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# Salesforce performance and behaviour-based management processes in business-to-business sales organizations

Salesforce  
performance

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## Introduction

The evaluation of salesperson performance remains a critical and central issue in salesforce management. The significance of the performance evaluation issue is underlined both by the need for information for effective control – to support decisions on salesperson termination, promotion, remuneration and in sales employment disputes (Lublin, 1994) – as well as the need for management to have some basis to facilitate decision making to improve salesperson performance and enhance sales organization effectiveness (Cravens, 1995; Cravens *et al.*, 1993). Both types of management information requirements demonstrate a high priority for understanding the determinants or drivers of sales performance, as a highly significant issue for sales management.

Indeed, while effort has been expended in attempts to identify valid and reliable predictors of salesperson performance that would be useful to managers, the large number of studies conducted have made only a limited contribution to improving understanding of salesperson performance and have produced only relatively poor predictors of performance (Churchill *et al.*, 1985). However, it remains unclear whether this shortfall reflects attention to inappropriate performance indicators, selecting the wrong dimensions or elements of performance, or simply the application of poor measures.

The conventional view of sales management focuses on the recruitment and selection of capable candidates to sales positions, and the design and use of incentives to provide motivating stimuli, with the goal of providing salespeople with the opportunity to produce acceptable outcome results (Lancaster and Jobber, 1994). This approach has suffered from the shortcomings that would be expected given our limited understanding of the underlying drivers of salesforce performance.

However, a promising approach based on theoretical and empirical studies, suggests that insights into salesperson performance come from evaluating salesperson work behaviour, rather than just the outcome results attributed to them (Anderson and Oliver, 1987; Challagalla and Shervani, 1996; Cravens *et al.*, 1993). These approaches suggest that salesperson behaviour performance in such activities as: planning sales calls, making sales presentations and involvement in team-based selling efforts; may be a highly significant contributor to salesforce effectiveness. Managing salesforce performance should also isolate and recognise the existence of factors, such as market potential, that impact on salesperson outcome performance, but lie outside the control of the individual salesperson (Churchill *et al.*, 1993). Both implications are highly significant to understanding sales performance drivers and thus to selecting appropriate sales management control measures.

Indeed, one critical and continuing problem facing managers and researchers in the area of sales management control is simply the ambiguity of the results achieved when common assumptions about the results of different types of control are tested empirically (Challagalla and Shervani, 1996). For instance, output-based control has been found variously to increase performance (Jaworski *et al.*, 1993), to decrease outcome performance (Oliver and Anderson, 1994), and to have no direct impact on performance (Lusch and Jaworski, 1991). Similarly, behaviour-based control has been found to improve salesperson satisfaction (Oliver and Anderson, 1994), while other studies find no link between behaviour control and satisfaction (Jaworski *et al.*, 1993). Indeed, behaviour control has been found to be both negatively related to performance (Oliver and Anderson, 1994) and unrelated to performance (Jaworski *et al.*, 1993).

Most recently, Challagalla and Shervani (1996) have demonstrated positive effects from behaviour-based control (which they divide into capability and activity control), and only inconsequential effects from outcome control, adding some further support to the original Anderson and Oliver (1987) propositions.

It should be noted alongside the ambiguities and conflicts in these empirical findings, that the studies reflect exclusively US empirical studies. This suggests some significance to the further issue of examining findings regarding these issues in other countries and cultures (Grant and Cravens, 1996).

Our objective is to evaluate certain of these proposals in the context of sales organizations in the UK, replicating and extending an empirical design used in earlier studies in the USA (Cravens *et al.*, 1993; Oliver and Anderson, 1994) and in Australia (Cravens *et al.*, 1992; Grant and Cravens, 1996). We use the field sales manager as the unit of analysis, compared to the chief sales executive and the salesperson used in the US studies. This evaluation involves:

- studying the relationship between the sales management control system and salesperson performance;
- examining the linkages between salesperson behaviour performance and outcome performance;

- 
- investigating the role of organizational commitment in salesperson performance; and
  - considering the role of territory design in salesperson performance.

The constructs studied and the methodology used are discussed, before considering the results and managerial implications of the study.

### **Performance and sales control systems**

The components of salesperson performance are defined and discussed below, distinguishing between behaviour and outcome performance, leading to the central issue of sales management control approaches. Hypotheses are proposed linking these constructs.

#### *Salesforce performance*

Salesperson performance is defined as evaluation of the behaviour of the salesperson (i.e. the tasks consuming effort while working), since behaviour contributes to the achievement of the organization's objectives (Churchill *et al.*, 1993). However, we follow the Anderson and Oliver (1987) conceptualization, in suggesting that it is potentially insightful to evaluate salesperson performance both in what they do (e.g. sales planning) as well as the outcomes (e.g. sales results) that are attributed to them. This view of performance suggests that salesperson performance can be studied both as behaviour performance and as outcome performance (Anderson and Oliver, 1987; Behrman and Perreault, 1982; Challagalla and Shervani, 1996; Cravens *et al.*, 1993; Oliver and Anderson, 1994).

*Behaviour performance.* This aspect of performance is concerned with the various skills and activities that are important to fulfilling the responsibilities of the sales job. This may include such behaviours as: adaptive selling, teamwork, sales presentations, sales planning, and sales support activities.

Traditionally, sales management has based performance evaluation on the sales results of salespeople (i.e. outcome performance). However, there are some signs that this approach to performance evaluation is changing, particularly as sales strategies increasingly rely on team-oriented selling and the building of long-term customer relationships (Corcoran *et al.*, 1995). For example, Morris *et al.* (1991) found that when senior sales managers were asked to rate the importance of a variety of behaviour and outcome-based performance factors, they ranked almost all the behaviour-based factors higher than conventional outcome factors like sales, net profit, and new accounts. It seems that while sales managers continue to keep score mainly using sales results, they do recognize the importance of the components of salesperson behaviour that lead to those sales results.

*Outcome performance.* The outcome performance dimension is made up of the results attributable to the salesperson, such as the traditional measures of sales, market share, new accounts, as well as other results achieved. Customer satisfaction and profitability measures are also being used by several companies to gauge salesperson performance (*Business Week*, 1994). For example, IBM's worldwide salesforce of 30,000 has incentive pay based on profitability (60 per

cent) and customer satisfaction (40 per cent). The traditional sales control measures, are widely-used in spite of the complicating factor of the limited degree to which a period's outcomes can be validly linked to a salesperson's skills, efforts and effectiveness in that same period, rather than to non-controllable factors like organizational and environmental influences (e.g. strong company/brand image or increased competition), or the lagged effects of efforts and influences in earlier periods (Ryans and Weinberg, 1987).

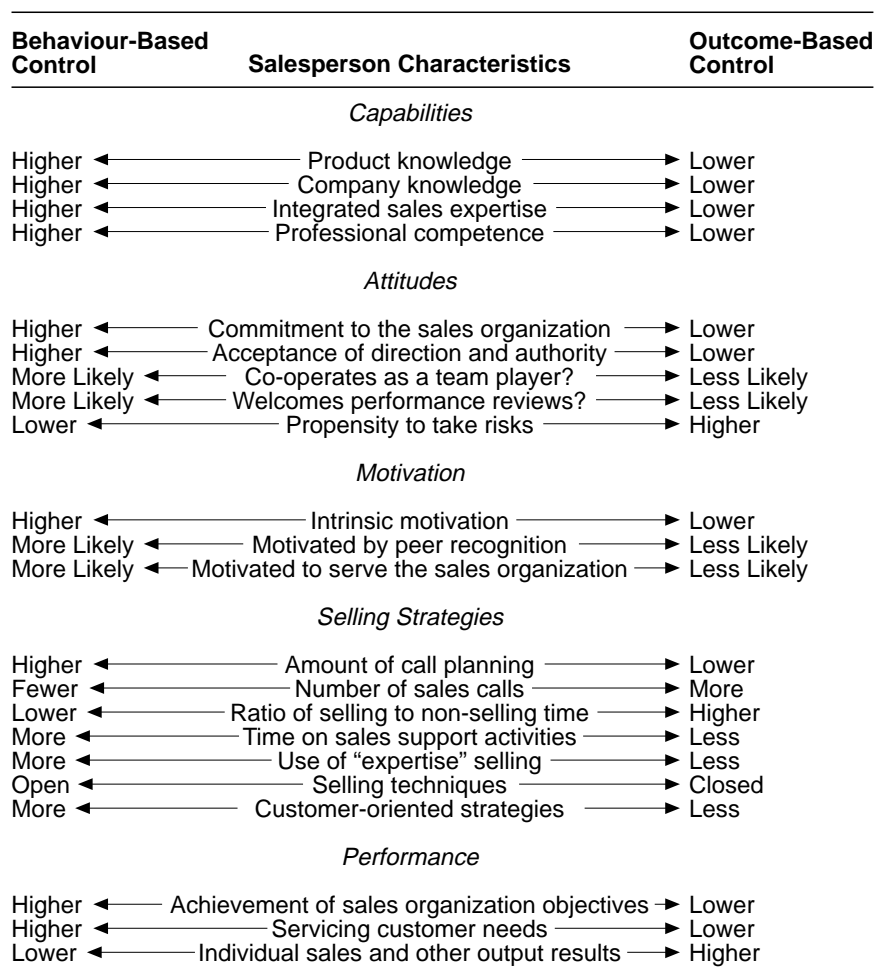
*Sales management control systems*

Processes of sales management control span a continuum from a focus by management mainly or wholly on outcomes, to a primary focus on salesperson behaviour (Anderson and Oliver, 1987). Correspondingly, following the Anderson and Oliver (1987) argument, behaviour-based control systems rely more on sales manager monitoring, directing, evaluating and rewarding salespeople, while outcome-based control systems rely primarily on measuring salesperson outcomes. Typically, it is expected, behaviour-based control involves a high proportion of fixed salary for salespeople, compared to a high proportion of incentive payment under outcome-based control.

Anderson and Oliver (1987) and Cravens *et al.* (1993) highlight differences between behaviour-based control systems and outcome-based control systems in the way summarized in Figure 1. While somewhat stereotypical in nature, it is suggested here that behaviour-based control is likely to be associated with high salesperson *capabilities* in product knowledge, company knowledge, integrated sales expertise, and professional competence, while outcome-based control will be associated with lower capabilities in these areas. Behaviour-based control is also expected to be associated with positive *attitudes* in terms of commitment to the sales organization, acceptance of direction and control, more team co-operation and enthusiasm for performance reviews, but lower propensity to take risks, while outcome-based control is expected to be associated with less positive attitudes and a greater propensity to take risks.

*Motivation* is expected to be higher with behaviour-based control, in terms of intrinsic and peer recognition motivational forces and motivation to serve the sales organization. Behaviour-based control is expected to be associated with *selling strategies* involving more call planning, support and advisory activities, open selling techniques and more customer orientation, but correspondingly fewer sales calls and a higher proportion of time spent in non-selling activities. Outcome-based control is expected to be associated with selling strategies involving less planning, support and advice, closed selling techniques and lower customer orientation, but with more sales calls and a greater proportion of time spent in selling activities.

The result expected is that behaviour-based control will lead to higher level of performance in achieving sales organization objectives and serving customer needs, while outcome-based control will lead to higher performance in achieving individual sales and other output results. It should be noted, however, that more recently Oliver and Anderson (1994) have underlined the significance



**Source:** Based on the propositions advanced in Anderson and Oliver (1987) and Cravens *et al.* (1993)

**Figure 1.**  
Comparisons of  
salesforce management  
control processes

of viewing the difference between behaviour-based control and outcome-based control as one of the degree not simply of type:

Levels of monitoring and direction, as well as methods of evaluating and compensating salespeople, should be treated as interrelated dimensions that collectively describe management's control system (Oliver and Anderson, 1994).

Nonetheless, even with this caveat to their original argument, there remains a fundamental distinction between salesforce control systems which are primarily behaviour-based and those which are primarily outcome-based.

This said, it would be unwise to assume any universal superiority of one control system approach over the other (Challagalla and Shervani, 1996). It is likely that either control approach can be effective when matched to the selling situation that

is faced and it is the contingencies associated with the appropriateness of different control philosophies on which management attention should focus. However, there are indeed some important signs that many business-to-business selling situations exhibit just those contingencies which are more appropriate for behaviour-based control. Such situations are those which encourage collaborative relationships with customers, co-ordinated team selling and building internal relationships between business functions to achieve a robust value proposition in the market and seamless service delivery (Cravens *et al.*, 1992).

The control system adopted by an organization determines the choice of measures for performance evaluation, the actual performance standards used to judge individual salesperson performance, the information used in monitoring performance, as well as the feedback or reinforcement given to salespeople by sales managers. For this reason, it is important that the control system adopted by an organization should correspond to sales management objectives and the selling strategy pursued. To generate further insights into this matching process, the goal of this study is to examine salesperson performance in organizations using forms of behaviour-based control. Drawing on the discussion above, we advance the following hypotheses, which are developed from Grant and Cravens (1996) to enable cross-country comparisons:

- H1:* Salespeople who perform well on the skills and activities that are important in fulfilling the responsibilities of the sales job (behaviour performance) will have high sales outcome performance.
- H2:* The greater the extent of behaviour-based sales management control:
  - H2a:* the higher will be salesforce behaviour performance;
  - H2b:* the higher will be salesforce outcome performance.

The basis for *H1* is that it is expected that salespeople who perform well in carrying out the job tasks allocated by management (even if these are non-selling tasks) will achieve higher sales outcome performance, although accepting the argument that in some situations there may be a substantial time-lag between specific salesperson behaviours and related outcomes. The underlying premiss is that sales management has selected and implemented a sales strategy appropriate for the organization's selling situation. *H2* points to the role of the sales manager in helping salespeople perform well by providing behaviour-based management (i.e. monitoring, directing, evaluating and rewarding). There is some strong empirical support for *H1* and *H2* in a recent study of US chief sales executives (Cravens *et al.*, 1993) and in the study of Australian sales management (Grant and Cravens, 1996).

#### *Organizational commitment*

Organizational commitment indicates the strength of a salesperson's involvement and loyalty to the organization (Johnston *et al.*, 1990). Salesperson commitment is expected to be higher when working under a behaviour-based management control system (Anderson and Oliver, 1987). Also, it is expected that in this situation salesforce behaviour performance should be higher.

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While the Anderson and Oliver (1987) model proposes that output sales results will be lower under behaviour-based control (see Figure 1), some empirical evidence from a sample of chief sales executives suggests the reverse to be true (Cravens *et al.*, 1993). The hypothesis that follows from this argument is:

- H3:* The higher salespeople's commitment to the organization:  
*H3a:* the higher will be their behaviour performance;  
*H3b:* the higher will be their outcome performance.

#### *Territory design*

Sales territory design comprises such issues as: determining territory boundaries (or allocating account responsibility); deciding the size of the salesforce; and, allocating the salesperson's selling effort across customers and prospects. It would be expected that deficiencies in sales territory design would have a negative impact on salesperson performance, for reasons which are outside that salesperson's control. For example, if a salesperson's territory has low sales potential in terms of available accounts and customer spending level, or a higher level of competition compared to other territories, then outcome performance is likely to be relatively low, even if the salesperson is working as hard and effectively as others in more attractive territories. Salespeople allocated more attractive territories with more available business and less competition, have more opportunity to achieve sales, and may work less hard and less effectively to achieve acceptable results. This issue is clearly important since it suggests that sales managers using behaviour-based control can enhance salesperson performance through effective sales territory design. We hypothesize as follows:

- H4:* The more satisfied sales managers are with their sales territory designs:  
*H4a:* the higher will be the behaviour performance of salespeople;  
*H4b:* the higher will be the outcome performance of salespeople.

(For this purpose, we make the assumption that sales managers who are more satisfied with their sales territory designs are satisfied because they believe those designs to be sound, or at least as effective as possible. While this remains only a subjective assessment, we believe that experienced managers are able to make a reasonable judgement of the adequacy of their territory designs.)

#### **Methodology**

The hypotheses developed above are evaluated using data collected from a sample of salesforces located in the UK. The respondents were field sales managers, supervising four to six salespeople. The variables measured and scales used to capture the constructs studied are listed in the Appendix.

#### *Construct measurement*

Salesforce behaviour performance was measured by the field sales manager's summary assessment of the salespeople in his/her unit in terms of technical knowledge, adaptive selling, teamwork, sales presentation, sales planning, and

sales support. (It should be noted that since the unit of analysis was the field sales unit, performance evaluations necessarily involve some averaging by the sales manager of individual salespeoples' performance, which may place a limitation on the interpretation of some findings.) A seven-point scale was used, anchored by 1 = Needs improvement and 7 = Outstanding. All the scales were based on previously published studies (Behrman and Perreault, 1982; Cravens *et al.*, 1993; John and Weitz, 1989; Spiro and Weitz, 1990).

Recently it has been suggested that global constructs of behaviour-based control are insufficiently discriminatory and that there is some advantage in distinguishing between activity control (i.e. specifying the activities a salesperson is expected to perform on a regular basis, monitoring actual behaviour, and administering rewards and punishments as appropriate) and capability control (i.e. encouraging, supporting and reinforcing behaviour aimed at the enhancement of the salesperson's skills and attributes) (Challagalla and Shervani, 1996). This distinction is not made in the measurements presented here, but it is significant to the interpretation of our findings and the management implications of those findings.

Salesforce outcome performance was measured by scales also based on previous research (Behrman and Perreault, 1982) and included; producing high market share; selling high profit margin products; generating high sales revenue; selling new products/services; identifying and selling to major accounts; developing sales with long-term profitability; and exceeding all sales targets and objectives. The sales management control system construct included four components: monitoring, directing, evaluating, and rewarding – where respondents were asked to indicate the extent to which they performed each activity. The specific activities included in each component are identified in the Appendix. The scale was anchored at 10 for "To a great extent" and 1 for "Not at all". Organizational commitment was measured using scales developed in several other studies (see Appendix), while the sales territory design measurement scale was developed by Babakus *et al.* (1996) and replicated in this study.

#### *Sample and data collection*

The goal of the sampling plan was to include sales organizations operating in different selling environments throughout the country. A directory listing was used, supplemented by personal contacts and professional links, in a judgement sampling approach, similar to those adopted by other intercompany studies in this field (e.g. Babakus *et al.*, 1996; Cravens *et al.*, 1992; 1993; Grant and Cravens, 1996). A total of 62 companies participated in the study, representing approximately 25 per cent of the companies contacted. The respondents consisted of 144 field sales managers. This response rate and sample size was considered acceptable, since the research instrument consisted of a detailed eight-page questionnaire, but clearly does limit claims to general descriptive representativeness of the findings, and our analysis is confined to exploring relationships between the constructs within the companies studied. However, an "early versus late" analysis was also conducted, where responses were



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arranged into three groups based on the date of return of the questionnaire, and the “early” and “late” groups were examined for differences on the scales used. No significant differences were observed, suggesting that some generalizability from the results may be possible (Armstrong and Overton, 1977).

The types of salesforces represented in the study include: generalists (11 per cent), product-service specialists (34 per cent), and product-customer specialists (55 per cent). The salespeople in the survey all called on organizational customers, and product-market types were: consumer products (28 per cent); industrial products (49 per cent); consumer services (8 per cent); and, industrial services (15 per cent). On the constructs reported here, there were no significant differences between the companies based on salesforce type, product-market type, or company size.

#### *Analysis*

The primary analysis relies on the division of the sample into high and low performance groups. This was achieved using the sales managers' evaluations of their salesforces on the criteria of behaviour performance and outcome performance. The sample was divided into three equal-sized groups using the summary performance evaluations, and the high versus low performance comparisons were made using the highest third and lowest third of the sample. For example, using the summary rating for the multiple outcome performance items, the sales units in the lowest third comprised the low performance group. This allows the evaluation of relative differences between salesforces rated high or low in performance, although it does not permit any evaluation of whether performance was satisfactory or unsatisfactory. Importantly, rather than attempting to identify poor or superior performance, the objective was to examine how the measures of the study constructs varied at different levels of performance. Differences between the high and low performance groups for the constructs included in the study provided the basis for evaluating *H1* to *H4*.

### **Results and discussion**

#### *Salesforce performance ratings*

Since each sales manager made a summary assessment of the salespeople supervised, there was some concern that all of the managers would give their salesforces relatively high performance ratings. If there were little or no variation in the performance ratings, then it would not be possible to examine the research questions validly. In fact, there was adequate variation in managers' performance ratings. There is, not surprisingly, a positive bias in the distribution of responses in Table I. Nonetheless, a substantial proportion of the managers (between 20 and 40 per cent) gave ratings of either neutral performance (scale point 4) or unfavourable performance (scale points 1, 2, 3). This range of ratings provides sufficient variation in performance assessments to permit examining differences between high and low performance groups. The aspects of behaviour performance where sizeable proportions of respondents rated performance as low or neutral were sales planning, sales support, teamwork, and adaptive

**Table I.**  
Sales managers'  
ratings of salesforce  
performance

Performance component	Low performance (1, 2, 3 ratings) %	Neither high nor low (4 rating) %	High performance (5, 6, 7 rating) %
Outcome performance	21	19	60
Technical knowledge	6	14	80
Adaptive selling	18	16	66
Teamwork	19	17	64
Sales presentation	12	18	70
Sales planning	18	19	63
Sales support	18	18	64

**Note:**  
Each sales manager indicated how the salespeople in the unit were performing using a seven-point scale where 1 = needs improvement, and 7 = outstanding

selling (accounting for more than a third of the sample in each case). As high a proportion as 40 per cent of the managers did not give outcome performance a high rating. Technical knowledge and sales presentations were given the highest ratings (80 and 70 per cent of the sample group respectively).

*Behaviour and outcome performance comparisons*

Anderson and Oliver (1987) proposed that salespeople under more behaviour-based control systems would do better in meeting organizational goals and serving customer needs, but would perform less well on traditional output measures of performance (see Figure 1). There are some inconsistencies in the logic supporting this proposition and they have recently modified their argument (Oliver and Anderson, 1994). Also in the first empirical test of the propositions, Cravens *et al.* (1993) found that salespeople with higher behaviour performance in fact also display high outcome performance.

Statistical tests for differences for all the construct measures are shown in Table II for the high and low behaviour performance groups, and a similar analysis for the high and low outcome performance groups is shown in Table III.

The data in Table II show that the high behaviour performance group has a significantly higher outcome performance, thus providing strong support for *H7*. This means that salespeople whose technical knowledge, adaptive selling, teamwork, sales presentation, sales planning, and sales support performance are high, are also rated high on outcome performance. These findings provide strong support for the proposition that higher behaviour performance leads to higher outcome performance, in organizations where behaviour-based management control is used.

It should be noted that these findings are consistent with research results in US sales organizations (Cravens *et al.*, 1993) and Australian sales organizations (Grant and Cravens, 1996). While the data do not demonstrate direct causality between high behaviour performance and high outcome performance, this causality is certainly that which has been suggested in the sales management literature (Higgins, 1993). Interestingly, this interpretation is also consistent with

Constructs	Behaviour performance groups <sup>a</sup>		Sig <sup>b</sup>	Salesforce performance
	High performers (N = 44)	Low performers (N = 41)		
Outcome performance	5.10	3.82	0.000	<b>89</b>
Behaviour-based control				
Monitoring	7.51	6.45	0.061	
Directing	7.58	5.73	0.000	
Evaluating	7.48	5.65	0.000	
Rewarding	6.68	5.21	0.000	
Organizational commitment	7.17	5.90	0.000	
Salary as percentage of total remuneration	83.52	80.77	0.542	
Sales territory design	4.98	4.17	0.000	
<b>Notes:</b>				
<sup>a</sup> Sample divided into three groups on the basis of scores on behaviour performance, and Table contrasts the high and low groups			Differences between high and low behaviour performance salesforces	
<sup>b</sup> Difference between means for high performers and low performers assessed by <i>t</i> -test				

the propositions in the more general literature of organizational and marketing control (e.g. Bailey, 1989; Jaworski, 1988; Lawler and Rhodes, 1976; Locke, 1968).

However, it is important to bear in mind that it is not argued that the low performance group in the analysis is performing unsatisfactorily. Instead the study results point to a key route to performance improvement in both groups, because high outcome performance is associated with high behaviour performance. Salespeople who perform essential sales activities well, also

Constructs	Outcome performance groups <sup>a</sup>		Sig <sup>b</sup>	Salesforce performance
	High performers (N = 42)	Low performers (N = 46)		
Behaviour performance	5.35	4.14	0.000	<b>89</b>
Behaviour-based control				
Monitoring	7.15	6.25	0.099	
Directing	7.33	5.55	0.000	
Evaluating	7.22	5.63	0.000	
Rewarding	6.67	5.04	0.000	
Organizational commitment	7.03	6.07	0.000	
Salary as percentage of total remuneration	82.35	80.22	0.975	
Sales territory design	4.95	4.08	0.000	
<b>Notes:</b>				
<sup>a</sup> Sample divided into three groups on the basis of scores on outcome performance, and Table contrasts the high and low groups			Differences between high and low outcome performance salesforces	
<sup>b</sup> Difference between means for high performers and low performers assessed by <i>t</i> -test				

achieve high sales outcomes. This finding highlights an important characteristic of behaviour-based control: both the activities associated with the sales process and the process outcomes are important sales management and salesperson concerns.

*Sales management control systems*

The exploratory discussions carried out with sales executives from different industries in the early stages of the research suggest that behaviour-based management control systems have become more common in British companies, and some support for this observation is provided in Table IV.

Respondents were asked several questions to evaluate the nature of the management control system in their organizations. The mean values for items one to three are above the neutral value of three, on the five-point scale, i.e. the amount of direct monitoring of salesforce activities, the amount of direction of salesforce activities provided, and the extent of salesforce coaching and communication. Compensation practices (item seven) are consistent with behaviour-based control, with fixed salary representing more than 80 per cent of total compensation. It is important to note that the extent of management control is not extremely high for either performance groups, since all of the mean values

Items <sup>b</sup>	Total group	High performers <sup>a</sup> (N = 49)	Low performers (N = 46)	Sig
1 Amount of direct monitoring of salesforce <i>activities</i>	3.35	3.69	3.07	0.005
2 Amount of <i>direction</i> of salesforce activities provided	3.52	3.86	3.22	0.001
3 Extent of salesforce coaching and communication	3.51	3.73	3.20	0.012
4 Extent of changes in the number of people in your unit needed to improve performance	2.73	2.81	2.58	0.345
5 How much larger (%) were the annual sales for the top salesperson in your unit last year compared to the average	32.7	42.7	37.0	0.735
6 Percentage of your time allocated to selling rather than managing	37.4	39.4	41.3	0.778
7 Percentage of total compensation				
(a) Fixed salary	83.3	82.4	82.2	0.975
(b) Incentive pay	17.7	17.6	17.8	0.975

**Table IV.**  
Field sales managers' perceptions of management practices

**Notes:**

<sup>a</sup> Sample divided into three groups on the basis of scores on outcome performance and Table contrasts the high and low groups

<sup>b</sup> Items 1-4 were scored on a five-point scale, where 1 = little and 5 = considerable

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are considerably less than five. The high performers provide more direct monitoring and direction and a greater extent of coaching and communication, but the responses do not portray extremely tight control. The management control component values shown in Tables II and III are also consistent with the Table IV findings, in that none displays an extremely high mean value.

The sales managers' responses to the other management practices shown in Table IV are also of interest. Managers generally do not suggest that staffing levels require substantial changes in order to improve performance (item four). This apparently indicates that managers perceive their current staffing to be near optimal levels. However, this may reflect the difficulty for the sales manager in making judgements requiring knowledge of field sales units other than his/her own and some sensitivity to the issue of downsizing.

Some variation in sales of the salespeople in the units is indicated (item five), with the suggestion that high performing units have more concentration of sales on the most successful individuals, but this difference does not appear significant. Also, on average the managers in the study spend nearly 40 per cent of their time selling rather than managing (item six), although this proportion does not vary significantly between the high and low performance groups.

*Management control and outcome performance.* The extent of sales manager monitoring, directing, evaluating and rewarding is significantly different between the high and low outcome performance groups (though with relatively weak significance for monitoring), as shown in Table II. The more sales managers perform these activities, the higher the outcome performance of their salespeople. This provides substantial support for *H2b*.

While the analysis does not indicate causal links, it does suggest that behaviour-based control and high salesforce outcome performance are found in the same salesforces. The positive association is suggestive that behaviour-based control may enhance outcome performance, in the ways suggested (e.g. Corcoran *et al.*, 1995). It is also noteworthy that the conventional control by incentive payment is relatively low in the whole sample and does not differ significantly between high and low performers (both high and low output performers receive a fixed salary of around 80 per cent of total remuneration). Incentive payment is part of the total compensation package in behaviour-based control but it is apparently not a useful predictor of outcome performance.

*Management control and behaviour performance.* The four sales management control components also differ significantly between the high and low behaviour performance groups (Table II), (although the significance level is relatively weak for monitoring activities). This provides substantial support for *H2a*. This result, together with the outcome performance results, points to a strong link between behaviour-based management control and salesforce performance. Also, as with outcome performance, there is no significant difference between the high and low behaviour performance groups in terms of financial incentives. Both groups are paid primarily by fixed salary and there is no difference between high and low performers. Compensation control is not a useful predictor of performance.

These findings underline the key role of the sales manager in helping salespeople achieve high performance, rather than reliance on financial incentives alone.

*Organizational commitment, sales territory design and performance*

We also find support for *H3a* and *H3b* in Tables II and III. Salespeople with high organizational commitment also show high behaviour and outcome performance. The analysis does not indicate causality, though the suggestion that commitment may lead to enhanced performance finds some support in the literature (Sager, 1994). However, regardless of the direction of causality between commitment and performance, the consequences of the positive association are significant to managers. There is also strong support for *H4a* and *H4b*. Sales managers who are satisfied with their sales territory designs, also rate the behaviour and outcome performance of their sales people relatively high (Tables II and III). It is possible that this finding may reflect the tendency of sales managers who are satisfied with the performance of their salespeople to assume that territory designs are adequate (or indeed to prefer to avoid the problems of making structural changes), though again there is support in the emerging empirical literature for the view that organizational design drives performance (Babakus *et al.*, 1996).

**Management implications**

The results of the study offer a number of insights into sales management control and salesforce performance, which are consistent with the findings of US studies of the topic (Cravens *et al.*, 1993; Oliver and Anderson, 1994). These studies used the chief sales executive and the salesperson as the unit of analysis, whereas our study of UK sales organizations focuses on the field sales manager, as was the case in the Australian research (Grant and Cravens, 1996). Thus, the expanding base of behaviour-based sales management control research displays similar results at three different levels of the sales organization in three different countries. A number of important managerial implications can be drawn from the findings regarding behaviour-based control and performance.

*Behaviour-based management control*

The strong relationship found between the extent of behaviour-based management control and salesperson performance suggests that sales managers who want to improve salesperson performance may need to consider increasing their activities in monitoring, developing, evaluating and rewarding salespeople. This reflects concern with moving the role of the sales manager from primarily a scorekeeper to one of a facilitator helping salespeople perform better (Corcoran *et al.*, 1995). Indeed, the measures shown on Tables II, III and IV may provide some guidance for sales managers in diagnosing their performance levels in these activities. However, assessing the extent of performing such activities falls far short of evaluating how well they are performed, which should also feature in the manager's evaluation.

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Behaviour-based control demands substantial emphasis on coaching and leading rather than commanding (Grant and Cravens, 1996). Coaching may involve working with salespeople to help them develop their selling skills and relationship strategies. One major study of managers is indicative of the skills that are likely to be increasingly demanded of sales managers by highlighting trends towards collaboration rather than command; towards coaching instead of criticizing; towards empowerment not domination; towards sharing rather than withholding information; and, adapting management processes to the needs of the individual (*Investors' Business Daily*, 1994).

It is here that the distinction made by Challagalla and Shervani (1996) between activity control and capability control in behaviour-based management, may be particularly significant. This is especially so if we follow the logic that within behaviour-based sales management, activity and capability control activities may produce quite different effects on performance and other outcomes like salesperson satisfaction (Challagalla and Shervani, 1996). It is suggested that capability control by sales managers who emphasize the improvement of skills and activities is likely to increase a salesperson's intrinsic motivation, their selling aptitudes and relationship with the supervisor, while activity control is more relevant to managing and directing routine, day-to-day activities of salespeople and aligning those activities with organizational interests (Challagalla and Shervani, 1996).

To the degree that these changes in emphasis in sales management practices require new skill sets, then the implications for recruiting, selecting and developing sales managers may be considerable.

#### *Improving salesforce effectiveness*

Related to the arguments above about improving salesforce effectiveness, sales managers in the survey were asked to indicate the relative importance of 21 factors for improving salesforce performance (items which were identified in the development of the questionnaire with executives). The ranking of these factors is shown in Table V. The five top ranked factors offer interesting insights into what improvements are most wanted by sales managers. Most notably, it is relationship-building with customers and delivering improved product/service quality that managers rate as the keys to improved effectiveness. The significance of this result lies in the links discussed earlier between the use of behaviour-based management control and the fostering of relationship-building capabilities and customer service provision.

It is, however, equally noteworthy that the next highest ranked factors describe the internal company support managers believe underpins the implementation of customer relationship and quality strategies: improved customer response times, information technology placed in the hands of the salesforce, improved sales and management training, and better inter-departmental co-ordination. While behaviour-based control is by implication highly important, it is not the sole priority for improving sales organization effectiveness.

Factors for improving effectiveness <sup>a</sup>		Mean
1	Encouraging the salesforce to build long-term relationships with customers	5.51
2	Improving product/service quality	5.19
3	Decreasing response time from order receipt to delivery	4.80
4	Providing information systems capabilities to salespeople	4.72
5	Increasing the amount of selling training for salespeople	4.65
6	Increasing advertising and sales promotion expenditures	4.64
7	Increasing co-ordination with other departments	4.60
8	Increasing the amount of training provided to managers in my position	4.54
9	Increasing the number of new products	4.50
10	Reducing selling prices	4.44
11	Increasing the amount of produce/service training for salespeople	4.41
12	Improving salesforce compensation systems	4.37
13	Increasing the amount of incentive compensation for salespeople	4.35
14	Developing team selling approaches	4.27
15	Increasing the amount of management direction provided to each salesperson	4.06
16	Providing computer ordering and order status information to customers	3.96
17	Providing telemarketing support to field salespeople	3.77
18	Increasing the size of the unit's salesforce	3.71
19	Increasing the product specialization of the salesforce	3.66
20	Increasing sales of products produced for firms other than our company	3.42
21	Changing the territory/customer assignments of salespeople	3.23

**Table V.**  
Rank order of items  
for improving salesforce  
effectiveness

**Note:**

<sup>a</sup> Items were presented with a seven-point scale, were 1 = no impact and 7 = high impact

*Behaviour and outcome performance*

The finding in our study that high salesperson behaviour performance is associated with high outcome performance suggests the need for greater emphasis by sales management on managing salesperson behavioural activities. This has significant implications for the critical sales management processes of selecting, training and developing salespeople.

*Selection.* The effective implementation of behaviour-based control requires selecting salespeople who have the characteristics that match this type of selling environment. This suggests the need for selection processes that identify such characteristics as the capability to commit to the sales organization, the willingness to co-operate with managers and peers and to function as team members. This may run counter to traditional salesperson selection criteria emphasizing independence, results-orientation, and "lone wolf" characteristics (Lancaster and Jobber, 1994). The behaviour-based salesperson profile suggested in Figure 1 may provide insights into useful selection guidelines, although clearly any such general guides must be adapted to the specific selling environment of a particular organization.

*Training.* It is generally accepted that salespeople frequently need help and support in developing their selling skills, and both formal training programmes and less formal manager coaching can assist salespeople in improving their product knowledge, selling skills, sales planning and sales support activities.



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The study findings suggest that companies may need to devote relatively more attention (and by implication more resources) to salesperson and sales manager training. Indeed, training needs of several kinds are explicitly recognized as a major priority for improving effectiveness by sales managers themselves (Table V). However, it may have to be accepted that many conventional approaches to training and development in the salesforce may be inappropriately focused on traditional selling skills and product knowledge, to the exclusion of those other aspects of behaviour performance, which we have shown to link positively to outcome performance.

The items in Table I may provide a useful stimulus to setting an appropriate range of goals for salesperson training to develop superior behaviour performance, while the behaviour-based control activities listed in Table II may provide a benchmark for establishing appropriate objectives for sales management training and development.

*Performance evaluation.* A clear implication of the findings discussed here is that sales managers need to emphasize salesperson behaviour as well as sales outcomes in their performance evaluations when utilizing behaviour-based control. However, this re-orientation of evaluation needs to be accepted and credible both among sales managers and salespeople, who must understand and commit to a new agenda of salesforce behaviour priorities and expectations. In particular, there may be particular development needs for sales managers accustomed to a “command and control” management environment and who may consequently find it difficult to operate effectively in a collaborative or coercive management environment, which does not give primacy to short-term sales outcomes. Sales management training and development costs should not be ignored in looking for the performance benefits apparently associated with behaviour-based control.

### **Concluding remarks**

This paper examines certain key aspects of an important and demanding sales management responsibility – finding and implementing ways of improving salesforce performance.

The research findings in our sample of British companies point to a close relationship between salesforce behaviour performance and salesforce outcome performance in sales organizations utilizing behaviour-based sales management control systems. Contrary to the widely cited (Anderson and Oliver, 1987; Oliver and Anderson, 1994) conceptualization of a form of trade-off between behaviour performance and outcome performance, we find behaviour-based control is positively associated with both behaviour performance and outcome performance.

There is growing evidence that behaviour-based sales management is being adopted as a lever on performance by many companies (Grant and Cravens, 1996). However, the study reported here was of UK companies, and care should be taken in generalizing to firms in other countries, although it should be noted that our findings are highly consistent with similar studies of sales managers in the USA (Cravens *et al.*, 1993) and Australia (Grant and Cravens, 1996).

It would, however, be somewhat short-sighted to neglect the compelling argument that many contemporary changes in marketing strategy and market characteristics are precisely those which favour behaviour-based sales management (Cravens *et al.*, 1997). The support for this argument includes: the growing emphasis on building customer relationships, and doing business through strategic alliances and collaborations; the need for co-ordinated team-based selling; and, reductions by major customers in supplier bases. It may convincingly be argued that behaviour-based management systems are an essential element in managing these relationships internally and externally, and outcome-based approaches are increasingly outdated (at least as the sole or primary way of managing salespeople).

Indeed, the emergence of relationship marketing as a significant development in the marketing strategy literature is an important corollary to the study findings here, and one which underlines the wider significance of research into salesforce performance. Although speculative at present, it may be suggested that behaviour-based sales management approaches directly parallel the move from transaction-based marketing to relationship-based marketing, and in many business-to-business situations may be a necessary prerequisite.

Lastly, the study suggests that this field of enquiry offers many opportunities for further investigations. Important questions which should be addressed include: identifying and evaluating fully the contingency factors appropriate for developing a valid basis for sales control system design; linking the issue of behaviour-based control more explicitly to marketing strategy, most particularly in the developing models of relationship marketing strategy; and, developing typologies of sales control approaches and mechanisms that clarify the congruities and incongruities of different aspects of control and the relationship with sales organization effectiveness.

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**Appendix. Construct operationalization**

Scale	Items	Source
<i>How well are the salespeople in your unit performing?</i>		
Technical knowledge	<ol style="list-style-type: none"> <li>1. Knowing the design and specification of company products/services</li> <li>2. Knowing the application and functions of company products/services</li> <li>3. Keeping abreast of your company's production and technological developments</li> </ol>	Based on Behrman and Perreault (1982) and Cravens <i>et al.</i> (1993)
Adaptive selling	<ol style="list-style-type: none"> <li>1. Experimenting with different sales approaches.</li> <li>2. Being flexible in the selling approaches used</li> <li>3. Adapting selling approaches from one customer to another</li> <li>4. Varying sales style from situation to situation</li> </ol>	Based on Spiro and Weitz (1990)
Teamwork	<ol style="list-style-type: none"> <li>1. Generating considerable sales volume from team sales (sales made jointly by two or more salespeople)</li> <li>2. Building strong working relationships with other people in our company</li> <li>3. Working very closely with non-sales employees to close sales</li> <li>4. Co-ordinating very closely with other company employees to handle post-sales problems</li> <li>5. Discussing selling strategies with people from various departments</li> </ol>	Based on John and Weitz (1989)
Sales presentation	<ol style="list-style-type: none"> <li>1. Listening attentively to identify and understand the real concerns of customers</li> <li>2. Convincing customers that they understand their unique problems and concerns</li> <li>3. Using established contacts to develop new customers</li> <li>4. Communicating their sales presentation clearly and consistently</li> <li>5. Working out solutions to a customer's questions and objections</li> </ol>	Based on Behrman and Perreault (1982) and Cravens <i>et al.</i> (1993)
Sales planning	<ol style="list-style-type: none"> <li>1. Planning each sales call</li> <li>2. Planning sales strategies for each customer</li> <li>3. Planning coverage of assigned territory/customer responsibility</li> <li>4. Planning daily activities</li> </ol>	Babakus <i>et al.</i> (1996)
Sales support	<ol style="list-style-type: none"> <li>1. Providing after-sales service</li> <li>2. Checking on product delivery</li> <li>3. Handling customer complaints</li> <li>4. Follow-up on product use</li> <li>5. Troubleshooting application problems</li> <li>6. Analysing product use experience to identify new product/service ideas</li> </ol>	Babakus <i>et al.</i> (1996)

**Table A1.**  
Salesforce behaviour  
performance

**Table AII.**  
Salesforce outcome  
performance

Scale	Items	Source
<i>How well are the salespeople in your unit performing?</i>		
Outcome performance	<ol style="list-style-type: none"> <li>1. Producing a high market share for the company</li> <li>2. Making sales of those products with the highest profit margins</li> <li>3. Generating a high level of sales revenue</li> <li>4. Quickly generating sales of new company's products/services</li> <li>5. Identifying and selling to major accounts</li> <li>6. Producing sales on blanket contracts with long-term profitability</li> <li>7. Exceeding all sales targets and objectives during the year</li> </ol>	Based on Behrman and Perreault (1982) and Cravens <i>et al.</i> (1993)

Scale	Items	Source
<i>To what extent do you:</i>		
Monitoring	<ol style="list-style-type: none"> <li>1. Spend time with salespeople in the field</li> <li>2. Make joint calls with salespeople</li> <li>3. Regularly renew call reports from salespeople</li> <li>4. Monitor the day-to-day activities of salespeople</li> <li>5. Observe the performance of salespeople in the field?</li> </ol>	Cravens <i>et al.</i> (1993)
Evaluating	<ol style="list-style-type: none"> <li>1. Evaluate the number of sales calls made by salespeople</li> <li>2. Evaluate the profit contribution achieved by salespeople</li> <li>3. Evaluate the sales results of each salesperson</li> <li>4. Evaluate the quality of sales presentations made by salespeople</li> <li>5. Evaluate the professional development of salespeople?</li> </ol>	
Rewarding	<ol style="list-style-type: none"> <li>1. Providing performance feedback to salespeople on a regular basis</li> <li>2. Compensate salespeople based on the quality of their sales activities</li> <li>3. Use incentive compensation as a major means for motivating salespeople</li> <li>4. Make incentive compensation judgements based on the sales results achieved by salespeople</li> <li>5. Reward salespeople based on their sales results</li> <li>6. Use non-financial incentives to reward salespeople for their achievements</li> <li>7. Compensate salespeople based on the quantity of their sales activities?</li> </ol>	

**Table AIII.**  
Behaviour-based sales  
management control

**Table AIV.**  
Salesforce organizational  
commitment

Scale	Items	Source
	<i>The extent to which your salespeople:</i>	
Organizational commitment	<ol style="list-style-type: none"> <li>1. Feel a sense of being innovative in their work</li> <li>2. Get a feeling of loyal association with the company</li> <li>3. Have a sense of being creative and imaginative in their work</li> <li>4. Get a feeling of stimulation and a sense of challenging involvement in their work</li> <li>5. Study customer needs to guide selling strategy</li> <li>6. Feel a sense of personal growth and development in their work</li> <li>7. Possess expert selling skills</li> <li>8. Have high respect from superiors</li> <li>9. Have respect from fellow workers</li> <li>10. Obtain a sense of accomplishment from their work</li> <li>11. Customize their selling approaches to individual accounts</li> <li>12. Focus on satisfying customer needs</li> <li>13. Welcome reviews of their performance</li> <li>14. Are willing to take risks</li> <li>15. Spend substantial time planning sales calls</li> </ol>	Cravens <i>et al.</i> (1993)
	<i>Agree or disagree with the following statements (scale reversed)</i>	
	<ol style="list-style-type: none"> <li>16. My salespeople feel that there is not too much to be gained by sticking with the company indefinitely</li> <li>17. My salespeople feel that deciding to work for this organization was a definite mistake</li> <li>18. My salespeople feel very little loyalty to this company</li> <li>19. It would take very little change in my salespeople's present circumstances to cause them to leave this company</li> </ol>	

**Table AV.**  
Sales territory design

Scale	Items	Source
	<i>My level of satisfaction with:</i>	
Territory design	<ol style="list-style-type: none"> <li>1. The number of accounts in my territories</li> <li>2. The number of large accounts in my territories</li> <li>3. The sales productivity of my territories</li> <li>4. The geographical size of my territories</li> <li>5. The number of calls made in my territories</li> <li>6. The amount of travel required in any territories</li> <li>7. The market potential in my territories</li> <li>8. The number of territories in my sales unit</li> <li>9. The assignment of salespeople in my territories</li> <li>10. The equivalence in workload across territories</li> <li>11. The overall design of my territories</li> </ol>	Cravens <i>et al.</i> (1993)