

# **A QUALITATIVE EXPLORATION OF THE DETERMINANTS OF SALESPERSONS' PERFORMANCE IN FINANCIAL SERVICES ORGANISATIONS.**

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## **Statement of Candidate**

I certify that the work in this thesis entitled “A Qualitative Exploration of the Determinants of Salespersons’ Performance in Financial Services Organisations” has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree to any other university or institution other than Macquarie University.

I also certify that the thesis is an original piece of research and it has been written by me. Any help and assistance that I have received in my research work and the preparation of the thesis itself have been appropriately acknowledged.

In addition, I certify that all information sources and literature used are indicated in the thesis.

The research presented in this thesis was approved by Macquarie University Ethics Review Committee, reference number: 5201400817 on 28 August 2014.

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## TABLE OF CONTENTS

<b>1. Abstract</b>	<b>4</b>
<b>2. Introduction</b>	<b>5</b>
<b>3. Literature Review</b>	<b>8</b>
a. Salespersons' Performance	8
b. Determinants of Salespersons' Performance	9
c. Organisational Performance	13
i. <i>Manager Support</i>	14
ii. <i>Manager Style</i>	14
iii. <i>Remuneration</i>	15
iv. <i>Salespersons' Role</i>	16
d. Outcome Performance	17
e. Behaviour Performance	17
i. <i>Selling Skills and Activities</i>	18
ii. <i>Salespersons' Performance and Effectiveness</i>	19
iii. <i>Motivation and Performance</i>	20
<b>4. Methodology</b>	<b>21</b>
a. Grounded Theory	21
b. Sampling	24
c. Data Collection	25
d. Coding and Data Analysis	27
<b>5. Key Findings</b>	<b>31</b>
a. Salespersons' Performance	31
b. Organisational Performance	31
i. <i>Manager Support and Internal Relationships</i>	32
ii. <i>Remuneration</i>	34
iii. <i>Salespersons' Role</i>	35
c. Outcome Performance and Measurements	37
i. <i>Technology</i>	39
d. Behaviour Performance	40
i. <i>Selling Skills and Activities</i>	40
ii. <i>Behavioural Styles</i>	41
iii. <i>Salespersons' Performance and Effectiveness</i>	43
e. External Factors	44
<b>6. Implications and Discussion</b>	<b>45</b>
a. Limitations and Future Research	52
<b>7. Conclusion</b>	<b>54</b>
<b>8. References</b>	<b>55</b>
<b>9. Appendix</b>	<b>64</b>

## 1. ABSTRACT

The importance of effective and high-performing salespeople is well acknowledged by companies operating in business-to-business (B2B) markets. The salesperson is responsible for creating demand for an organisation's products and services, resulting in revenue, the life-blood of a firm. However, although this topic has received considerable attention in the last few decades, researchers are still grappling with the key managerial and actionable outcomes of research that can assist organisations improve the performance of their salespeople. It is therefore important to possess an informed view on the determinants of sales performance of these B2B sales professionals.

The research study focuses on B2B salespersons' performance based on the views of senior sales executives from major Australian financial services companies. Using data collected from focus groups on B2B salespersons' characteristics and performance, the study provides a re-examination on how well do existing models and theory adequately represent individual sales performance. In particular, the study identifies the key "drivers" of individual sales performance, and concludes that sales performance is becoming increasingly influenced by organisational and external factors, aimed at encouraging and driving the salesperson's behaviour towards agreed and desired outcomes.

## 2. INTRODUCTION

Organisations of all types face numerous performance challenges, such as determining how to understand and respond quickly to changing customer needs, improve profitability, and how to compete in changing industry environments. While firms are continuously dealing with increased competition, managers are faced with tasks such as building organisational performance to maintain their competitive advantage. Employees are a vital resource to an organisation as the strategic goals can only be achieved through them (Grant, 1991), and meeting organisational sales objectives is a pre-eminent concern for nearly all organisations and employees.

Furthermore, the high value placed on sales in B2B markets is reflected in the number of people performing this role. In the USA, over 10% of the total workforce works full time in sales occupations, both non-profit and for profit (Bureau of Labor Statistics, 2014).

Additionally, companies spend over a trillion dollars annually on sales forces and sales force materials – more than on any other promotional method (Kotler and Keller, 2012). Similarly, the importance of sales is reflected in the UK, where over one million people are employed in sales positions and in the higher levels of remuneration they receive: £35,000 to £75,000 per annum (Ryals and Davies, 2010). In Australia, salaries for sales roles are also on the higher end of the pay scale. In the banking and financial services industry, a Head of Sales earns \$180,000 to \$250,000 p. a.; Business Development Manager \$110,000 to \$180,000 p.a.; Relationship Manager \$110,000 to \$140,000 p.a.; Pre-Sales Consultant \$140,000 to \$180,000 (Robert Walters, 2014 p. 268).

To meet these current and future challenges, organisations are seeking ways to understand and improve the B2B salesperson's productivity or performance, which is the main focus of the research study. Although this sales research challenge has received significant attention in the last few decades, researchers are still struggling with the key managerial outcomes of research that can assist organisations to action and improve the performance of their salespeople. For many organisations sales force performance is critical to the success of the organisation (Piercy, Cravens and Morgan, 1999). Therefore, understanding the determinants and measurements of sales performance of the B2B sales professionals is a critical contributor to the overall performance of the organisation, as it impacts all aspects of the planning and future direction the company (Churchill, Ford, Hartley, and Walker, 1985). Notwithstanding its importance, measurement and predictor of sales performance is still imperfectly understood. Despite the vast array of moderating, mediating and dependent variables, conceptualised using highly cited and reputable models (Churchill et al, 1985; Anderson and Oliver, 1987; Babakus, Cravens, Grant, Ingram and LaForge, 1996; Verbeke, Dietz and Verwaal, 2011), and with extensive literature reviews, the ability to predict sales performance is modest, at best. Most of the extant research explains a relatively moderately small variance in sales performance (2% to 10%), which therefore provides an opportunity to advance our understanding of sales performance and suggests a need for some new theoretical models to improve this predictability (Churchill et al, 1985; Anderson et al, 1987; Babakus et al, 1996; Verbeke et al, 2011).

The research on sales performance to date has had a dominant focus on the determinants of a salesperson's job performance and their behaviours; that is, how the salesperson acts, and what they do, when dealing with customers and prospects. The current study focuses more on the effects of "internally-directed" organisational factors on the salesperson's role and its

influence on salespersons' performance. Some early research studies on the sales role (Walker, Churchill and Ford, 1977; Weitz, 1981) as well as industry practitioner accounts (Stevens and Kinni, 2007), also explored these organisational factors. However, other than a few recent academic studies (Sujan, 1999; Weitz and Bradford, 1999), the sales literature has not focused much consideration to the internal organisational aspects of the salesperson's role and its influence on sales performance.

Therefore, a key objective of the research study is to develop a better understanding of the organisational influences on salespersons' performance, using the "grounded theory" method (Strauss and Corbin, 1998). The discussion is based on the results of seven focus groups comprising six B2B sales professionals in each group, with the further aim of discussing and comparing the findings to the existing sales performance literature. The organisational influence on salespersons' performance was a focus of the current study as it represented the immediate salesperson's environment, as well as being part of the broader organisational context (e.g. customers, partners, competitors, government). A starting point in the research is how sales performance is defined and measured amongst sales professionals and senior management in their organisations, followed by a discussion of the discerning factors that determine a B2B salesperson's performance; and then focusing on the organisational and external factors that influence salespersons' performance.

The research has the potential to make an important contribution to the field of selling and sales performance, and whilst delivering a level of interest to academics, the research findings will provide a heightened level of interest and value to organisations working in competitive industries, for boards and senior management, consultants and practitioners.

### 3. LITERATURE REVIEW

#### a. Salespersons' Performance

Literature relating to sales dates back nearly 100 years. The very first study on salesperson effectiveness and performance appeared in 1918 when Oschrin is credited with being the first researcher who examined sales performance, using a survey as the research methodology (Oschrin, 1918). A study on customer needs satisfaction was published seven years later (Strong, 1925). Mayer and Greenberg (1964) investigated the individual characteristics that are exhibited in high-performing salespeople.

In marketing and sales literature, sales performance has been defined and conceptualised in various ways and often there are inconsistencies in the manner this concept has been constructed. Churchill, Ford, and Walker (1992, Ch. 2) define performance as "behaviour that has been measured in terms of its contribution to the aims of the organisation". According to Walker, Churchill and Ford (1979, p 22), "sales performance results from carrying out a number of discrete and specific activities which may vary greatly across different types of selling jobs and situations". The above description suggests that the unpredictability in sales performance, results from the differences in selling situations, which also increase the contrasts in the salesperson's activities. To address this issue, Churchill, Ford, and Walker (1997) later suggested classifying the selling activities, which are typically based on a single criterion, such as the type of customer or prospect, type of product or service sold, type of organisation, and specific requests from salespeople. Darmon's (1998) classification based on the salesperson's mental processes involved is another perspective.



Anderson et al, (1987 p2), conceptualises sales performance as “consisting of salespersons’ outcomes as well as their behaviours”. These outcomes include revenue values, unit volumes, revenue and income, market share, gross margins, new accounts, and client attrition rates. Sales behaviours on the other hand, include selling skills and activities such as communication, presentations, negotiations, influencing, managing calls, time management, teamwork and territory planning. Other studies have also viewed sales performance consisting of both sales outcomes and behaviours (e.g. Behrman and Perreault, 1982; Cravens, Ingram, LaForge and Young, 1993; Oliver and Anderson, 1994; Challagalla and Shervani, 1996).

Another complete approach to sales performance activities classification is the ten components framework, developed by Moncrief (1986). These components are selling, working with distributors, entertainment, attending meetings, servicing products, working with orders, servicing accounts, travel, communication and information, and training and recruiting. These classifications were later validated through research by Marshall, Moncrief and Lassk (1999).

## **b. Determinants of Salespersons’ Performance**

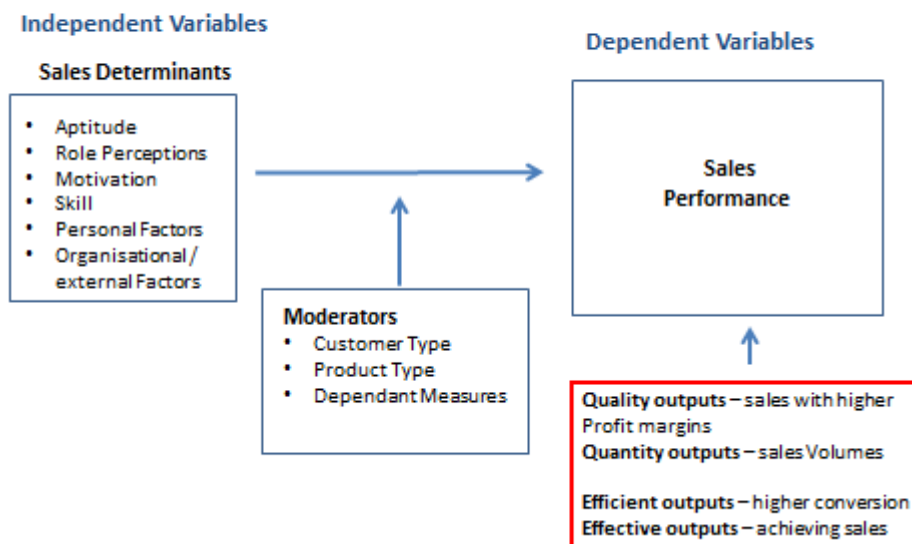
The complex nature of a salesperson’s job makes it difficult to identify predictors of the salesperson’s job performance, as well as, assess it. In early research, Thompson (1973 p.8) notes, “every contact a salesperson has involves different human problems or situation and there is no one sales situation and no one way to sell”.

Nearly thirty years ago, Churchill et al, (1985) published a seminal meta-analysis (based on 116 publications) on the determinants of sales performance that has shaped subsequent academic and managerial thinking on salespersons’ performance management. Churchill’s et

al, (1985) well cited and popular conceptualisation of sales performance is comprised of; behaviour, effectiveness and performance. Behaviour refers to the tasks and activities that salesperson's exhibit (e.g. selling skills, presentations, negotiations). Effectiveness refers indirectly to their behaviours as a function of additional factors that may not be under the control of the individual salesperson (e.g. company policies, territory size and potential, competitor actions). Sales Performance relates to behaviours that contribute toward the realisation of the salesperson's and organisational goals (e.g. revenue, new accounts). Churchill's et al, (1985) model also links the salesperson's aptitude, role, motivation, skill level, personality, and organisational / external factors directly to specific selling behaviours, which in turn impacts the performance of the salesperson (See Figure 1).

**Figure 1**

## The Determinants of Salesperson performance



Adaptation based on Churchill, G.A., Ford, N.M., Hartley, S.W., Walker, O.C. (1985).  
Salespersons' Performance model

It is important to note at this early stage that, among the extant studies of predicting sales performance, the highest variance explained by any of set of independent predictors is still less than 10% (See Table 1 – Percent of Variance in Performance Explained:  $R^2$ ).

As Churchill et al, (1985 p. 107) stated “The best choice of predictors of salesperson’s performance can only explain around 10% of the B2B salespersons’ performance”.

**Table 1**

### **Determinants affecting sales performance**

<b>Variables Affecting Sales Performance</b>	<b>Number of Correlations Reported</b>	<b>Weighted Mean Correlation Coefficient (R)</b>	<b>Percent of Variance in Performance Explained (<math>R^2</math>)</b>
1. Aptitude	820	.138	.019
2. Personal Characteristics	407	.161	.026
3. Skill Levels	178	.268	.072
4. Role Perceptions	59	.294	.086
5. Motivation	126	.184	.034
6. Organizational/Environmental Factors	51	.104	.011

Adaptation based on Churchill, G.A., Ford, N.M., Hartley, S.W., Walker, O.C. (1985).  
Salespersons’ Performance model

Reflecting on the relatively modest contribution, Churchill et al, (1985) noted two major limitations of his study. Firstly, is the static nature of the data used, which means that the “correlations do not reflect salesperson-customer interactions in specific sales situations”.

Churchill et al, (1985 p116). Secondly, the studies used for the meta-analysis, measured sales

performance differently. Churchill et al, (1985, p117) further emphasised that future research must focus on influenceable factors such as “more effective company policies and procedures (e.g. skill levels, role perceptions and motivation, rather than on enduring personal factors (e.g. aptitude and personality). Inconsistency among these studies has also been attributed to different types of sales jobs and to the moderating impact of product and customer categories. In explaining these variations in the literature, Churchill et al, (1997) later suggested that the conflicting results may be due to the variety of selling roles and responsibilities across organisations and industries. In addition, since many sales roles are moving towards greater task specialisation this difference is likely to increase even further between salespeople within the same organisation (Colletti and Tubridy, 1993).

Further, salesperson’s customer orientation, widely recognised as an important determinant of sales performance, explains only about 2% of the overall variance in salespersons’ job performance, as reported in Jaramillo, Ladik, Marshall, and Mulki’s (2007) meta-analysis research of 16 papers. Similar results have also been obtained for factors such as job satisfaction, job involvement, and customer orientation, with each of these factors explaining less than 4% of the variance in sales performance (Joshi and Randall, 2001; Holmes and Srivastava, 2002;).

Over the past two decades, much has been written about determinants of sales performance based on attribution theory (Kassin, Fein and Markus, 2008). Researchers have attempted to understand the attributions (the process by which individuals explain the causes of behaviour and events), that sales professionals make after successful or unsuccessful sales presentations. One noted theoretical framework suggests the attributions affecting sales performance are effort, ability, strategy, task difficulty, and luck (Teas and

McElroy, 1986). Other authors suggest that effort and sales strategy are the two key contributors of sales success (Sujan and Weitz (1986). Dixon, Spiro and Jamil (2001) found that salespeople identify both internal factors (e.g. effort and strategy) and task difficulty as the two contributors of sales success. Dixon et al, (2001) also suggests that salespeople who work smarter, rather than harder, attributed failures to effort and strategies and displayed behavioural intentions to rework them, whereas those attributing failures to task difficulty wanted to seek internal support rather than increase effort. Alternatively, salespeople who attributed sales failures to task difficulties showed intent to avoid such situations in future (Dixon et al, 2001). Thus, consistent with Teas' et al, (1986) results, Dixon et al, (2001) concludes that when salespeople attribute failures to factors beyond their control, it leads to a fall in their expectations. However, when they attribute failures to internal organisational factors, salespeople are willing to work to rectify them. Dixon et al, (2001) also found that salespeople with higher confidence levels made more stable attributions about their sales success to factors that were not under their control.

### **c. Organisational Performance**

According to Richard, Devinney, Yip and Johnson (2009), organisational performance encompasses three specific areas of companies' outcomes: financial performance (e.g. revenue, net profit, cash flow); product market performance (e.g. sales, market share, customer retention, customer growth); and shareholder return (e.g. return on investment, working capital). Over the past decade, many organisations have attempted to manage organisational performance using the balanced scorecard model (Kaplan and Norton, 2001), where performance is tracked and measured, using multiple dimensions such customer

service, social responsibility, corporate citizenship, and employee engagement, and not just solely on financial terms. The internal organisational factors which have an impact on a salesperson's performance; manager support, managerial style, remuneration, and the role of the salesperson, will now be further discussed.

### ***(i) Manager Support***

Manager support is defined as “the degree to which the salesperson's immediate manager assists them with selling-related tasks, provides guidance to complex issues, and mentoring” (Plouffe, 2010, p 540). As manager support is designed to assist salespeople effectively meet client demands, ensuring sales manager support has been argued to enhance sales performance (Jolson, Dubinsky, Yammarino and Comer, 1993; Rich, 1999; Sujan, 1999). Although the academic literature provides evidence that manager support can help salespeople perform better, there may be instances where “overly supportive” managers protect salespeople from having to deal and engage with co-workers and deal with the firm's internal systems. Salesperson learnings about the management and design of the organisation and developing relationships with staff members, who may be vital to their future sales success, could be reduced.

### ***(ii) Manager Style***

Some managers use reinforcement and punishment in their managerial styles in order to increase positive sales performance. Positive reinforcement is about rewarding sales professionals with something pleasant for their positive behaviour so that such behaviour will be repeated (Flora, 2004). On the other hand, negative reinforcement such as guidelines to be used to avoid disapproval of managers, encourages employees to act and behave in a way to avoid unpleasant results; thus the behaviour of employees is encouraged not to be

repeated (Flora, 2004). Punishment differs from negative reinforcement as the former involves facing a negative consequence so that certain behaviour would not be repeated, whereas negative reinforcement takes away something that is already present. Disciplinary actions such as a low or no bonuses are an example of punishment for a salesperson (Slocum, Jackson and Hellriegel, 2008).

### ***(iii) Remuneration***

Some researchers focus on rewards and their effect on sales performance (Walker et al, 1977; George and Bettenhausen, 1990; Huselid, 1995). The most popular reward to maximise sales performance is through salary or wages. However, wages and salaries can also affect job satisfaction negatively as it may cause stress. Artz (2008, p2) argues that “the greater stress that comes from performance pay and the associated monitoring can also lower work satisfaction levels, and it can cause differences of earnings amongst employees, performance pay leads to a wider distribution of earnings amongst employee, and can decrease their morale and productivity”. Artz (2008) also argues in the research study that performance pay is only effective in large sized companies and can only be used if sales professionals are really satisfied with their job. However, rewards are not only related to income (Chamorro-Premuzic, 2013). Other examples of rewards could be gifts such as merchandise and additional holidays. There are companies who perceive intangible rewards as an effective motivator. According to Arthur (2001), one of the most productive and beneficial methods to keep sales professionals and employees motivated is employees’ suggestion schemes where employees are encouraged to share their opinion and receive acknowledgment for their contributions from senior management.

#### ***(iv) Salespersons' Role***

The traditional role of sales has been defined to “stimulate, rather than satisfy, demand for products” (Weitz and Bradford, 1999 p 243). To persuade customers that they need a supplier’s product, salespeople in their role have focused on short-term results for their organisations by “using aggressive selling techniques to persuade customers to buy their products” (Weitz and Bradford, 1999 p244). However this short-term view is changing, as the salesperson in B2B industries is becoming increasingly involved in longer-term sales strategies and roles such as; developing partnerships and strategic alliances, co-ordinating and managing sales and service teams, providing customer service, understanding buyer behaviour, coordinating information flows into sales systems, budgeting and forecasting sales, providing information on industry and market trends, and more recently, becoming a main user of technology (Fogel, David, Rocco and Strunk, 2012). Major customers are becoming more demanding of their suppliers, and in most cases, it is the salesperson and that is responding to these growing demands (Dixon and Adamson, 2011). The salesperson in many industries has evolved from an order taker into a customer relationship manager (Weitz et al, 1999), and organisations who best provide the manner which their customers wish to purchase, tend to perform better (Ahearne, Jelinek and Jones, 2007). Increasingly, a sales professional, to be effective and perform to organisational expectations, needs to understand the interactional nature of personal selling and how it relates to organisational objectives and the external environment (Ryals et al, 2010). Also, salespeople need to explore their own organisations to interact with key co-workers, who may have the resources, decision-making authority, and ability to determine company policy in the salesperson’s favour. These are all important influences on the salesperson’s sales performance in dealing with current customers or prospects. The overall implication being



that salespeople need to be able to work effectively and create internal relationships within their own organisations in order to get what they need, to satisfy the ever-increasing demands of their customers and potential clients (McGregor, 2006).

#### **d. Outcome Performance**

Sales performance is at the forefront of the salesperson's mind. Achieving and surpassing sales targets remains a dominant focus for people in sales roles and confirms the literature which highlights that, ultimately, salespeople are predominantly results driven (Lorge, 1999).

Traditionally, sales management has based performance evaluation on the outcomes or results of salespeople (Piercy, et al, 1999). Sales performance is made up of results attributable to the salesperson, such as sales, market share, new accounts, profitability, customer satisfaction (Zallocco, Pullins, and Mallin, 2009). These traditional outcome measures are widely used, despite the complication of directly linking these outcomes with other key determinants of salespersons' performance (Ryans and Weinberg, 1981); that is, connecting behaviour (e.g. skills and motivation) and effectiveness, and to non-controllable factors like organisational and external factors (e.g. company reputation, manager support, partnerships and alliances).

#### **(e) Behaviour Performance**

Behavioural sales performance refers to all the strategies and activities which are carried out during the sales process, like meetings, presentations, listening, and selling (Franco-Santos and Bourne, 2009). In contrast, outcome performance refers more to the results (e.g. sales, volume, and market share) of the salesperson's efforts.

Churchill et al, (1985) and Weitz (1979) have argued that salespersons' behaviour must be tailored to distinct customers and their activities in specific selling situations, and that this ultimately decides their success. Behrman and Perreault (1982) and Weitz (1981) identified seven specific sales attributes and behaviours of effective and high performing salespeople:

1. Cooperating and working with people (both externally and internally)
2. Very good use of technical product and organisational knowledge
3. Controlling organisational expenses
4. Providing good quality information
5. Creating goodwill
6. Establish and maintain relationships with customers
7. Good at time and territory management and make good presentations.

Sujan et al, (1986) and Dixon et al, (2001) have also suggested that effective salespeople work smarter rather than harder and apply a learned set of applicable behaviours to increase the probability of sales success. One of the important determinants of salespersons' performance is selling skills (Churchill et al, 1985), which will now be discussed further.

#### ***(i) Selling Skills and Activities***

Sales skills such as communication, coaching and mentoring are some of the many selling skills that B2B sales professionals need as they are considered important to work in highly competitive and rapidly changing environments (Rees and Porter, 1996). However, increased international competition, constant changes in technology and higher customer expectations have caused changes in the skills that sales professionals need to be productive (Hitt, Keats and DeMarie, 1998). One way of nurturing sales performance and having effective performance management is through training and development programs, so as to

help staff develop their competencies (Akgun, Lynn, and Byrne, 2003). Sales Training is defined as “activities that help sales professionals overcome limitations and improve performance in their current role, practices that help salespeople gain the competencies they will need in the future in order to advance in their careers” (Slocum et al, 2008, p358). Training is intended to enhance learning amongst sales professionals in acquiring technical, scientific and interpersonal skills, together with proficiency in order to perform a task well (York, 2010). Informal training is considered efficient and effective in organisations which are continuously faced by changes in technology and in competition, such as in a financial services organisation (Liu and Batt, 2007). Performance appraisals provide managers with a method to evaluate the performance of sales people and to communicate with them what they need to change in their performance such as which skills they need to learn and acquire in order to perform more effectively (Dixon et al, 2001). Moreover, coaching and mentoring salespersons could improve the experience of training and makes it more effective.

## **(ii) Salespersons’ Performance and Effectiveness**

The analysis of salespersons’ performance and effectiveness, and especially the determining variables and measurement, is of great interest to business (Küster and Canales, 2011). As Drucker states, effectiveness is “doing the right thing” and efficiency is “doing the thing right” (Drucker, 1974). Translated to a selling environment, sales effectiveness means all the strategies that are needed to achieve selling outcomes (Churchill et al, 1985).

Sales professionals’ performance and effectiveness have an impact on the overall organisational performance, and thus an organisation’s future is reliant on them (Rich, 1999; Ingram, LaForge, Avila, Schwepker and Williams, 2001; Olson, Cravens and Slater, 2001).

The identification and analysis of the activities undertaken by salespeople when performing their role assists in the evaluation of their performance and effectiveness (Atkinson and Koprowski, 2006). It is even more critical as sales capability and sales performance is a serious concern to senior management, with senior sales executives stating that “executives were underwhelmed by their sales forces’ performances” (Atkinson and Koprowski, 2006, p1).

Plank and Greene (1996) suggest that personal selling effectiveness is intrinsically linked with individual sales performance; however, this is different from the selling behaviours that lead up to a sale. Plank et al, (1996) suggest the quality and appropriateness of behaviours for a particular sales situation leads to sales effectiveness. Weitz’s (1981) contingency framework suggests that a salesperson’s effectiveness is also predicted by sales behaviours, and a function of the salesperson’s resources (e.g. organisational knowledge and selling skills), the nature of the buying task (simple to complex), the salesperson-customer relationship (transactional to partnership) and all interactions among all these factors. Weitz (1981) defines salesperson effectiveness as “the degree in which the preferred solutions of salespeople are realised across their customer interactions” (Weitz, 1981 p.247).

### **(iii) Motivation and Performance**

As seen in the Churchill et al, (1985) study, motivation plays an important role in selecting and retaining a competent sales workforce within an organisation.

According to DuBrin (2009, p371) motivation is defined as “the expenditure of effort to accomplish result, effort which results from a force that stems from within the person”.

Additionally, “motivation is a psychological state that exists whenever internal and/or external forces stimulate, direct, or maintain behaviours” (Slocum et al, 2008, p358). Also,

the managerial style adopted within an organisation may affect whether salespeople are motivated, or not, at their place of work.

As stated earlier, most of the academic sales literature focuses on behavioral categorization; e.g. motivation, leadership, aptitude, skills and knowledge. The Churchill et al, (1985) model provides a well recognised framework to address key components of B2B sales performance within the financial services industry in Australia. The focus of the current study is on identifying and analyzing the key organisational /external factors, which the Churchill et al, (1985) model acknowledges. Consequently, it is expected that the study will provide a credible framework from which sales performance can be understood and applied and that the study will also add value to the academic literature and assist organisations improve the performance of their B2B sales forces.

Therefore the primary research questions of the study are:

1. What are the key “drivers” of individual salesperson performance?
2. To what extent do the organisational / external variables impact individual salespersons’ performance?

## **4. METHODOLOGY**

### **a. Grounded Theory**

Consistent with a range of research studies in services marketing (Locke, 1996), consumer research (Fournier, 1998; Pettigrew, 2002), marketing strategy (Noble and Mokwa, 1999), marketing communications in the financial services sector (Asif and Sargeant, 2000), and

within the B2B marketing field (Minett, 2002; Wagner, Lukassen and Mahlendorf, 2010, Wilkinson, 2013), the research study proposes using grounded theory as an appropriate method for research on business-to-business (B2B) sales performance. Further, the use of a qualitative methodology is consistent with research that has been designed and conducted in studying organisational strategies and behaviours (Cross and Sproull, 2004), including in the fields of sales research (Geiger and Turley, 2003; Jones, Dixon, Chonko, and Cannon, 2005; Malshe and Sohi, 2009).

There are two primary reasons why the grounded theory method was chosen for the research. Firstly, the grounded theory method was considered necessary because existing theories did not adequately explain the complex B2B sales performance issues under examination (Creswell, 2007). Secondly, the researcher needed a more detailed understanding of the issues underlying the research topic which could only be obtained through focus groups of senior B2B sales professionals.

Grounded theory can be described as a research method in social sciences that is aimed at the development of theory grounded in empirical data. Initially, Glaser and Strauss (1967) developed the *inductive* grounded theory approach, emphasising the close examination of empirical data, before reading and adapting the existing literature. These authors argued that theory should be developed from the collection of empirical data, and that prior existing knowledge would taint research design, data collection and interpretation (Locke, 1996).

Later, Strauss and Corbin (1998) advocated an *abductive* approach in the use of grounded theory as a reputable qualitative research method. Grounded theory is a form of research methodology that enables researchers to obtain in-depth understanding of a phenomenon and to develop an explanation or theory that is “grounded” in data from participants who

have experienced that phenomenon (Strauss and Corbin, 1998). While the theory is expected to emerge from analysis of the relevant data, having prior theoretical knowledge facilitates the interviewing process by developing and asking effective and relevant questions, and analysing the data (Reichert, 2007).

Both these grounded theory approaches are acceptable in the field of academic research (Reichert, 2007). The Strauss and Corbin (1998) *abductive* method was adopted in the research study, as the researcher has applied moderate levels of experience and knowledge of the extant literature to develop research aims and questions for the participants in the focus groups. However, the data analysis has not been biased or distorted due to any extensive knowledge of sales performance theories relating to B2B selling environments.

In grounded theory, researchers code the data to identify emergent and current categories and themes that provide an explanation and theory rather than provide generalisations (Malshe and Sohi, 2009). Using grounded theory, the data collected is coded to identify any emergent categories and themes that may provide an explanation for the phenomena in the current study. During the data collection process, the researcher conducted a set of seven focus groups (six people per group), from which the data was coded and analysed to identify any new themes and/or a better understanding of existing themes. The process of collecting data from participants in the focus groups, and then comparing it to emerging categories is called the constant comparative method (Creswell, 2007). The researcher concluded the focus groups when no additional insights emerged from the data provided; this is known as reaching theoretical saturation (Corbin and Strauss, 2008). At the conclusion of the seven focus groups, no further focus groups were needed.

It is important to note that the data collection and data analysis preceded the review of the relevant sales performance literature in order to allow the emergent themes to most closely reflect the nature of the data, as opposed to the findings and conclusions drawn from the academic literature. This means that the data collected from the study will enable concepts to be developed objectively, and to be compared in detail with existing theory relating to B2B sales environments.

## **b. Sampling**

In regards to sampling, and in accordance with the guidelines of the grounded theory method, we used a theoretical sampling scheme (Corbin and Strauss 2008, Ch. 7) to select experienced middle to senior B2B sales professionals from financial services firms in Australia. This allowed the research team to maximise the variation and perspectives from participants working in different financial services organisations.

The research was conducted with B2B salespeople, who are currently working in the Australian Financial Services industry, who had at least five years sales experience in key B2B sales roles. The researcher approached 45 B2B sales professionals, three people declined, for confidentiality reasons, resulting in a final sample size of 42 (seven groups of six people). The participants worked for several financial services companies, representing different roles and responsibilities (See Table 2). The number of participants, coupled with the selection criteria, allowed the researcher to explore the sales performance issues and measures in depth. Each of the focus groups was comprised of participants from within the same organisation. This ensured that no competitor firm participants had access (to hear, see or read) any sensitive corporate material and /or business practices around sales performance.



**Table 2: Title Categorisations in the Sample**

Level	Job Title	No. of Participants
Senior	Account Development Executive	4
Senior	Account Executives	4
Middle	Account Manager	5
Middle	Relationship Manager	3
Senior	Business Planning Executive	2
Middle	Client Manager	4
Middle	National Client Manager	3
Senior	National Manager	4
Middle	Pre-sales Consultants	3
Senior	Regional Manager	4
Senior	Head of Sales	1
Senior	Business Development Manager	3
Middle	Inside Sales Executive	1
Senior	Global Sales Training and Effectiveness Director	1

**(c) Data Collection**

To maintain consistency in probing, and in the depth of data collection and analysis, the researcher organised and conducted all the focus groups. Focus groups are suited to grounded theory as they are inductive - building on theory from data, (Bader and Rossi, 1998, Kitzinger and Barbour (1999). It is acknowledged that in-depth interviews could have been used, as they also provide an effective tool and environment where participants would be likely to speak more openly and frankly about sensitive topics (Anastas, 1988). Also, some

participants may have been intimidated by having their senior managerial colleagues in the same focus group, and thus impact the expression of their “true” thoughts and feelings on your various questions. However, the sales performance topic was one in which all the participants in the eight focus groups (six per group) spoke openly about and in the presence of others work colleagues. Also, a number of logistical considerations also guided the choice regarding the type of data collection method to be used. Accessing the participants; organising times for conducting the research; aiming to gain a large sample size; all these factors were also considered, which favoured using focus group as against one-to-one in-depth interviews, for the study.

The focus groups conducted were discovery-oriented (Deshpande, 1983), lasting between 60 and 80 minutes, held at a neutral venue, convenient to all the participants. All the focus groups were conducted “face-to-face”. The communication approach helped the researcher establish rapport with the participants, probe deeper with the questions, and gauge their reactions better (e.g. reading their facial expressions). A set of open-ended questions was prepared ready for prompt participant discussion (see below). The focus groups were conducted, not as a “question and answer” type session but in an exploratory manner, so the discussion was influenced by the participant’s interpretations and commentary of sales performance, on their personal perspective and from their current and past B2B sales roles (Corbin and Strauss, 2008).

Following the introductory interview protocols (including the ethics procedure), open-ended questions about sales performance was introduced, followed by probing questions.

- *How long have you been in a Sales role? How long have you been in sales in this industry? How long have you been in sales with your current employer?*

- *Tell us about your current sales role, including your specific accounts, specialisation of any industries, geographic areas, your objectives (probe: has this changed over the years, and if so, how).*
- *What does your organisation focus on with “sales performance”? (probe: outcomes, behaviours, client satisfaction, partnerships, internal relationships). And how is this measured? (probe: internal and external evaluation tools and outcomes).*
- *What does sales performance mean to you? (probe: any difference with roles, has it changed over the years).*
- *What are the organisational and external factors that determine your sales performance? How important are these? Provide some examples. (probe: Internal systems and relationships, manager support, remuneration, measurements, use of technology).*
- *(Probe into the relationship with the immediate sales manager – how supportive? Mentoring role? Provides help and assistance when needed? Overcome any internal problems? Communicates clearly?)*
- *How do you define “sales effectiveness”? (probe: some examples of what this means).*

During the focus groups the researcher allowed the participants to guide the flow and content of discussion, asking for examples, clarifications and related details, as they spoke. The researcher maintained objectivity during the focus groups (time period for each focus group was 60 to 80 minutes) to reduce bias (McCracken, 1988) and made efforts to clarify ambiguities. It enabled the participants to elaborate on certain aspects they deemed important. The researcher took notes and the focus groups discussions were taped using a digital recorder and later transcribed by the researcher.

#### **d. Coding and Data Analysis**

Using grounded theory, the coding process began immediately after the focus groups were completed, as suggested by Bryman (2008). The coding process used narrows the data from broad themes to narrow themes. The data collected from the focus group transcripts was managed using NVivo 10 software and was initially analysed using the process of open

coding (Corbin and Strauss, 2008). The NVivo 10 software was used for qualitative data management, to maintain participant contact records, focus group transcripts, and any other related documents as they were collected. Open coding is the first of three distinct coding processes, which meant the data was approached with a completely open mind as to its meaning. Initial analysis focused on, and identified, important NVivo codes, which are concepts based on the actual language used by the interviewee (Corbin and Strauss, 2008). The result of this open coding process yielded 51 codes or first-order categories (See Table 3). The surprising development at the first stage was the emergence of categories that were more related to salespeople's organisational factors, such as the importance of internal relationships within the organisation, manager support, rather than purely on sales outcomes.

In the second axial coding stage, the researcher searched for relationships between and among the categories (Corbin and Strauss, 2008). For example, "organisation" transpired to be a central category connecting concepts such as "manager support", "manager style", "remuneration", "internal relationships".

In the third and final selective coding stage (Corbin and Strauss, 2008), various concepts were gathered from the axial coding stage and assembled into higher-order categories. This involved looking for a storyline or themes in the data that also guided understanding of the developing framework. The evaluation of the themes was based on three criteria: Firstly, how many times participants mentioned an idea or theme; secondly, the insightfulness of the participants' discussions; and thirdly, applicability to B2B service industries (Tuli, Kohli, and Bharadwaj, 2007).

The four key themes to emerge from the final stage were behaviour, outcomes, organisation and external (See Table 3). Also, at the concluding stage, the researcher was very conscious of not forcing emerging patterns into preconceived categories (Gummesson, 2003). Different categories occurred within these main themes sorted by a number of distinctive and shared features. These are discussed in the Key Findings and Implications and Discussion area of the paper. Interestingly, the core themes (behaviour, outcomes, organisation and external) do not represent a hierarchy in status or priority, whether more or less, or higher or lower. Judging from the focus groups, all the main categories are vital for knowing and understanding the key factors of sales performance; one is contingent upon the other.

**Table 3**  
**InVivo Codes, Categories and Themes for Salespersons' Performance**

<b>In Vivo Codes</b>	<b>Major Categories</b>	<b>Key Themes</b>
<ul style="list-style-type: none"> <li>▪ Meetings</li> <li>▪ Presentations</li> <li>▪ Listening</li> <li>▪ Selling Skills</li> <li>▪ Product knowledge</li> <li>▪ Communication</li> <li>▪ Interpersonal skills</li> <li>▪ Behavioural style</li> <li>▪ Professionalism</li> <li>▪ Motivation</li> <li>▪ Leadership</li> <li>▪ Effectiveness</li> <li>▪ Efficiency</li> <li>▪ Integrity</li> <li>▪ Trust</li> </ul>	<ul style="list-style-type: none"> <li>▪ Behavioural Style</li> <li>▪ Selling Skills</li> <li>▪ Leadership</li> <li>▪ Motivation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Behaviour</li> </ul>
<ul style="list-style-type: none"> <li>▪ Targets</li> <li>▪ Budgets</li> <li>▪ Profit margin</li> <li>▪ Selling mix</li> <li>▪ Variance</li> <li>▪ Measurements</li> <li>▪ Products</li> <li>▪ Client relationships</li> <li>▪ Growth</li> <li>▪ Client satisfaction/feedback</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales</li> <li>▪ Margins</li> <li>▪ Growth</li> <li>▪ Client satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Outcomes</li> </ul>
<ul style="list-style-type: none"> <li>▪ Reputation</li> <li>▪ Remuneration</li> <li>▪ Manager support</li> <li>▪ Organisation goals</li> <li>▪ Company policy</li> <li>▪ Vision and mission</li> <li>▪ Product mix</li> <li>▪ Orientation</li> <li>▪ Culture</li> <li>▪ Staff Relationships</li> <li>▪ Productivity</li> <li>▪ Expectations</li> <li>▪ Relationship with Management</li> <li>▪ Company policies</li> <li>▪ Procedures</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manager support</li> <li>▪ Manager Style</li> <li>▪ Remuneration</li> <li>▪ Internal Relationships</li> </ul>	<ul style="list-style-type: none"> <li>▪ Organisation</li> </ul>
<ul style="list-style-type: none"> <li>▪ Global trends</li> <li>▪ Industry</li> <li>▪ Markets / Emerging Markets</li> <li>▪ Clients' / Customers</li> <li>▪ Opportunities</li> <li>▪ New clients</li> <li>▪ Partnerships</li> <li>▪ Competitors</li> <li>▪ Channels</li> <li>▪ Risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Global trends</li> <li>▪ Partnerships</li> <li>▪ Alliances</li> <li>▪ Competitors</li> </ul>	<ul style="list-style-type: none"> <li>▪ External</li> </ul>

## 5. KEY FINDINGS

### (a) Salespersons' Performance

The first finding that emerged from the participants was the different understanding of what is meant by “sales performance”, a factor largely influenced by their role in the organisation. Senior managers prefer objective measures and outcome-based sales performance and success, and talk about performance in terms of absolute numbers, revenues and outcomes, as illustrated with the quotes below:

- *You have to demonstrate that you're achieving things in terms of getting targets (Sales Manager)*
- *The top 20%, who are probably delivering 80% of the results, are the key people in the company (Vice-President Sales)*
- *The top 20% to 30% of sales people are hitting very ambitious numbers on a regular basis (Business Development Manager)*
- *The bottom 10% to 20% of performers is what I need to know about (Regional Manager)*
- *You have to demonstrate that you're achieving things, getting spectacular results in terms of getting the targets that you are given (Account Development Executive)*

Middle level salespersons' views were heavily influenced by the relationship with their clients, which often meant being the “voice of the customer” within the organisation.

- *I make sure my top clients are being serviced 100% at all times.....even if it means bringing co-workers into helping client's need (Account Manager).*

### (b) Organisational Performance

One of the more critical findings from the participants in the focus groups, is that effective sales management practice requires the endorsement and sponsorship from the executive and senior management level.

Also, participants noted a sense of real ownership by the organisations' senior executive for the overall performance of the salespeople and teams. For example, formalised training is conducted for all new salespeople, which could take 6 to 8 weeks. The business benefits of sales training are higher employee retention, shorter time to expected productivity levels, and increased client satisfaction levels. It also means new sales employees learn more about the organisation's culture, socialise with other new and existing staff members, establish performance goals with their managers, and become familiar with the local practices and procedures of the company. Also, understanding the organisation's vision and aligning the goals throughout the firm, including the sales area, from region to country to territory to client, is a critical component in the B2B salesperson's performance.

- *You need understanding of the big vision of the organisation.....also understand what the goals the leadership has set to be successful (National Manager)*

As B2B sales professionals are exposed to different accounts and sometimes go to far-distant territories, knowing company procedures and policies is vital to achieving their expected sales performance. These findings are further distilled into the following key categories: manager support and internal relationships; salesperson's role; remuneration; measurements and technology.

#### ***(i) Manager Support and Internal Relationships***

The importance of gaining manager support and building and maintaining internal relationships within the organisation, was consistently mentioned amongst all the participants, and consequently closely linked to performance of B2B salespeople. A key message carried consistently throughout the research study from the participants was the



need to “develop relationships internally” and gain acceptance and support from work colleagues throughout the organisation, to achieve sales success.

- *You need the internal machinery to be able to deliver that proposition to customers (Account Manager).*
- *I look at how good and how effective they (salespeople) are internally because to be effective in sales you have to be effective internally within your business (Account Development Executive).*
- *You need to get the internal support systems behind you to get the client on board...if you don't get the internal staff and structure aligned to the client's needs then the proposition fails (Business Planning Executive).*

There seems to be some confusion as to how accurately internal relationships are measured in relation to sales performance, despite its relative importance. Most participants referred to the balance between looking after relationships with clients, managing relationships with senior management, and adhering to company policies (in which most middle-level salespeople have little say). Senior managers view outcomes and satisfaction levels from both the client and internal management perspectives, while the middle-level salesperson is more closely linked to the needs of their clients. While mid-level sales professionals are very aware of internal procedures and policies, they often become frustrated at adhering to them, as there may have been a negative impact to their own sales performance. For example, getting approvals for medium to large size projects and deals may require a significant number of signatures that may take more time than expected for the salesperson and client. Senior management may argue that risk management implications and cash flows need to be fully considered on many sales proposals. This scenario highlights the importance of relationships between the sales professional and internal management and administration colleagues. A top performing salesperson is able to access the key people and

quickly and obtain their feedback and approval faster, than those who didn't have these internal relationships in place.

- *The internal tools and processes and relationships are all vital.....we need to get authority of legal matters.....on commercial terms.....on technical terms... on risk levels (Business Planning Executive).*
- *I would argue that in this organisation your working relationship with your colleagues and peers is equally or more important than with the external customer (Head of Sales).*

## **(ii) Remuneration**

Another important finding related to sales performance and objective setting is the sales professional's remuneration, which nearly all participants actively discussed. Interestingly, and almost unanimously, all the participants preferred a higher salary and lower bonus package, in contrast to the low salary – high bonus structured salary package, which was traditionally offered. The participants feel that less commission-based remuneration packages promotes more long-term strategic decision-making by the organisation, put the interests of the clients first, and provided more security for the salesperson's employment status.

- *The change to a higher salary and lower bonus meant I was able to get a home loan...before the salary change, I wasn't able to get one (Relationship Manager).*

The high salary-low bonus payment method was acknowledged as the best remuneration scheme for maximum sales performance, even amongst participants in "new business development" or "acquisition" roles, where large bonuses / lower salaries have been a feature of salespersons' salary packages in the past. The almost universal sentiment may also indicate that the focus of organisations is moving away from a transactional style of

selling to a more strategic, long-term partnership based approach, which was evident in many of the participants' statements:

- *It is really important to develop relationships, long-term partnerships with all your clients... (National Client Manager)*
- *Clients I represent see me as a business partner not a salesperson... (National Manager).*
- *Partnerships ...globally...is what is driving the business in the future... (Head of Sales)*

### ***(iii) Salespersons' Role***

All the participants recognised, and understood, the significance of maintaining current customers and prospecting for new clients in different industries. The main roles in the Sales area are well understood (e.g. Account Executive, Account Manager, Account Development Executive, Sales Manager), although different terminology is sometimes used for similar roles in different organisations.

The sales positions it was found, can be categorised into three broad categories: managing sales teams (managing, coaching, mentoring, directing); managing existing customers (relationships); and new business (client acquisition). Interestingly, a lot of the discussion amongst participants was about the changing role of sales management.

- *The role has become quite analytical, quite spreadsheet orientated ...sometimes I think we track things in far too much detail which, in the end, adds no value (Regional Manager).*
- *The role of the sales leader is to demonstrate those correct types of behaviours...so people with less experience can learn (National Account Executive)*
- *What it should be is coaching and mentoring but there is little time for this (National Client Manager)*
- *With the right coaching, a salesperson's behaviour can, and does improve (Global Sales Training and Effectiveness Director)*

- *I have inherited my sales team....who have a wide range of abilities and skills (Regional Manager)*

Even though the focus groups had a good mix of sales roles (e.g. Head of Sales, Client Manager, Account Managers, Relationship Managers, Business Development Manager, Regional Managers and Pre-Sales Consultants) there was insufficient time to explore the nature and responsibilities of each of these roles. The overall focus of the current study was on how leadership and exhibiting the correct behaviours impacts sales performance.

However, this would be a potentially productive area to research further; for example, to discover the differences between service and product teams.

Another important finding that emerged from the focus groups is, within their own organisations, salespeople seem to have minimal influence in the formulation of company goals and strategy; even though their own performance has a direct influence on the overall results of the organisation. From a salesperson's point of view, this "top-down" approach, on how organisational goals are set, (from global to region; region to national; national to state; and state to territories), could promote a more short-term outlook for individual and team sales goals, even if the vision and mission are understood and agreed upon.

- *The head office will have set outcomes and expectations ...this flows to the regions and countries and state areas....you need to be fully aware of this (Regional Manager)*
- *New opportunities and the seeking out of new clients are always on the agenda as double-digit growth in this region is expected (Account Executive).*

### **c. Outcome Performance and Measurements**

From the range of discussion in the focus groups, it was found there is considerable breadth and variance in measuring sales performance in a B2B context, depending principally on the organisational goals.

Performance measures can be characterised as either internally orientated (sales volume and value, gross margin, client retention) or externally orientated (client feedback surveys such as Net Promoter Score, referrals, and recommendations). The measurements can also be viewed in terms of outcomes (sales value and volume, gross margin,) and selling activities (leads, referrals).

Internal organisational measurements are used more often to gauge sales performance than external measurements, even though the latter have recently been introduced into sales performance management systems. The reasons seem to be that internal measurements are integrated into the organisation's management control systems (ERP and CRM systems, such as SAP, Oracle, and Salesforce) and thus make it easier for staff to access and use. External measures, such as client satisfaction survey tools (e.g. Net Promoter Score), have recently been introduced and provide client feedback to the salesperson and management of the organisation, usually on an annual basis. These external surveys are now being integrated into the salespersons' yearly sales performance reviews, and give an indication of client satisfaction with the relevant salesperson and organisation. Even though the participants all agreed that internally based measures are more crucial to perform well on a regular basis, the importance of obtaining good ratings on these external surveys is now becoming increasingly recognised by management for internal promotion and future job prospects.

- *You know when the client surveys are being conducted....you make sure you brief your top clients beforehand (Account Manager).*
- *You don't want a "C" rated ranking for your own clients....you wouldn't have much of a future here if this was the case (Key Account Executive).*

These internal sales outcomes (e.g. revenues, volumes) are viewed as more important than external client satisfaction ranking scores because they are more often linked to key sales outcomes such margin incomes and acquisition of new clients. However, participants indicated that achieving the right "balance" of the internal and external measurements, will become a more important sales performance indicator in the future. The view widely held by participants is that sales performance management is lost if the end-customer (client) does not accrue long-term benefits. As mention earlier, independent metrics such as Net Promoter Score are increasingly being used in sales performance reviews (including financial compensation) and in evaluating the non-financial performance metrics for B2B sales professionals.

- *The ideal 'score' is to have a high rank for outcomes and a high rank for external factors (Head of Sales).*

While many organisations are moving towards using external sales performance measures and integrating these with outcome-based measurements, there is also a related trend among these organisations of moving towards a partnership approach with clients and viewing clients from a life- time value point of view perspective. These trends are also reflected in the move towards less reliance on performance bonuses in the overall remuneration structures of salespeople, towards higher salary-based packages, thus driving more long-term thinking, activities and behaviours when interacting with clients.

An important area of discussion from the participants is that it seems to be increasingly common that organisations are applying a more “pastoral care” based approach to salespeople who are performing below expectation, as they see this can actually help generate better long-term sales success for the employee and the organisation in the future.

- *Coaching and mentoring salespeople towards better performance is well worth the time and investment (Global Sales Training and Effectiveness Director)*
- *I have had salespeople who are way off the numbers, but their behaviours are exceptional...it will pay off later this year or next year (National Sales Manager)*
- *He is performing and showing the right sales behaviours and the results will come in later on (National Client Manager)*

### ***(i) Technology***

Another key finding relating to the potential influence organisations have on sales performance is the growing use of specific technology and applications by sales professionals to assist them in measuring and achieving their overall goals. Organisations are committing increasing resources towards sales professionals with technological-based packages so to enhance their professionalism and engagement with existing clients, and to ensure all opportunities to attract new clients are taken. The hardware and software applications currently being used by the participants include: integrating salespersons' compensation data in the CRM system (e.g. Salesforce) to gauge potential revenues; the use of Performance Dashboards and Scorecards (accessible through smart phones and tablets) for sales professionals to monitor their own performance against organisational expectations; and organisational target planning and management solutions, which prioritise all the factors that make up the salesperson's and team budgets and forecasts. While “face-to-face” B2B selling is still an important channel for communication with clients, technology

is playing an increasingly widespread role in providing new opportunities to assist sales professionals to improve their sales performance.

#### **d. Behaviour Performance**

There is a need to differentiate between what a salesperson actually does (e.g. selling activities) and their actual outcomes (e.g. revenue, margins, growth, new accounts), to further understand what is meant by sales performance.

Participants viewed behaviours salespeople demonstrated doing their job, as not only extremely important, and a critical component of sales success, but equally just as significant as the achievement of quantitative sales results.

- *Results are short lived if you're not behaving in a way that is professional and sustainable (Account Executive)*
- *I think also in terms of the way you go about your business, and the behaviours that you do in terms of the way you drive your customers and your work colleagues and the marketplace in general, I think this is absolutely key (Head of Sales).*
- *Sales people have got to have the willingness, enthusiasm, energy to change their behaviour...because as markets change...they need to change (Account Development Executive)*
- *There needs to be more recognition and focus on the skills of building and maintaining relationship, rather than looking at actual sales (Account Executive).*

Furthermore, the salesperson's behavioural style and selling activities were found to be important factors in determining the performance of the salesperson.

##### **(i) Selling Skills and Activities**

As mentioned previously, sales performance is also related to the selling activities salespeople perform. From the participants' comments in the focus groups, it was found that these activities can be grouped into four key areas:



#### Meetings:

- *It is critical the salesperson plan, structure, and manage the meeting – and how do they take the meeting to the next step (Head of Sales).*

#### Presenting:

- *How good are they (salesperson) at presenting and questioning, understanding the customer's business....also how do they talk to customers...all very critical (Inside Sales Executive)*
- *The presentation has to be slick...and it has to be effective... (Business Development Manager)*

#### Listening:

- *To listen hard, and to be professional, and to be humble, and to be seen as a really good listener (Account Executive).*
- *You have to empathise with the customer, ask the right questions, listen, be humble (Client Manager)*
- *Taking the time to listen and understand their business (National Client Manager)*

#### Selling:

- *There is a lot of people who get away with selling their own product or selling something that doesn't work, and they might have thought this is properly done, but then that's not the correct selling behaviour that you would want from the sales force because it's not sustainable...(Pre-Sales Consultant)*
- *You don't want be somebody that's trying to flog them something (Vice-President Sales)*

### ***(ii) Behavioural Styles***

Various salespersons' behavioural styles were identified by participants using the following categories of Ryals and Davies (2010):

#### The Deal Maker:

- *One of my direct cohorts has landed a massive contract...worth millions....which was signed off two or three months ago, and there were 70 people working on that. 120 people signed on this important disclosure agreement (National Manager).*

#### The Storyteller:

- *So I think that's just the storytelling in the context, where it's relevant, it resonates and is evidenced based, is very powerful. But to do in a way that's not relevant to the customer, with no evidence to back it up, is like trying to say a fancy story, a fairy tale (Account Manager).*
- *Storytelling in its context... where it's relevant....is very powerful (Business Development Manager).*

#### The Socialiser:

- *I think there are too many people who just think that sales is just like talking in the right sales pitch, having long lunches, but if you start this way you've lost the confidence of the customer because you just come across as somebody that's trying to kind of flog them something rather than actually taking the time to listen to them and understand the business (Head of Sales).*

#### The Expert:

- *We have experts in service sales with good sales skills. They know and talk about the company's heritage, positioning our organisation when talking to new customers, and are good at stating our proposition (National Client Manager).*

#### The Consultant:

- *The Consultant is the one who is respected.....they are the most successful salesperson... they acts as a consultant or business partner.....and they professionally and respectfully challenge the customer on their needs and requirements (Account Development Executive).*

#### The Narrator:

- *They have the ability to listen, to understand, to present, and to ask the right questions...good people to have in your team (Vice-President Sales).*

#### The Product Focused Salesperson:

- *I have some fantastic product sellers, who are experts in product sales....but not good to service and support sales (Regional Manager).*

Another category of sales behaviour style, which needs special attention, because many of the participants made particular references to it, is the “Lone Wolf”. The Lone Wolf is the

deeply self-confident, rule-breaking cowboy of the sales team who does things their way or not at all (Dixon et al, 2011). As participants stated:

- *The Lone Wolf ....the person who tries to stay within him or herself, tries to control everything, doesn't trust anybody, works hard (24 hours a day), they haven't built a team of people to work with to effectively get things done (Global Sales Training and Effectiveness Director).*
- *That's when we'll go back to that person - the Lone Wolf - is not going to be effective because nobody internally is fighting for them. Nobody wants to work with them, so I look at behaviours internally and externally (Account Development Executive).*

It was regrettable that there was insufficient opportunity to explore and probe this behaviour style more with the focus groups. For example, it would have been interesting to know how to manage this type of salesperson; the impact of achieving success but at the team's expense; how they get the big deal; does their presence and behaviour change the way "things are done around here"; what is the reactions of internal support areas; and how do senior management view this type of salesperson. It represents a potential area of further research.

### ***(iii) Salespersons' Performance and Effectiveness***

The concepts of sales effectiveness was discussed by the participants in relation to salespersons' behaviour, but, while senior managers and middle-level salespeople knew what is meant by sales outcomes, many participants had difficulty in explaining the concept of sales effectiveness, when applied to their own sales performance. Participants intuitively understood the importance of being effective and its relationship to sales performance, but had a hard time explaining it:

- *Does this mean seeing as many clients as possible (Account Manager)*
- *Effectiveness is the approach....efficiency is the measurement (Account Executive)*

Perceptions of sales effectiveness tended to be based on behaviour and activity; including “good sales training and coaching”, presentation skills, sales calls, negotiation and influencing skills, communication skills, and having technical product knowledge. The perception of participants is that, for many colleagues inside the organisation who don’t have much to do with the sales teams, effectiveness is seen clearly. It’s related to effort and the activities of what salespeople do.

- *To be important to be seen to be doing “something”– particularly in the eyes of people outside of the sales department (Business Development Manager).*
- *Staff need to recognise and appreciate the skills involved in solving difficult issues for clients... (Business Development Manager).*

#### **(e) External Factors**

The key theme of sales performance which participants raised related to the growing importance of external elements in the success of the B2B salesperson. Sales professionals find many of these external factors as “uncontrollable” but “opportunistic”, particularly areas which may impact their clients’ businesses. Participants in the study were conscious of the impact that global and national events (political, economic, and social) may have on their organisation’s sales expectations and growth. Other external factors which resonated with sales professionals included current and future government regulations, which often meant more compliance, a natural enemy of sales professionals; and the latest industry trends and changes in the marketplace, which impact not only on their organisation but on their clients. Monitoring and benchmarking global and national industries, markets and companies was

thought of as becoming more important and relevant, but not well executed, in the eyes of participants.

- *Global events impact our business probably more than local ones (National Manager)*
- *Access to global and national data is getting better...but this needs to be integrated into our dashboards and systems a lot more....so opportunities can be viewed (Business Development Manager).*

Clients' own business performance was also a concern for the participants, as their economic outcomes and futures have a direct influence on the sales performance of sales professionals.

- *We are always concerned about the impact of global economic and political events on the clients businesses here....this does have an effect on own sales performance (National Client Manager).*

## **6. IMPLICATIONS AND DISCUSSION**

One of the key implications from the current study is that organisations need to start recognising that the key to greater B2B salesperson's success is a far greater understanding of, and attention to, the organisational factors that comprise the internal framework of the firm. Senior management of organisations need to recognise and understand the changing multi-purpose multi-disciplinary role of the B2B salesperson, to meet the growing demands of clients and their customers.

As stated earlier, most sales performance studies generally explain only between 2% to 10% of the variance in performance (Churchill, et al, 1985), and these rely heavily on individual salesperson's attributes (e.g. motivations, personality, skill levels). The focus on internal

organisational type variables identifies and explored in the study, can potentially assist and explain the significant, but complex, area of sales performance more accurately than before.

The results from the study also suggest that management may benefit from a mind-set shift from a dominant focus on sales outcomes, to recognising that the effect of internal organisational factors and behaviours do have an important impact on sales performance. To be successful, salespeople need to spend time and effort navigating and influencing co-workers; understand the dynamics of the often complex internal organisation systems; work through procedures, processes, and policies; have expert knowledge of the offers they are selling; to deliver expected sales results for the organisation. The resultant problem for organisations is having salespeople spending too much time on internal activities and not enough consultation with existing customers and prospects. Thus, organisations need to explore changing the internal organisational systems, so the internal “load” is reduced and becomes “supportive”.

The findings of the study confirm what some past researchers (Babakus et al, 1996) have suggested; namely that the organisation’s senior management and managers play an important role in influencing salesperson performance by increasing the focus on sales training (to develop salespersons’ skills), boosting mentor programs (on the job skill development), and encouraging coaching (with continual constructive reinforcement of selling behaviour). These internal support initiatives for salespeople can positively influence the goal of achieving the desired sales performance relative to the requirements of the organisation. The mere process of developing salespersons’ capabilities will also serve to improve sales outcome effectiveness as their skills develop (through internally oriented behavioural development modes) to achieve sales outcomes.

Increasingly, the ability to influence co-workers in your area of work is closely linked to the salesperson's performance. For sales professionals to become successful, and receive favourable management performance appraisals, they need to be able to gain access to, and manage, the resources available in the organisation, so they can do their job successfully. Sales professionals' performance is, in part, dependent upon developing their "informal and formal networks" (Üstüner and Godes, 2006). More attention is now being focused on sales professionals building and maintaining their own networks, and becoming more *intrapreneurial* (Plouffe and Barclay, 2007).

The research suggests that the most successful sales teams compensate their B2B salespeople, not only for their individual achievements, but also for team-based or company-wide accomplishments. This raises the critical subject of how to motivate B2B salespeople and whether motivation, remuneration and performance are all positively related. By focusing on the financial aspects of motivation, what impact does this have on enhancing an employee's performance? Applying Maslow's (1943) basic needs model, non-financial aspects are only important when financial motivation is no longer relevant (Gibson, Ivancevich, and Donnelly, 1994). So, when do non-financial aspects of motivation enhance sales professionals' performance, and is this same in every industry and organisation? While traditional sales compensation techniques included commissions and bonuses, contemporary sales management practices recognise that while "cash is king", financial incentives are not the only path to create engaged and high performing salespeople. This was also being recognised by participants in this study, with many sales professionals enjoying being told by their manager, "well done on your presentation this morning....you did a good job". Some participants indicated that internal recognition of strong sales performance by peers and work colleagues matters considerably, and just as important as

financial rewards. Therefore, it is important to recognise that not all B2B salespeople will have all the same motivations or the same response to different motivational tools.

Another finding of the study relates to the importance and use of organisational factors to define *sales performance*. The type of customer (e.g. corporate, highly profitable) and external factors (e.g. industry environmental factors: economic, social, political and technological) may dictate how sales performance is defined and used by managers. For example, for major account management where building long-term customer relationships is paramount, performance measures that combine characteristics of: externally oriented (e.g. client feedback through surveys), behaviours (e.g. being a trusted advisor) and outcomes (e.g. profit, sales, and growth) could be used. In such a case, both the needs of the client and the selling goals of the salesperson and organisation can be best satisfied. This can be utilized to best serve a market characterised by growth. These findings suggest a possible need for management to think beyond short-term measurable outcomes for the organisation and to start considering a broader more strategic perspective of sales performance (e.g. client satisfaction, and focusing on external factors such as developing partnerships and alliances). The importance of partnerships is further highlighted in the USA, with a current industry research study indicating strategic alliances are more critical than ever (CMO Council and BPI Network, 2014). For B2B sales professionals, partnerships help companies generate revenues and target new customers, and have senior management support with over 60% of senior sales and marketing executives worldwide stating such efforts are extremely important for their business (CMO Council and BPI Network, 2014). However, many challenges are faced by sales and other management executives worldwide in developing and maintaining strategic partnerships, in actually keeping the partnership



alive and rewarding for both parties, and building a win-win relationship (CMO Council and BPI Network, 2014).

The differing views of sales professionals on what they mean by sales performance, is also highly dependent on their role (salesperson or sales manager) and focus (new business or relationship management). Sales managers generally focused more on the behavioural and leadership elements of sales. In regards to measurements, some managers argued a more relevant and objective measure of “client satisfaction”. Other participants wished for better measures and more emphasis on sales interactions and conflict management skills of salespeople. Further issues mentioned included better methods for defining, measuring and rewarding influencing and negotiation activities. In addition to enhanced behavioural measures, other senior managers’ preferences focused on numbers, including a greater emphasis on profitability rather than sales growth exclusively, and more focus on end-results versus targets. The overall implication is that the majority of participants indicated that sales performance should be classified using both internally and externally oriented organisational outcomes and behaviours.

Results also indicate some inconsistency between middle level salespeople and senior sales managers about how sales performance measurement is conducted and used. When this is the case, it is unlikely that the measurement method is fully fulfilling its evaluation and control goals. This implies that additional communication about the rationale and purposes of sales performance measurement is needed, rather than the feedback provided solely in the measures.

Overall, in the study, middle-range salespeople provided fewer recommendations than senior managers. There were many references from salespeople that, in essence, they are

already exposed to measurement overkill; thus, it is understandable they tended to be reluctant to suggest others. The fact that salespeople and managers did not agree on the type and degree of sales performance measurement is not surprising. Such disparities could potentially be a result of salespeople perceiving their manager as not adapting to the specific client situation (e.g. client environment, the selling task, salesperson maturity/tenure), and/or more importantly, the relationship between manager and salesperson. Other reasons could include the manager's style (i.e., delegating, supporting, coaching, directing), and whether it is appropriately applied or misguided.

The study suggests organisations focus more on outcomes (both internal and external) compared with the behavioural "process" aspects of sales performance, to which the key researchers (e.g. Churchill et al, 1985), apply more of their attention. This is largely a "means and end" issue in which practitioners are pursued towards a measurable "end", whereas academic researchers are pursued to understanding a process and the "means". One of the reasons for this difference may be the difficulty for organisations, measuring these important behavioural elements, as well as the low priority that is placed on this area. For example, for organisations to accurately measure activities such as selling skills, building internal and external customer relationships and time management, sales managers must identify and agree upon what this actually means and then decide on a set of priorities. These activities invariably involve more time and resources. This may even vary according to the type of sales job role (account manager, business development manager), the type of account (large complex global account vs a medium-size local account) and the strategic goals of the organisation (directing growth targets, customer retention, customer acquisition). Additionally, the lack of agreement among participants as to the definition of a relatively simple activity, "a sales call", was apparent, but not surprising, given the many

modes this could take (face-to-face, phone, teleconferencing, group meetings, email, skype, mobile phone, tablets); the number and type of salespeople who could be involved in this type of activity; and the context in which the sales call is made (e.g., information gathering, presenting credentials, servicing an enquiry, closing a large deal). Concepts such as providing value-added services to clients and customisation of additional services, for examples, are not really being accurately measured into the sales performance area.

From the findings, discussion regarding outcomes, achieving sales targets is a highly accomplished achievement. Industry-based research suggests that many senior sales executives are searching for ways to replicate their most valuable sales professionals characteristics to achieve organisational goals (Aberdeen Group, 2013). A recent USA industry based study confirms the importance that organisations, and therefore sales professionals, place on outcomes, which are part of almost every B2B sales job. However, only two-thirds of USA sales professionals actually make their targets (Qvidian, 2014). It is interesting to note that the salesperson's goals that are most important to executive management are: increasing win rates (94%); *Improving overall target attainment (87%)*; increasing deal sizes (83%); greater visibility (82%); and shortening sales cycles (75%) (Qvidian, 2014). Importantly, the failure to close deals was the main reason these B2B sales professionals weren't meeting their targets, with sales ending in no decisions being the main reason for missing sales. Other reasons included sales professionals burdened with tasks, spending less time selling, and being unable to communicate effectively the value they present to clients. Areas of improvement suggested by these B2B Sales professionals include conducting a thorough needs analysis (54%) which should help them gain deeper insights into what they should emphasise to clients. However, they still need to effectively present

and highlight the value their organisation can add to clients. This current study was not a quantitative study and hence no statistical figures are provided, even though many participants in the focus groups did acknowledge that targets are not achieved by everyone.

There remains a continuing gap between contemporary sales practice and the academic discourse relating to the importance of customer loyalty, and building and maintaining long term customer relationships. While this area is much discussed by the practitioners, attempts to build customer relationship management into organisational goal setting and in performance management systems has proven difficult. While most organisations in this study have implemented and utilise some form of CRM systems (eg, Salesforce, Oracle), to track key long-term outcomes such as customer life-time value and profitability, nearly all the participants reported low to medium adoption levels in its work application. These results could possibly reflect the organisational emphasis on, and measurement of, customer acquisition, to the *detriment* of customer retention. Despite these difficulties, there is a strong belief that this is the future direction for measuring sales performance, and that better execution of the software will inevitably assist in higher levels of adoption.

#### **a. Limitations and Future Research**

Beyond the findings of the current study, a number of limitations can be identified. A limitation of the current study stems from the sample size. The observations are the result of seven focus groups with six people in each group, comprised of sales managers and salespeople in the financial services industry. This is a limited number of organisational people and roles. Another limitation is that the focus groups were conducted with financial services firms that characterise their sales products as at least relatively medium to complex, (i.e., not simple routine products), and relationship-based (i.e., not fast-moving transactional

selling). Additional research needs to be conducted to see how far these findings might be extended to other industries and sales contexts, such as telecommunications, fast-moving-consumer-goods, information technology, and airlines. Other limitations that have implications for future research include the fact that the research was to individual sales performance, and to moderately to complex B2B sales situations. Further research might investigate how this applies in other situations including routine, highly complex, and team based selling.

Further research that might prove useful to many organisations may include:

- Research on the understanding of the intricacies and interrelationships between salespeople and co-workers, and the way in which they collaborate to achieve sales performance objectives.
- Research on the extent to which salespeople can be more involved in creating and executing organisational strategy.
- Research to uncover what organisations could do to eliminate the departmental silos in order to align the sales areas with the rest of the business.
- A collective perspective of salespersons' rather than an individual focus. In many organisations, salespeople also coordinate sales and support teams, and possibly a sales team, with various defined roles (eg, Account Manager) may be a useful focus for further research.

## 7. Conclusion

While much can be learnt from the review of B2B salespersons' performance literature, it is difficult to apply to all organisations and their selling environments, and to all individual managers and salespeople. Current sales performance models do not predict performance very well; in fact, many models do so poorly. The focus in the literature around psychology, motivations, selling skills, personality, though important, doesn't help to fully explain what drives sales performance in B2B environments. Also, the current models can't be applied generically, since sales situations differ in almost every selling environment.

The study identifies the "key drivers" of individual sales performance (salesperson's behaviour, outcomes, organisational and external factors) and concludes that sales performance in the financial services sector is becoming increasingly influenced by organisational and external factors, all aimed at encouraging and driving the salesperson's behaviour towards agreed and desired outcomes. In B2B environments, where medium to complex services are designed and sold, the organisational variables with which salespeople interact on a daily basis are very relevant and help further explain and predict sales performance. The changing nature and multi-disciplinary role of the sales person, manager support, internal relationships, remuneration structures, are all key organisational factors, which need greater understanding and recognition by management and practitioners in improving sales performance.

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## Appendix

### Final Ethics Approval Letter

----- Forwarded message -----

From: **Mrs Yanru Ouyang** <fbe-ethics@mq.edu.au>

Date: Thu, Aug 28, 2014 at 10:40 AM

Subject: Approved - 5201400817

To: Professor Greg Elliott <greg.elliott@mq.edu.au>

Cc: Mr John Charles Peter Edwards <john.edwards1@students.mq.edu.au>

Dear Professor Elliott,

Re: 'A re-examination of B2B sales performance frameworks and measurements.'

Reference No.: 5201400817

Thank you for your recent correspondence. Your response has addressed the issues raised by the Faculty of Business & Economics Human Research Ethics Sub Committee. **Approval of the above application is granted, effective "28/08/2014"**. This email constitutes ethical approval only.

This research meets the requirements of the National Statement on Ethical Conduct in Human Research (2007). The National Statement is available at the following web site:

<http://www.nhmrc.gov.au/files/nhmrc/publications/attachments/e72.pdf>.

The following personnel are authorised to conduct this research:

Mr John Charles Peter Edwards

Professor Greg Elliott

NB. STUDENTS: IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).

2. Approval will be for a period of five (5) years subject to the provision of annual reports.

Progress Report 1 Due: 28th Aug. 2015

Progress Report 2 Due: 28th Aug. 2016

Progress Report 3 Due: 28th Aug. 2017

Progress Report 4 Due: 28th Aug. 2018

Final Report Due: 28th Aug. 2019

NB. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.



6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

<http://www.mq.edu.au/policy/>  
[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/policy](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy)

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of approval to an external organisation as evidence that you have approval, please do not hesitate to contact the FBE Ethics Committee Secretariat, via [fbe-ethics@mq.edu.au](mailto:fbe-ethics@mq.edu.au) or 9850 4826.

Please retain a copy of this email as this is your official notification of ethics approval.

Yours sincerely,

Parmod Chand  
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