activities. By adapting, the framework is adjusted to situation-specific requirements. The sales manager in the same company described the adaptation of the frame in the following terms:

> According to our regulations, there should be a detailed plan for every customer, but when you are sitting face-to-face with a salesperson, it sometimes becomes absurd to demand a plan. Often it is enough to have it for your three major customers.

In this study, we can see that when it comes to both designing and adapting the frame, sales personnel feedback is essential. The sales director at an employment company explained, "Either you follow the processes or you suggest how they can be improved."

The importance of feedback is also emphasized in the other organizations. The sales director in a global construction and mining company explained that they had standardized processes to collect opinions and that a team of accountants synthesized the feedback and made suggestions to managers. Such continuous frame adaptation supports the sales staff in the field.

Sometimes, the solution is not to redesign or adapt the existing framework. Instead, the focus of a manager's attention is the individual salesperson and the manager has to take on a more active role and coach him or her.

The head of sales in a global IT company noted that such a process is crucial to build understanding about each step and to have a flexible approach even though the processes can be quite static in a large organization. She continued:

> To create such an understanding involves coaching a person reflectively and consciously so that he or she understands the purpose of each step in the business process and how to tackle it effectively… Even if the standardized processes say one thing, sometimes we have to do it a little bit differently in order to get maximum result in a given situation. You can say that I have to be like a traffic policeman directing the person within the system I have created myself"

Having described the core category of the study, I would like to turn the focus to describe the two dimensions of this balance.

Frame development

Frame development is the way that management creates and designs processes and structures for the sales work. It consists of several layers, each dependent on the other, and consists of following three subcategories: (1) objectives, (2) management processes, and (3) roles.

The first subcategory of objectives describes the overall goals and vision of the organization and the way the goals are transformed into more specific sales objectives. This subcategory also explains how reward systems are designed. Several sales managers in this study emphasized the importance of having an overall vision as a guideline for the other objectives and the need for goals to be consistent with this overall vision.

A sales director in a global construction and mining company commented, "If you have a clear vision, everything else in the sales management process becomes much easier." The importance of an easily-communicated, overall vision is also supported by the CEO at a global industrial solutions company: "Revenues and market shares do not constitute a good vision for the sales organization. You need something that engages the people in the field, something you can use as the foundation for collective pride."

Management processes involve systems that are consistent with the overall goals of the organization. For example, if the goal is to facilitate long-term relationships with the customer, the management systems must be calibrated accordingly.

Also, matching the right people with the right customers is critical. The different roles have to be analyzed with regard to which competences are required for different customers. For example, recruitment requires appropriate measures to be undertaken when the overall objective is to develop long-term customer relationships.

Individual development

The sales managers interviewed in this study also develop the individuals, including the sales force and managers. In order to promote understanding of various topics, they create insights, such as: (1) goals, (2) structure (frame), (3) organization, and (4) offerings.

Several sales managers emphasized that creating those insights engenders a feeling of responsibility that contributes to the sales people seeing themselves as part of a greater whole.

Several of the study respondents emphasized understanding the overall goals of the organization and making them tangible. By making the goals tangible, each sales person can easily see him or herself as part of a greater whole and realize what these general goals mean for his or her individual situation. The sales director at an employee consultancy firm suggested: "A salesperson should be able to sit down with his family on Sunday evening and discuss, what does he have to do this year in order for all of us to go to Thailand in December."

Salespeople must understand the role of the standardized structure and processes guiding the sales work (the frame) in order to believe that the structure and processes are designed to help not control them in their work. The CEO at a sales consultancy firm commented: "You have to be able to answer the question why when it comes to these issues, otherwise, they will never follow you."

Since many of the offerings provided by these organizations incorporate components and services from different divisions, managers have to create insights regarding other organizational units. The office manager at a mobile operator company commented: "You need to understand how, for example, engineers look on the world since they have different driving forces compared to salespeople. You need to create an understanding regarding this."

In the process of understanding different parts of the organization, it is also crucial to have an understanding of the offering as a whole. Creating insights includes the economic side of the offering, from pricing issues to a deals role in contributing to the overall results of the division and company. The sales director at a global industrial service company emphasized: "We created a tool for the sales force to understand a business deal as a whole with pricing issues, revenues, profit levels, and a specific deals implications for the bottom line of the company."

Conclusion

The author of this study suggest that contemporary sales processes are complex and dynamic endeavors in which various (sometimes conflicting) interests are ultimately managed by involved actors through goal-oriented balancing.

The holistic and integrative model proposed here describes the management process in two categories: frame development and individual development. Comprising these two categories is the core category of goal-oriented balancing, that conceptualizes the way these two mutually dependent dimensions are managed in real situations.

The idea that an important aspect of an effective sales management is the balance between organizational and individual dimensions is also supported in the extant literature. For example, Brown et al. (2005) described that sales managers must "motivate salespeople to pursue specific challenging goals that benefits the organization [and that] sales people´s personal goals must be appropriately aligned with organizational objectives" (p. 155). Similarly, in a study by Panagopoulos and Dimitriadis (2009), they emphasized the interconnectedness between sales force control system, transformational leadership, and salespersons outcomes.

Another example is a study by Zoltners et al. (2008) in which the author suggested a model that also emphasized the interdependence of different activities in a sales organization, such as company goals, strategy, and the different activities (such as efficiency drivers, structure, people. and activities).

In the field of organizational theory, the model presented in this study has similarities with a flexible leadership model presented by Yukl and Lepsinger (2005) that consisted of the following distinct determinants of organizational performance: efficiency and process reliability, innovation and adaptation, human resources, and relations.

In terms of contributions, this study develops a conceptual framework to provide a better understanding of complex sales management processes. And this model is not linear and sequential. Moreover, through this broader view, different dimensions present in sales management are effectively integrated.

In terms of practical contributions, the empirically derived model proposed in this study

can be used by practitioners to create a structure for a multidimensional process. This practical utility can range from issues of major import (such as strategic decision-making) to issues of internal management education and training (such as initiating a more reflective learning process).

Regarding corporate decision-making, the conceptual structure can be used to analyze management activities. The management team can use this structure as it represents a common language of otherwise fluid and intangible processes. As an example, this model can be used as a map to check whether different components have been considered properly and to see whether there is a state of balance between the different dimensions. Thus, this structure can assist managers in their analysis of the next step to enhance the productivity of the sales organization. Moreover, practitioners can use this model to get a comprehensive and coherent view of the present situation. Such a discussion can provide valuable insights into organizational strengths and weaknesses.

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