

“DEVELOPING SALES FORCE EFFECTIVENESS: an exploratory study”

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ABSTRACT

The study sought to: (1) evaluate the predominant sales styles, the sales effectiveness, and the relationship among sales style flexibility, sales effectiveness and net income performance of a group of sales persons of several organizations, and (2) develop, implement, and evaluate a complementary Sales Training Program. To identify the predominant sales styles, as well as the selling effectiveness of the 200 involved salespersons, of the involved organizations (15), it has been used an instrument available in the market. To compute the net income of the salespersons of the involved organizations, an archival data gathering was conducted involving each one of the sellers. To investigate the relationship between sales flexibility, taken the average value per organization, and the average net income of each organization, it has been used the linear regression statistics computing the linear correlation coefficient between the before mentioned two variables. To investigate the relationship between sales effectiveness, taken the average value per organization, and the average net income of each organization, it has been used the linear regression statistics computing the linear correlation coefficient between the before mentioned variables. To assess the Sales Training Program three variables were selected: selling style flexibility, selling effectiveness and sales net income performance. A quasi-experimental design consisting of a pretest-posttest nonequivalent control group was used involving two organizations sales force in the experimental group (30 salespersons) and 13 organizations in the control group (170 salespersons). Analysis of means, variance, Pearson r, and Student t test were used for data analyses. The study has uncovered lack of flexibility regarding the selling styles, presenting styles of persuading and committing as dominants. The study also showed that the selling effectiveness of the involved salespersons was at a low level before any training efforts. The research also pointed out a high positive relationship between selling flexibility and sales net income performance, as well as selling effectiveness and sales net income performance. Finally, the research uncovered a high positive influence of the sales training efforts on the selling flexibility, selling effectiveness and sales net income performance.

Key-words: selling style flexibility, selling effectiveness, sales training, experimental design, sales net income.

1. Introduction

In the present world people don't want any more things being sold to them, on the contrary they want to be part of the buying process, therefore a substantial change on the behavior of the sales professionals would be highly recommended. The major problem is that from all the subjects related to management sales, probably, is the one which receives less attention from the researchers (Stewart, 2006). This behavior reflects what the Business Schools' clients are searching for their executive development. There are few people participating on a MBA program dreaming to go directly from the program to a selling area in the organization. Collins (2010) states clearly that without a strong emphasis in learning from the market place the companies tend to disappear. Kotler (2006) calls the attention for the need to the broadening concept of marketing which implies in the conciliation between sales and marketing. Tidd (2005) emphasizes the growing complexity of products and their impact on the commercialization process. McDonald (2001) elaborates on how to assure profitability with key-clients on a B2B environment. Organizations and sellers continuously are looking for "miracles" involving methods and techniques leading to sales increase (Gitomer, 2011). Rackham (2011) explores the reasons behind the success on huge selling. On the other hand, Francis "Buck" Rodgers, ex-Marketing Vice President of IBM (1974 – 1984) enhanced the importance of continuous training of the sales force.

The research sought to identify the relevant aspects of the salespersons behavior which lead them to reach effectiveness in their efforts to sell, taking as basis the Situational Selling Model developed by Hersey (1981), which analyses the competence of the seller in diagnosing the buying readiness of the buyer, and if the salesperson matches his or her selling style and communication with the demands of the situation determined by the buying readiness of the buyer.

1.1 Selling Model – an approach for increasing sales effectiveness

The objective of this topic is not to review all the literature on sales. On the contrary, it will be explained why a particular sales model, namely Situational Selling has been chosen. Situational Selling was developed by Paul Hersey and Richard McKenna (1981) at the Center for Leadership Studies (USA). Apart of trait and attitudinal approaches to sales, Hersey-McKenna tridimensional salesperson effectiveness model was selected as more appropriate due the fact it was designed to measure three aspects of salesperson behavior which were suitable to answer the research questions of the study. These three aspects of salesperson behavior are: a) style, b) style range or flexibility, and c) style adaptability or salesperson effectiveness.

A salesperson's style involves some combination of product (or service) guidance behavior and supportive behavior. The two types of behavior, which are central to the idea of selling styles, are defined as follows: a) product guidance behavior – the extent to which a salesperson provides the what, how, where, and who to the customer, and b) supportive behavior – the extent to which a salesperson engages in two-way or multi-way communication. The behaviors include facilitating, encouraging, and problem-solving.

The effectiveness of the salespersons, on the other hand, depends on how appropriate their influence style is to the situation in which they operate. This appropriateness comes from the matching of salesperson style and the buying readiness of the prospect or customer. Readiness in Situational Selling is defined as the extent to which a prospect or customer demonstrates the product/company information and the product/service commitment at the time. The Figure 1 below summarizes the model.

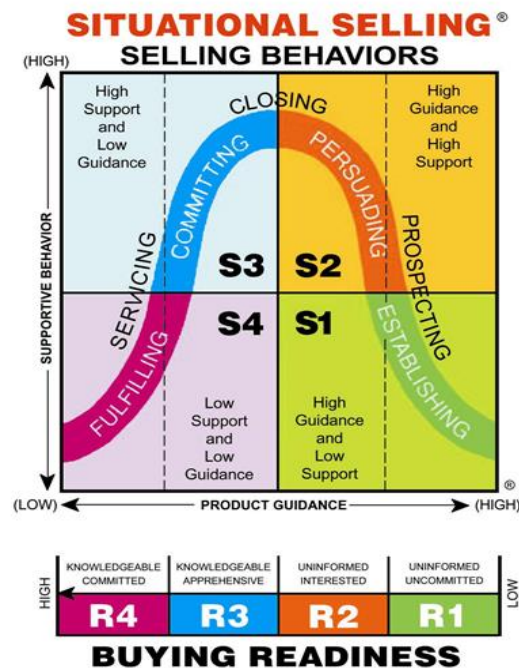


Figure 1 – Situational Selling Model

The continuum of buying readiness can be divided into four ranges. Each represents a different combination of product knowledge and product commitment:

- R 1: uninformed and uncommitted;
- R 2: uninformed and interested;
- R 3: knowledgeable and apprehensive; and
- R 4: knowledgeable and committed.

1.2 Sales Training Program

Many selling training have been structured worldwide. Grikscheit (1981) discussed the interaction among psychological, managerial and marketing on effective selling. Demarco (1982) stressed the importance for the success of a sale the domain of the core competencies: diagnostic skills, adaptive skills, and communication skills. Hassan (2006) discussed in details the importance of the salesperson differentiation in the eyes of the clients by demonstrating product knowledge (features/benefits).

The program explored primarily the core competencies and the behaviors of the salespersons, not only in terms of “what” the salesperson should do, but including “when” to do it.

1.3 Research Questions

The study sought to answer the following research questions:

1. What is the predominant salesperson selling style?
2. What is the salesperson selling effectiveness?
3. Is there a relation between selling style flexibility and selling effectiveness with sales net income performance?
4. Does the Sales Training Program influence positively the sales net income performance?

2. Method

2.1 Sampling

It has been randomly selected 200 salespersons involving 15 organizations operating in Brazil and South America, encompassing medium and low size ones. They were healthy organizations with ages varying from 6 to 36 years old in the fields of transportation and logistics, departmental stores, car dealers, food, software house,

cutting tools, machining, domestic utilities, men's wear, insurance, motorcycle dealers, vehicles battery, and fringe benefits cards. The majority of the executives were Brazilians (160) and some foreigners (40), being 60 females and 140 males with ages varying from 28 up to 55. The majority of the sample (70%) has shown university degree and 30% with technical degree.

2.2 Data Gathering

To measure the salesperson behavior the Situational Selling Model has been taken into account and the SALES Self (Selling Adaptability and Lead Effectiveness Styles) instrument, developed at the Center for Leadership Studies (Hersey, 1981), has been used. The three aspects covered by the model are: a) style, b) style range, or flexibility, and c) style adaptability, or selling effectiveness. The SALES self has been used and it yields four ipsactive style scores and one normative score, namely adaptability (leader effectiveness). This kind of instrument needs to be statistically validated in terms of items and reliability only once. The 12 item validities for variability score ranged from 0.11 to 0.52 and 10 of the 12 coefficients (83%) were 0.25 or higher. Eleven coefficients were significant beyond the 0.01 level and one was significant at the 0.05 level.

The reliability of the SALES self was moderately strong. In two administrations across a six-week interval, 75% of the managers maintained their dominant style and 71% maintained their alternative style. The contingency coefficients were both 0.71 and each was significant at the level 0.01. The correlation for the adaptability scores was 0.69 at the 0.01 level.

Selling style flexibility is defined as the number of style score equal or above two divided per four (number of styles in the model) multiplied by 100, and is given in percentage.

To analyze a possible relation between the average salespersons' style flexibility and average sales net income performance (percentage of planned sales), per organization, originated from an archival data gathering, the linear correlation coefficient was calculated taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 15 pairs.

To analyze a possible relation between the average salespersons' style adaptability and average net sales performance (percentage of planned sales), per organization, originated from an archival data gathering, the linear correlation coefficient was calculated taken into consideration the set of paired data involving the before mentioned variables per organization, therefore the computation involved 15 pairs.

To assess the influence of the Sales Training Program on selling performance a quasi-experimental design was defined consisting of a pretest-posttest nonequivalent control group involving the 200 salespersons of 15 organizations, being 30 persons in the experimental group and 170 in the control group. The selected criteria variables were the selling style flexibility, selling style adaptability or effectiveness, and sales net income performance. Considering that: (1) both groups, in spite of the fact of not being randomly selected, were similar (same educational and skill levels and seniority, and balanced in terms of sex and age); and (2) these three selected variables were normally distributed; the test of significance adopted in the statistical analysis was the same used for Design 4 Experimental Design (Campbell and Stanley, 1963). Therefore, the test consisted in computing for each group pretest-posttest gain scores and to calculate a two-tailed Student "t" between experimental and control groups on these gain scores, at a level of significance $p \leq .0001$.

2.3 Sales Training Program

Based on the literature review cited beforehand a sales training program for salespersons and representatives was structured as shown in the Appendix.

3. FINDINGS AND ANALYSES

To answer the two research questions regarding salesperson style the data were summarized in two groups: salesperson style range or flexibility, and salesperson style adaptability or sales effectiveness.

Table 1 shows the profile of the professionals involved regarding sales styles.

Table 1. Profile of Selling Styles of a Sample (200) of Salespersons

Style	Frequency Distribution (%)
S1 – Establishing	15.2
S2 – Persuading	49.3
S3 – Committing	29.6
S4 – Fulfilling	5.9

Source: Research Data.

As depicted in Table 1 this sample of salespersons is perceived as using predominantly styles S2 - Persuading and S3 - Committing. So they tend to do well working with prospects of average levels of buying readiness. However, they face difficulties communicating with uninformed and uncommitted prospects (low buying readiness) and particularly with knowledgeable and committed prospects (high buying readiness). Salespersons whose selling behaviors are predominantly in Styles 2 and 3 tend to be able spark customer interest, analyze needs, and ask for the order. They often have difficulties penetrating new markets and making cold calls. The S2-S3 tends to be comfortable in the traditional selling role as long as they are introduced or have a third party to use as a reference. They feel that when the order is signed, the sale is complete. As such, they can miss opportunities to expand existing accounts and maintain long-term customer satisfaction. The results of selling effectiveness are shown in Table 2. They have been grouped in quartiles covering a response interval from 0 to 36. While Style Range refers to the extent to which style can be varied, Style Adaptability or Effectiveness indicates the degree to which changes in styles are appropriate to the level of the buyer readiness in different situations.

Table 2. Summary of Selling Effectiveness of a Sample (200) of Salespersons

Score Interval (scale end points 0 and 36)			Selling Effectiveness Level	Frequency	
				Absolute	Relative (%)
27	To	36	High	10	5
18	To	26	Moderate	80	40
9	To	17	Low	108	54
0	To	8	Very low	2	1

$\chi^2 = 874.78 > \chi^2 \text{ crit.} = 11.3; df = 3; p \leq .01.$

Source: Research Data.

As shown in Table 2 this sample of salespersons has predominantly a low to moderate level of selling effectiveness. It indicated a need for self-development to improve the ability to diagnose buying readiness and use appropriate selling behaviors.

In order to verify if there was a relation between salespersons style flexibility – SF, selling effectiveness - SE and sales net income performance (SNIP), the average values per organization were computed and the data grouped involving the 15 organizations as shown in Table 3.

Table 3. Selling Style Flexibility, Selling Effectiveness, and Sales Net Income Performance

Nb.	SECTOR		SF (%)	SE	SNIP (%)
1	Transportation	O 1	25	20	65
		O 2	50	20	65
2	Car Dealers	O 3	25	21	65
		O 4	50	23	80
3	Food	O 5	50	21	65
4	Departmental Store	O 6	50	22	70
5	Software House	O 7	75	24	85
6	Cutting Tools	O8	50	23	60
7	Machining	O 9	25	21	50
8	Domestic Utilities	O10	25	24	70
9	Men`s Wear	O11	25	23	70
10	Insurance	O12	75	26	95
11	Motorcycle Dealer	O13	50	22	70
12	Vehicles Battery	O14	50	23	70
13	Fringe Benefits Cards	O15	75	24	75

Key: O = Organization, SF = Selling Style Flexibility (average), SE = Selling Style Adaptability (average), and SNIP = Sales Net Income Performance (percentage of planned sales).

Source: Research Data.

Considering the variables selling style flexibility (SF) and sales net income performance (SNIP) of the 15 organizations, the result was a **linear correlation coefficient of +0.71**, showing a moderate to high degree of positive relation between the two variables (Schmidt, 1975).

On the other hand, considering the variables selling style adaptability, or effectiveness (SE), and sales net income performance (SNIP) of the 15 organizations, the result was a **linear correlation coefficient of +0.75**, presenting a moderate to high degree of positive relation between the two variables (Schmidt, 1975).

Finally to assess the influence of the Sales Training Program on the selling flexibility (SF), the selling effectiveness (SE) and the sales net income performance (SNIP), a quasi-experimental design consisting of a pretest-posttest non-equivalent control group was used involving two organizations in the experimental group (30 salespersons) and 13 organizations in the control group (170 salespersons). The results of the experiments were positive as shown in Tables 4, 5, and 6, as follows:

Table 4. Comparative Selling Style Flexibility Results Between Experimental and Control Groups

Measurement	Experimental Group	Control Group
Pre-measurement Average (%)	50 (N = 30)	50 (N = 170)
Standard Deviation	4.5	4.6
Post-measurement Average (%)	75 (N = 28)	50 (N = 160)
Standard Deviation	4.3	4.6
Gain (%) ¹	25	0

¹ $t = 27.16 > t \text{ crit.} = 3.3; df = 192; p \leq 0.0001$

Source: Research Data

Table 5. Comparative Selling Effectiveness Results Between Experimental and Control Groups

Measurement	Experimental Group	Control Group
Pre-measurement Average	22 (N = 30)	23 (N = 170)
Standard Deviation	2.5	2.6
Post-measurement Average	26 (N = 28)	23 (N = 160)
Standard Deviation	2.4	2.5
Gain ¹	4	0

¹ $t = 7.83 > t \text{ crit.} = 3.3; df = 192; p \leq 0.0001$

Source: Research Data

Table 6. Comparative Sales Net Income Performance Between Experimental and Control Groups

Measurement	Experimental Group	Control Group
Pre-measurement Average (%)	70.5 (N = 30)	69.3 (N = 170)
Standard Deviation	3.6	3.7
Post-measurement Average (%)	79.6 (N = 28)	71.2 (N = 160)
Standard Deviation	3.5	3.6
Gain (%) ¹	9.1	1.9

¹ $t = 11.43 > t \text{ crit.} = 3.3; df = 192; p \leq 0.0001$

Source: Research Data

The variables, Selling Flexibility (SF), Selling Effectiveness (SE), and Sales Net Income Performance (SNIP) were positively influenced by the program. The Student “t” statistic (two-tailed) used to test the difference of gains between the experimental and control groups revealed in the case of the involved variables that the null hypothesis could be rejected, at a level of 0.0001, that means the results were not influenced by chance.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The following conclusions were reached based on the research:

1. The results of selling style flexibility and selling effectiveness lead us to the conclusion that this group of salespersons needs to receive training in terms of selling skills, once they need to have more flexibility of styles and to be able to use the appropriate style depending on the situation. Previous studies (HERSEY, 1984) suggested that by having this new profile this group of salespersons will be able to create sales and build the rapport necessary for strong and enduring customer relationships.
2. Once the study uncovered a moderate to high positive relation between salespersons’ selling style flexibility and selling effectiveness with the sales net income performance, this reinforces the need for training enhancing the improvement of the relationship between salespersons and buyers, which is beyond any sales technique (Leboff, 2011).
3. The research has shown a positive influence of the Sales Training Program, as delineated in the Appendix, on the day-to-day selling variables either in terms of physical significance or of statistical validity of the results.
4. The Situational Selling Model helps in providing the salespersons with a practical way to create sales and build the rapport necessary for strong and enduring customer relationships. Its diagnostic procedures and prescriptive actions prepare the salespersons to match appropriate selling behaviors with varying degrees of buying readiness. By understanding and applying the model the salespersons can develop the competencies necessary to be a true professional in a world that wants to buy and not to be sold.

4.2 Recommendations

4.2.1 General

1. The use of the presented Sales Training Program should be done cautiously due to the fact that the study was limited to two Brazilian organizations, using rather small samples.
2. The Sales Training Program should not be seen as an isolated contribution in the process of improving sales performance. Rather, it must be inserted in the course of a company-wide and multidisciplinary effort to reach paramount performance results. This effort should involve people of all levels in the organization and should be congruent with the philosophy of the company.

4.2.2 Specific

1. The samples used in the study were rather small, therefore any extrapolation from the results of the research must be done with caution.
2. In future studies of the same nature a 360 degree appraisal, as far as selling style, style flexibility and selling effectiveness are concerned, would be highly recommended.
3. Additional researches of the same nature involving bigger sample sizes, other types of organizations and conducted in other cultures are highly recommended.

Appendix

Sales Training Program

The program has been structured in order to integrate the three core competencies: diagnostic skills, adaptive skills, and communication skills, as well as the behaviors which define the total sales process and most importantly when to use these behaviors, providing the salespersons with a practical way to create sales and build the rapport necessary for strong and enduring customer relationship. The program is divided into two phases: a. selling competencies development, and b. behavioral dimensions development related with the interaction between buyer and seller.

- a. Situational Selling Model (Figure 1) – this phase lasts an average of 16 hours involving the salespersons and representatives (20 to 30 persons). It provides salespeople with a diagnostic procedure for assessing the buying readiness of customer regarding specific products or services. In addition, the model serves as a prescriptive process for selecting selling behaviors that will have the highest probability of success. The instructional material involves: participant workbook, an audio-visual package presenting the model with the instructor explanations and debates, and application of the instrument SALES self with feedback for the participants regarding their selling styles flexibility and adaptability profile with discussions.
- b. Modeling the behavior of salespeople – this phase deals with the behaviors demanded from the sales people during a sales process (calls or face-to-face). Besides an audio-visual package showing wrong and right interactions of buyers and sellers, in different situations, some role-playings were conducted involving three roles: salesperson, prospect and observer (to give feedback). The behaviors which receive primary attention are clustered into six categories:
 1. Uncovering Needs – there is a direct relationship between the number of identified needs and the success of the initial contact;
 2. Questioning Skills – questions are used to gather information and uncover needs;
 3. Acknowledging Needs – serves the function of building and maintaining rapport with the customer; needs, casual remarks, and even objections must be acknowledged, once it was found to have a significant impact on the outcome of the contact;
 4. Providing Specific Benefits – this allows the salesperson to introduce the appropriate benefit that satisfies a particular customer need, and successful contacts were shown to have significantly more specific benefits stated;
 5. Closing – is best made by summarizing the needs and benefits the customer accepted, proposing an action plan, and asking for the order, this procedure significantly increased positive outcomes; and
 6. Recognizing Buying Attitudes – four customer attitudes are linked to sales success: acceptance, skepticism, indifference, and objection, therefore providing an appropriate response is crucial to the selling process effectiveness, it is how and when the salesperson responds that is linked to successful outcomes.

An important point to be considered during the sales training program is that in the interaction between buyer and seller the influence dynamics are changed because the salesperson, unlike the leader, must influence others without any position power. Salespeople must rely on their personal power (expert, information, and referent). Additionally, when making a presentation, try to pace with the: visuals (diagrams, flowcharts, and graphics), digitals (defining terms, providing order and sequence), auditories (moving around, energizing, and varying voice speed), and kinesthetic (relaxed and non-threatening position). The salespersons need to practice and learn to become proficient in all of the representational systems. This kind of behavioral adaptability will help them to close sales, expand business, and build ongoing relationship. In short, the salespersons need to match words with rep systems.

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