Sales management issues relating to cross-functional business-to-business selling teams

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Abstract

Selling has become dispersed within many business-to-business marketing companies that utilise cross-functional selling teams and inter-company collaborative teams to implement key account management strategies.

This paper provides an outline of proposed research aimed at identifying (1) whether companies adapt their recruitment and training practices as a result of the increased complexity of key account and sales management roles due to cross-functional and collaborative approaches, (2) whether sales managers adapt their sales management practices in such situations, and (3) the impact of 'selling dispersion' on sales performance. The research should contribute toward a better understanding of factors affecting 'team selling'.

Key words: Sales management; Sales dispersion; Cross-functional selling

Background

Traditionally, the role of the salesforce has been considered to include responsibility for "servicing the sale" once a prospect has become "an established customer" (Manning and Reece, 2001, p 15), ensuring the prospect has a smooth transition to becoming a regular customer and receiving special attention as required (Reilly, 2003). Various other writers also consider the selling function to include aspects of follow-up, coordination and the provision of customer service (for example, Futrell, 2002; Jones, Stevens and Chonko, 2005b; Moncrief and Shipp, 1997).

However, there is clear evidence that "functional boundaries are declining" and that organisations "are increasingly accomplishing their work through cross-functional teams" (Homburg, Workman and Jensen, 2000, p 461). Indeed, by the early 1990s, in response to "intense global competition", reduced growth and "demanding customers", many companies were attempting to restructure their sales organisations "to lower costs and leverage their capabilities" to improve customer satisfaction (Cravens, 1995, p 49). Multi-functional teams comprising marketing and production personnel, for example, also have arisen in response to flexible manufacturing strategies (Siguaw and Honeycutt, 1993). Changes have included the creation of "multi-functional teams to manage key business processes" (Cravens, 1995, *ibid*).

From a marketing viewpoint, "cross-functional interaction" involves substantial "influence of functional groups outside of marketing in the firm's marketing activities". One consequence of this is that non-marketing people, lacking marketing expertise, become "involved in the decision process concerning marketing activities". As a result, there is a risk that "the quality of [marketing] decisions might decrease". (Krohmer, Homburg and Workman, 2002, p 451)

With respect to the sales organisation, specifically, the responsibility for developing and maintaining customer relationships now often involves "all business functions", rather than just the salesforce. Concurrently, "greater involvement of other business functions in the customer relationship also changes selling from an individual to a team responsibility". (Cravens, 1995, p 51)

Even without a cross-functional approach, various non-marketing people often interact with customers. Indeed, within firms marketing services, most customer interaction is not undertaken by salespeople but by those producing and delivering the services (Gummesson, 1991). Those interactions need to be coordinated so that account strategies are properly implemented, especially within global firms (Wilson and Weilbaker, 2004). For example, Lane and Piercy (2004, p 666) provide the following comments regarding coordination:

> *Managers must proactively track the different functions ... impacting on the delivery of value to customers ... . The imperative is clear – customers will no longer solve the seller's organizational problems. The new customer demand is that the seller sorts out the seller's own problems – the days when the buyer would tolerate the need to phone to argue with Accounts about billing arrangements and credit, contact the factory about delivery and service, deal separately with maintenance about issues like installation and repair, and so on, have gone.*

In effect, within many business-to-business marketing firms, the selling function has become dispersed throughout the organisation. This dispersion has implications relating to sales management, given the importance of the management of the overall selling process (Holmes and Srivastava, 2002; Lane and Piercy, 2004; Yammarino, 1997) and the risks of misalignment due to "internal misunderstandings and disagreements on both opportunities and existing priorities" (Van Hoek and Mitchell, 2006, p 269). There also are potential problems relating to internal politics (Piercy and Lane, 2005; Wilson and Millman, 2003).

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Dispersion of selling activities

Within business-to-business marketing, there has been "an increasing emphasis on key account management", with key account managers "increasingly taking on the role of a primary marketing coordinator" and "more senior people" being "assigned to key accounts". Simultaneously, there has been "an increasing assignment of cross-functional teams to major accounts" due to recognition of the need for "multifunctional expertise when collaborating closely with individual customers". (Homburg *et al*, 2000, pp 463-465)

For example, the French construction firm, Spie Tondella, has introduced project teams to improve interaction with customers due to the complex nature of its projects. The role of the project managers constitutes "a new function in the company", comprising elements of both engineering and sales, but with project managers not being within either functional area (Pardo and Ivens, 2006, pp 7-8).

Cross-functional teams can become collaborative teams comprising members from different companies, typically supplier and customer organisations. For example, within consumer goods─retailer channels, firms such as Procter & Gamble and Kmart "are assigning multifunctional teams to deal with each other at many levels" (Day, 1994, p 45). However, effective management of supplier─customer collaborative relationships requires prior agreement among relevant functional areas within the supply firm on which customers to target. "No longer is this choice left to the sales function, without regard to the impact on the manufacturing and service functions" (*ibid*).

Such complexity in customer relationship processes is likely to result in challenges relating to account management, especially key account management, and overall sales management.

Implications for sales management

Key account managers usually are supported by people from various functional areas, such as manufacturing and logistics, as well as marketing. They need to coordinate actions and decisions within their own company, and the range of interactions between employees of their own firm and those of their customer organisations. (Guenzi, Pardo and Georges, 2007)

According to Millman and Wilson (1996, p 11), organisations that adopt key account management need to "evolve the appropriate internal systems and processes", taking "multi-level multi-functional approaches which *transform* rather than merely *extend* traditional organization structures/processes". Changes should "encompass the sales function" and "the customer service/support and distribution functions" (*ibid*). In the case of collaboration with a major customer, "formal communication via joint planning exercises, performance review meetings, joint product development, and regular exchanges of commercial/technical information" can enhance the relationship (*ibid*, p 12).

Sales managers need to recognise that the role of the key account manager is very different from that of the traditional salesperson (Guenzi *et al*, 2007). They need to understand what selling behaviours are required to "successfully implement the specific key account management program" adopted by their firm, and to identify the expertise required of key account managers, recruit or promote candidates that best fit those requirements, and invest in training aimed at reducing any gaps in expertise (*ibid*, p 130). The sales management task is clearly more complex than that of a sales manager without key account management staff. That complexity is increased when firms adopt a cross-functional approach to marketing, either (1) requiring key account managers to work more closely with various people from non-marketing functional areas, or (2) replacing account managers with sales expertise and, possibly, broader marketing knowledge, with project managers with technical backgrounds but without sales expertise.

Components of the sales management process are identified in Exhibit 1, with shading indicating those components affected by key account management and/or cross-functional strategies. It would seem likely that all indicated activities of sales managers would become more complex and more challenging as subordinate account management staff become involved with more people from outside of the sales (and marketing) function to achieve their customer- and sales-related goals.

Given the greater complexity of the sales roles of their account managers, sales managers would need to undertake more complex leadership and management activities. Working with their management counterparts in other functional areas to ensure their account managers are provided with adequate levels of information and support would require higher than normal levels of coordination, communication and persuasion. The process would become even more complex if a major account operated in various locations with high levels of autonomy at the local level, requiring key account management functions to be undertaken at the local level (perhaps within each country) as well as being coordinated across several locations (perhaps regionally, such as within Europe or North America).

There also would be a need to consider the formal and informal leadership requirements relating to non-selling people involved in sales-related or sales support activities, such as technical people involved in providing pre-sale support to salespeople during sales presentations to major prospects or post-sales technical support to major customers. While their primary responsibilities would remain technical, such people would undertake various tasks requiring expertise (and leadership support) normally only required in sales roles. There also are related issues regarding sales management leadership and control of such teams (Rajagopal and Rajagopal, 2008).
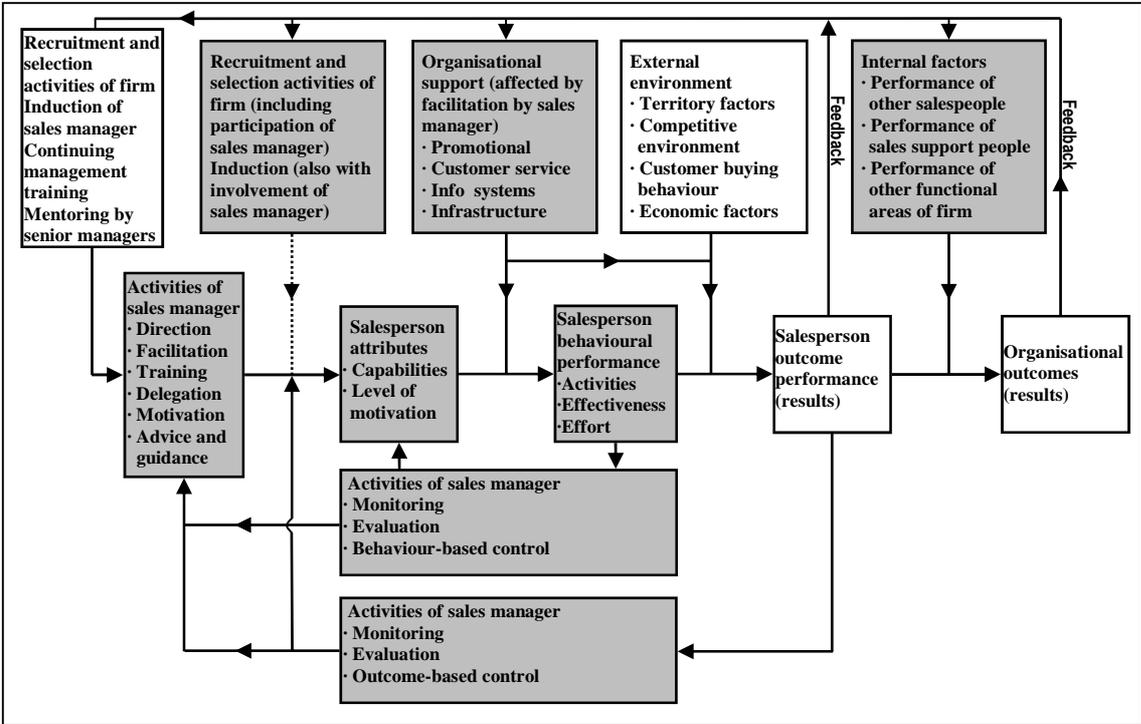
Exhibit 1: Framework of the sales management process*
Source: Adapted from Wilkinson, 2009, p 90
* Shading indicates factors with greater complexity when subordinate salesperson is a key account manager.

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Consequently, firms will need to review the background and calibre of staff being recruited for sales management positions, and the level of management training (and mentoring) provided to sales managers with responsibility for account management staff, especially if the firm has adopted cross-functional and/or collaborative approaches to marketing. This is a major issue, given the low levels of management training provided to many sales managers (Anderson, Mehta and Strong, 1997; Shepherd and Ridnour, 1995; Wilkinson, 2005).

The situation is likely to be compounded if some executives outside the sales function in effect have part-time key account or sales management responsibilities. This could occur if companies were to utilise project-based approaches to business development and if some project managers were from areas outside of sales (or even marketing, overall).

Management training of sales managers, already inadequate in many organisations, is likely to require even greater attention from human research management and senior marketing management due to greater complexities associated with cross-functional and collaborative approaches. Account management and sales training will be required for executives outside of the sales department who, in effect, undertake 'part-time' key account management roles through their cross-functional project management appointments, such as within Spie Tondella. Sales management training will be required for more senior executives outside of the sales department who, in effect, undertake *de facto* 'part-time' sales management roles because of their management responsibility for project teams that have responsibilities including sales-related issues, such as those at Procter & Gamble.

Intuitively, it seems likely that executives from outside of the sales function, but with overall responsibility for the management of one or more cross-functional project teams, are unlikely to provide as much sales-related leadership support to those project teams as 'regular' sales managers. Given the major gaps identified in the sales leadership support provided by 'regular' business-to-business sales managers (Wilkinson, 2007), this appears to be a major issue. This is compounded by the fact that, within cross-functional teams, people from outside of the sales function often have to undertake some sales-related tasks for which they lack expertise ─ unless provided on-the-job training by their management.

Proposed research

Given the lack of prior research in the area and the above-mentioned implications regarding sales management, it is proposed to undertake research:

- to identify whether companies operating with cross-functional teams and/or inter-company collaborative teams adapt their recruitment and selection practices in recognition of the greater complexity and challenges associated with regular and *de facto* sales management and key account management roles associated with those approaches

- to identify whether companies operating with cross-functional teams and/or collaborative teams provide additional management and/or sales training for regular and *de facto* sales managers and/or key account managers, compared with levels provided in companies with traditional salesforce structures (that is, without cross-functional or collaborative teams)

- to assess the levels of sales management support provided by regular and/or *de facto* sales managers to regular and/or *de facto* key account managers within companies operating with cross-functional teams and/or collaborative teams, compared with levels provided in companies with traditional salesforce structures.

- to identify whether there are differences in the implementation of sales management control strategies (Baldauf, Cravens and Piercy, 2005) between regular and *de facto* sales managers, and/or between companies operating cross-functional or collaborative teams and those with traditional salesforce structures.

Subject to access to relevant performance data (a potential limitation due to possible confidentiality concerns of participating companies), comparisons of sales performance between companies utilising the different sales structures identified above also are proposed. Ideally, those comparisons would be undertaken at organisational and salesperson levels ─ including both behavioural and outcome-based measures of performance (Dalrymple and Cron, 1998; Grant and Cravens, 1999). However, meaningful comparisons probably would require participation of competitive companies or, at least, of companies in reasonably closely-related product-markets. Such participation could prove difficult to obtain.

A grounded theory approach (Geiger and Turley, 2003) is planned for the first phase of the study, consistent with recommendations by Jones, Dixon, Chonko and Cannon (2005a). Those researchers have noted that "the nature of teams introduces issues not adequately understood by current theory" and "the extant literature on teams … does not directly address the distinctive aspects of team *selling*" (Jones *et al*, 2005a, p 193). Given the need to discuss organisational structure and salesforce strategies in detail with senior management, focus group discussions and follow-up semi-structured interviews will be conducted with a sample of executives from firms using cross-functional teams or collaborative teams (Webster, Malter and Ganesan, 2004). Structured interviews also will be conducted with a sample of members of cross-functional and/or collaborative teams, covering executives from various functional areas, to identify their views on key factors affecting team selling (Jones *et al*, *ibid*).

The structured interviews will assist in the development of constructs, scales and specific items for subsequent use in the quantitative phase of the study (Guenzi and Troilo, 2007). Given the objectives of the overall project, data will need to be collected from a range of respondent types, including:

- human resource managers ─ relating to recruitment and selection practices
- sales managers ─ regarding their levels of management training and their implementation of sales management control strategies
- regular and *de facto* key account managers ─ regarding their levels of sales training and levels of sales management support they receive ─ noting that managers "are not very good at evaluating themselves" relative to objective criteria (Atwater, Ostroff, Yammarino and Fleenor, 1993, p 577), while subordinates' perceptions of a manager's leadership style are considered to be more appropriate and more accurate than self-perception or perceptions by a senior manager or colleague (Avery, 2001).

Depending upon the willingness of company management to allow relevant performance data to be collected, the final phase of the project would involve collection of organisational-level performance data from senior marketing managers (or nominated personnel), and team- and salesperson-level behavioural and outcome-based performance data. Data collection will comprise mail surveys of the above-mentioned respondent types from organisations in a wide range of industry sectors, covering consumer and industrial goods and services, ensuring a range of product-market settings (Homburg, Jensen and Krohmer, 2008).

Contribution

This paper identifies key issues resulting from the dispersion of sales and sales management decision-making and actions due to the use of cross-functional and collaborative teams that, *inter alia*, have responsibility for key account and other sales-related tasks. The proposed research project should contribute toward addressing the "growing need to better understand factors driving team selling success" (Jones *et al*, 2005a, p 194).

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