Managing and/or Leading the Sales Force?

Impact on Performance

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Abstract

Because of recent environmental evolutions, many authors have emphasized the new role of leadership in sales management. In spite of this newly recognized importance of leadership, the sales literature does not provide precise, unique, and consistent definitions of the activities covered by sales management and leadership. Consequently, important questions such as: "How does the choice of managers' activities impact salespeople's orientation and performance?" remain to be addressed. This conceptual paper makes a distinction between management and leadership activities, and investigates the relationships between managers' activities, salespeople's selling orientation, and transactional performance on one side, and between managers' leadership activities, salespeople's customer orientation, and relational performance on the other.

Key words: Management activities – Leadership activities –
Salespeople's selling orientation - relational performance.

An increasing number of organizations require their managers to be not only effective, but also efficient leaders. As a result, organizational internal training focuses on leadership skills and practices. In contrast, the sales literature often focuses on the managerial aspects. More recently, authors have emphasized the importance of leadership in sales force management (Bass 1997; Ingram et al. 2005; Jaramillo et al. 2009). In spite of this newly recognized importance of leadership in sales management, the sales literature does not provide precise, unique, and consistent definitions of the activities implied by sales management and leadership (Ingram et al. 2005). As a result, the respective activities of “classical” sales management and leadership for enhancing a firm’s sales objectives are not always clearly defined. This paper argues that management and leadership imply different activities, and consequently, have different impacts on the sales force. A recent article by Guenzi, De Luca and Troilo (2011) that explores organizational antecedents of salespeople’s customer and/or selling orientations, emphasizes the need to investigate the relationships between supervisory leadership styles and salespeople’s customer orientation. In addition, there is a lack of agreement concerning the impact of salespeople’s customer orientation on performance (Jaramillo et al., 2007; Franke and Park, 2006).

The purpose of this conceptual paper is to clarify the distinction between management and leadership in terms of their respective activities, and to investigate the relationships between sales management (MA), leadership activities (LA) on one hand, and salespeople’s orientation and performance on the other in a BtoB context. More specifically, (1) it identifies specific management and leadership activities, and (2) it proposes a theoretical framework specifying the impacts of these MA/LA activities on salespeople’s customer/selling orientation and salespeople’s transactional/relational performance. A number of research propositions are derived.

The proposed framework may help scholars and practitioners (1) to better understand the difference between management and leadership activities, (2) to identify the most appropriate managerial activities in order to achieve the desired orientation and performance from salespeople, and (3) to assess the complementarities of MA and LA.

BACKGROUND

A manager uses different types of power in order to influence reports' behavior. Power can be defined as "the absolute capacity of an individual agent to influence the behavior or attitudes of one or more designated persons at a given point in time" (Yukl 2010, p.199). Power comes from different sources; Bass (1960) proposed a two-factor taxonomy: position versus personal, which has been used in the organizational behavior literature since decades. Position power is associated with management, since this power is hierarchical and based on managers' authority over subordinates; personal power is associated with leadership, since its influence occurs independently of hierarchical lines of authority (Bass 2008).

Management and Leadership as Power

Influence is "a force that one person (the leader) exerts on others (followers) to induce a change in the latter, including changes in behaviors, attitudes, and values" (Munduate and Medina 2004). The former influence strategy has long been discussed and studied in the sales management literature. It has been defined as "the process through which efforts of organizational members are coordinated, directed and guided towards the achievement of the organizational goals" (Mullins 2007, p.412).

Sales management is essentially characterized by (1) a line of authority between managers and salespeople; (2) the willingness to achieve the same objectives and goals; and (3) the tasks of managing direct relationships (goal setting, coordinating, and controlling sales activities. This positional power can be associated with hierarchical authority. "It involves the rights, prerogatives, obligations, and duties associated with particular positions in an organization or social system" (Yukl 2010, p.199), and involves an institutionalized power between a superior and a subordinate that ensures compliance with the superior's wishes because he/she is the boss (Munduate and Medina 2004). This positional power or hierarchical authority is associated to management, because a manager has this hierarchical authority.

The latter (informal) influence power, leadership, has recently drawn researchers' attention, and may have a more lasting influence on salespeople's activities, behaviors, as well as their long-term performance (Flaherty and Pappas 2000). There is still a debate on the leadership concept, and more than 220 definitions of leadership have been proposed with various focuses (Bass 2008). In order to differentiate it from management, organizational leadership may be defined as influence without using authority, irrespective of formal authority lines within an organization, in order to create alignment and empowerment. Among other characteristics, leadership (1) occurs in group interactions and organizations; (2) is a form of power that can be called influence or persuasion; (3) allows anyone (not only managers) to be a leader; (4) can be induced by personality, behaviors, or contingencies; and (5) aims at achieving goals and/or real change (Bass 2008). Thus, a manager may decide at any time to use different types of power with direct reports and peers, namely authority (management) or influence (leadership).

Inter-Relationships between Management and Leadership

In spite of their relevance, however, the inter-relationships between management and leadership power are not always well and clearly documented in the literature. In the sales literature, even though leadership, management and supervision are used interchangeably, there are, however, important differences that sales research should recognize (Ingram *et al.* 2005). Yukl and Falbe (1991) showed that these are two types of power are relatively independent. If sales management and leadership are related but different concepts, they should imply different activities, and trigger different consequences. As a consequence, managers and researchers should benefit from a better understanding of the relationships between MA and LA, as well as of their impacts on salespeople. Such a framework is proposed in the following section.

CONCEPTUAL FRAMEWORK

Figure 1 describes a conceptual framework of the two main managerial powers that are typically exerted in order to influence salespeople's performance. Manager's various activities (management and leadership) are hypothesized to influence salespeople's orientation (selling- or customer-orientation), which in turn will foster different types of performance (transactional or relational). Salespeople's actual performance in turn influences the future activities of managers, if they want to get different outcomes.

Place Figure 1 about here

Management Activities

Management and leadership involve different activities, and "sales researchers need to be specific in defining the types of activities being studied" (Ingram *et al.* 2005). According to Fayol (1949) who advocated an authoritarian model of management (Nioche and Pesqueux 1997), forecasting, planning, organizing, commanding, coordinating and controlling lay at the core of generic managerial activity. These managerial functions have inspired the contemporary practice of managerial activity (and management textbooks) into the elements of analyzing, planning, organizing and controlling (Lewis, Goodman, and Fandt 1995).

Conceptually and specifically in the sales field, Ingram *et al.* (2005) suggest planning, implementation and control; Wilkinson (2009) proposes direction, facilitation, training, delegation, motivation, advice and guidance. In a recent empirical research, Storbacka, Polsa and Sääkjärvi (2011) identify sales planning and performance management practices, but mention that the set of measures needs to be further developed. The specific sales management activities identified in the sales literature could be integrated in the generic management model, which has been widely used in research and business: Planning, organizing, coordinating, and controlling, and incorporate elements identified in previous sales management research.

Planning consists in "examining the future, deciding what needs to be achieved and developing a plan of action" (Mullins 2007, p.415). This includes planning, direction, and also translating organizational strategy and goals into team and individual objectives.

Organizing implies "providing the material and human resources and building the structure to carry out the activities of the organization" (Mullins 2007, p.415) or optimally using the resources required in order to enable the successful execution of plans. This includes training, delegating, and also allocating resources.

Coordinating implies "unifying and harmonizing all organizational activities and efforts in order to facilitate its working and success" (Mullins 2007, p.415). Coordination is concerned with facilitation motivation, and advice, but also communication at individual and team levels.

Controlling implies "verifying that everything occurs in accordance with plans, instructions, established principles and expressed command" (Mullins 2007, p.415). It refers to control and individual performance management, but also providing feedback, evaluating and rewarding.

Managers are supposed to use managerial authority to achieve objectives, and perform management activities, which leads to proposition 1a:

Proposition 1a: All sales managers exert management (authority) activities.

Leadership Activities

The concept of leadership has been developed in psychology a long time ago, and different approaches have been proposed (transactional, transformational, servant, charismatic, authentic etc.) (Bass 2008). The notion of sales leadership is relatively recent, and few approaches have been proposed to define key leadership activities (Podsakoff *et al.* 1990; Ingram *et al.* 2005; Judge and Piccolo 2004). There is still a debate concerning the identification of leadership activities. "An important first step would be for sales researchers to precisely define the type of (leadership) activities being studied" (Ingram *et al.* 2005, p.149), and "future research might pursue the development of a leadership measure that is more relevant to the sales context" (Panagopoulos and Avlonitis 2010, p.55).

For Ingram *et al.* (2005), sales leadership conceptually includes: creating and articulating a vision, establishing core values, developing the culture, ensuring proper alignment, and inspiring those in the sales organization to achieve, grow, and develop. In empirical studies, transformational leadership activities have been tested: challenging the process, inspiring a shared vision, enabling others to act, modeling the way, and encouraging the heart (Shoemaker 1999). More recently, Panagopoulos and Avlonitis (2010) have proposed an empirically based list: articulating a vision, providing an appropriate support, facilitating the acceptance of group goals, expecting high performance, supportive leader behavior, and intellectual stimulation. In this paper, the Panagopoulos and Avlonitis LA are privileged, because they provide empirical measures of transformational leadership, a widely used approach of leadership.

Even though there is no complete agreement concerning the number and name of LA, all of these activities are quite different from the MA identified previously in this paper. Although managers are always expected to exert managerial activities, all of them do not act as leaders (and may not even be asked to do so).

Proposition 1b: Sales managers may exert or not leadership (informal influence) activities.

Salespeople's Orientation

Customer-oriented selling (COS) has been defined as the practice of the marketing concept at the level of the individual salesperson and customer (Saxe and Weitz 1982). Salespeople can adopt two different orientations: a selling orientation (SO), characterized by a short-term, self-focused, and high-pressure approach, or a customer selling orientation (COS), which aims at helping customers to satisfy their needs to increase their long-term satisfaction (Saxe and Weitz 1982). In practice, most sales forces pursue transactional and relationship oriented objectives and activities. It is quite conceivable for salespersons to use a selling orientation with customers when the objective is transactional, and use a customer selling orientation with other more strategic and long-term customers. So COS and OS should not be considered as opposites, and salespeople may be expected to have different approaches with different customers (Guenzi, De Luca and Troilo 2011).

A recent empirical study identified a number of organizational correlates of salespeople's COS (Guenzi, De Luca and Troilo 2011). It suggests that some organizational variables foster COS without necessarily affecting SO, and others can be used not only to stimulate COS, but also to discourage SO. It suggests identifying which supervisory characteristics and leadership style best fit in order to stimulate COS. Because of their differences, MA and LA, may have different impacts on salespeople's orientations. Because management mainly focuses on short-term objectives (maximum one year), MA encourage salespeople to use a SO aiming at transactional quantitative and outcome results, sometimes at the expense of the more long-term CSO. Consequently, MA may have less impact on CSO. Thus, we propose:

Proposition 2a: Managerial activities have stronger positive effects on salespeople's selling-orientation than on salespeople's customer orientation.

Inversely, LA aim at developing people and behaviors, focusing more on customer relationships, which could be related to a long-term customer orientation. These LA may discourage SO activities that focus on (short term) transactional results

Proposition 2b: Leadership activities have stronger positive effects on salespeople's customer orientation than on salespeople's selling orientation.

Performance

For a long time, sales performance has been evaluated in term of salespeople and organization short-term financial performance. However, the evaluation of the impacts of SO and CSO orientations on salespeople performance is unclear. Two recent meta-analyses of the impact of COS on salesperson performance came to different conclusions (Jaramillo et al 2007; Franke and Park (2006). One of the reasons could lie on the performance measures used (superior value creation, behavioral and outcome performance).

Considering a performance time frame, for a long time, sales performance has been measured by its short-term financial outcomes. Recently, however, a link between long-term customer/supplier interactions and supplier's performance has been clearly established in the literature (Ganessan 1994, Kalwani and Narayandas 1995). Short-term performance (typically less than one year) can be identified as a transactional performance since it is reflected by a salesperson's short-term market and financial outcomes (Kumar, Vankatesan, and Reinatz 2008), e.g., sales, profits, or market share resulting from current transactions with new or occasional accounts.

Relational performance can be associated with long-term performance, since the activities performed by salespeople could be evaluated on a longer period of time (Darmon and Martin 2011). Relationships performance is characterized by four indicants: (1) a salesperson's long-term market and financial outcomes (e.g., sales profits, or market shares) resulting from current transactions with key accounts as well as with loyal customers; (2) salespeople's improved competencies (product knowledge, communication skills, empathy, etc.); (3) improved customer retention rates and loyalty building, and (4) customers' levels of satisfaction with the salesperson and the firm on different aspects of the relationship (such as account servicing) (Darmon and Martin 2011).

Depending on a salesperson's selling or customer orientation, specific performance outcomes may be achieved (Butler and Reese 1991). This distinction is significant because in a sales context, transactional performance can often conflict with relationships performance; the use of selling-oriented tactics runs counter to long-term sales success (Harris, Mowen, and Brown 2005, p.22). A salesperson's selling orientation focuses on activities that may result in sales in the short run at the expense of customer satisfaction, because selling-oriented salespeople typically have a short-term time horizon, use more manipulative tactics to close sales, and focus on short-term goals, perhaps at the expense of the customer's true needs (Saxe and Weitz 1982). The selling orientation might not always be detrimental to organizational performance, at least in the short run. It may generate more (short-term) transactions, although a stream of research has demonstrated that salespeople's customer orientation positively impacts (long-term) relational performance, sometimes labeled "superior customer value creation" (Guenzi, De Luca and Troilo 2011), or "customers' true needs" (Saxe and Weitz 1982). Hence, our proposition:

Proposition 3a: Salespeople that display selling-oriented activities tend to obtain better transactional than relational performance.

Customer orientation has been found to have a non-significant direct effect on immediate sales performance, but a significant direct effect on long-term sales performance (Jaramillo, Chonko and Roberts 2009). One of the possible reasons could be that salespersons must often realize a number of mutually satisfying short-term transactions with new accounts before establishing long-term relationships with them! As a result, sales performance is always the result of a mix of short- and long-term oriented activities (Geiger and Finch 2011). This leads to the following proposition:

Proposition 3b: Salespeople that display customer-oriented activities tend to obtain a better relational than transactional performance.

IMPLICATIONS AND CONCLUSION

This conceptual paper proposes to make a clear distinction between managerial power (authority) and leadership power (influence), and differentiates MA from LA. Then, a relationship between these activities and salesperson's orientation is proposed (as suggested in the literature). These SO and CSO are hypothesized to have a different impact on salespeople's performance, which is defined in terms of transactional and relational. The conceptual framework proposes a stronger link between management activities, salespeople's selling orientation, and transactional (short-term) performance on one side, and leadership activities, salesperson's customer-orientation, and relational (long-term) performance.

By proposing a clear distinction between management and leadership activities, and by stating propositions on the relationships between management, salespeople's orientation and performance, the proposed conceptual framework may contribute to a better description of the relative impacts of managerial activities and salespeople's orientation on time-related performance. Empirical validation of these hypotheses may lead to new research avenues concerning the relative roles of management and leadership within the sales management function.

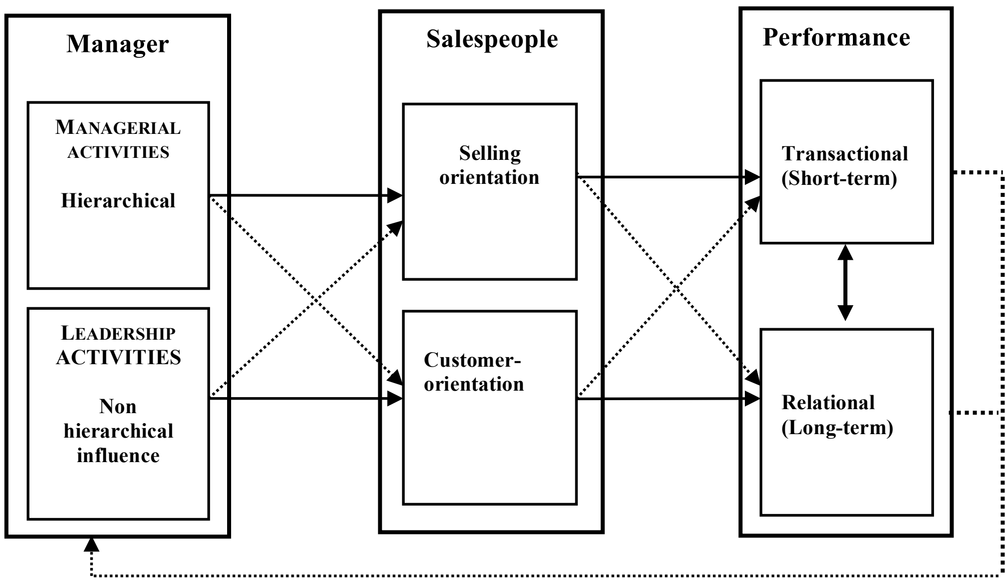
The literature focuses on the customer selling orientation and its impact on salespeople and performance. Many companies and salespeople are still focusing on the selling orientation, so this orientation can be appropriate to achieve specific results; A new view of performance can help to recognize this contribution of salespeople's selling orientation.

Sales performance being the ultimate measure of organizational success, it has always been variously measured. Considering performance in terms of transactional (short-term) and relational (long-term) is relatively new (Darmon and Martin 2011), but also critical to sales organizations. This proposed conceptual framework provides potential indicants for such a performance measure, which could help to better understand the effectiveness of salespeople and managers over time.

From a managerial point of view, this model may help conciliate management's frequently conflicting objectives, by differentiating transactional (short-term) and relational (long-term) performance. Even though managers know that they should invest in long-term relationships with customers (encouraging a leadership approach), the short-term pressure for results calls for a short-term managerial approach. Given the increased importance of long-term relationship building with customers, this framework highlights the importance of leadership activities for sales managers. Consequently, this model points at the activities managers should stress, depending on the expected outcome in terms of short- versus long-term performance. In order to get short-term transactional results, managers may focus on objectives, controls and feedbacks. When managers aim at long-term relational outcomes, they should influence salespeople through coaching, creating alignment and buy-in. In addition, depending on the relative importance given to their short- versus long-term objectives, managers should select and implement relevant salespeople influence strategies.

Figure 1

Manager's activities consequences



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