Simplification: A Catalyst for Employee Engagement and Operational Excellence

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Creating High-Performance Sales Organizations through Sales Control Systems

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Recent academic research shows that two types of salesperson or agent behaviors play important roles in creating successful sales organizations. These behaviors directed toward clients are called client-oriented selling and adaptive selling. Specifically, adaptive selling (AS) and client-oriented selling (COS) are vital in driving what is called sales unit effectiveness. The question motivating our research is: what can the people who lead sales groups do to further encourage these behaviors?

To answer that question, we collected data from sales managers to explore the model shown in Figure 1. We will briefly summarize the concepts represented in the model and summarize what we found as we explain the impact of this research for sales leaders in the real estate industry.

Key Agent Behaviors Driving Performance

Client-oriented selling relates to the agent’s focus on helping clients make decisions that will satisfy their needs. As such, client-oriented selling emphasizes long-term client satisfaction over the immediate sale, so agents enacting client-oriented selling are focused on serving clients in ways that clients will value opposed to persuading them with hard selling techniques.

Agents who practice adaptive selling are readily prepared to change their own behavior style in order to match the needs of the ongoing selling process. Research suggests that these types of agents excel at making the necessary adjustments whenever they receive new information from clients.

Levers Available to Sales Leaders: The Sales Control System

Control systems are actions taken by leaders to influence the behavior of people in the organization in order to achieve desired outcomes. We invite sales leaders to consider two broad classes of sales controls: formal and informal controls. Formal controls include controls directed at the sales process and the outputs of the sales process. The difference between process and output controls is the timing of the sales leader’s actions. Assuming that sales are achieved
through the commitment to a well-defined sales process, process controls focus on the agent’s behavior. The leader’s actions include coaching, evaluating, and rewarding agents throughout the sales process. Output controls focus on measuring the outcomes of agents, giving them autonomy to achieve their sales goals through a self-determined process. The outcomes of agents are evaluated against pre-determined standards.

Informal Controls include unwritten and often employee-created mechanisms that influence agent behavior in a way that is beneficial to an organization. Informal controls are often referred to as organizational behavior or organizational culture. We looked at two classes of informal controls: professional controls and cultural controls. Professional controls (aka, clan or social controls) are standards created by a work group, and then internalized by its members. An example of professional controls might be how an agent handles an open house; if improper techniques are observed, correction and guidance stems from colleagues within the work group (not necessarily from management). Cultural controls encompass the entire organization or firm and emanate from the core values of the firm. These core values are often communicated through success stories, cultural norms, and social interactions that establish a sense of belonging and lead to generally accepted rules of conduct.

What Levers Leaders in Real Estate Can Use to Drive Agency Performance

Our results suggest that these formal and informal sales control systems have different impacts on agents’ adaptive selling and client-oriented selling behaviors. First, adaptive selling is a direct contributor to the agency’s overall effectiveness, but client-oriented selling does not directly contribute to your agency’s overall effectiveness. Client-oriented selling influences your agency’s overall effectiveness by driving your agent’s ability to practice adaptive selling. Importantly, outcome-based sales controls and the overall set of cultural controls are key levers for shaping your agency’s overall effectiveness.

Our research is important for anyone tasked with overseeing salespeople or agents. Such leaders need to pay special attention to client-oriented selling and adaptive selling behaviors because these behaviors are linked to sales success as agents and salespeople are part of a firm’s competitive advantage. Such behaviors, when consistently practiced across an organization create long-term, valuable relationships with clients. Leaders who wish to encourage client-oriented selling and adaptive selling behaviors must pay special attention to both formal controls
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(output, process) and informal controls. Managing these controls can be difficult since informal controls are traditionally not viewed as control devices available to leaders in the first place.

Since your goal as a sales leader is to establish an environment where your agents can succeed, you might seek to shape client-oriented selling behaviors by (1) paying attention to outcome and cultural controls (which shape agent autonomy), (2) focusing on the organization’s overall core values, (3) establishing agent training sessions where core values are discussed; (4) aligning the reward system with the desired agent outcomes to motivate and incentivize agents to be more client-oriented.

Driving a higher level of adaptive selling into your sales team may be facilitated by (1) providing agents with high level coaching and training sessions, (2) enabling the best agents to take on leadership roles in the agency, thereby encouraging mentorship and information sharing, (3) encouraging informal feedback and interaction among team members, (4) creating an environment where peer assessment is a norm as such practices may spur new idea and strategy sharing helping agents tackle issues for the first time, (5) facilitating team-oriented work through the use of best practice workshops and joint training.

In conclusion, our research shows that client-oriented selling behaviors will lead to sales unit effectiveness but only through adaptive selling behaviors. Interestingly, simply acting in the client’s best interest is not enough. Agents need to respond to the unique values of individual clients in order to adapt and create an optimal value proposition for such clients.

Recommended Reading


About the Authors

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Paolo Guenzi serves as both the Director of the Department of Marketing at SDA Bocconi School of Management and as Associate Professor in the Department of Marketing, Università Commerciale Luigi Bocconi, Milano, Italy. He has published more than twenty articles in leading academic journals such as the Journal of Personal Selling & Sales Management, Industrial Marketing Management, Journal of Business Research, Journal of Service Management, Journal of Marketing Management, Journal of Brand Management, Journal of Business & Industrial Marketing, and the International Journal of Sport Marketing & Sponsorship. His recent books include the 2013 Wiley publication, Leading Teams with D. Ruta and Sales Management: A Multinational Perspective with S. Geiger (published by
PalgraveMcMillan in 2011). He has been the Track Chair of the Personal Selling & Sales Management track of the European Marketing Academy Conference for several years. He is in the Editorial Board of the *Journal of Personal Selling & Sales Management* and is an ad hoc reviewer for several journals.

His research, teaching and consulting interests are in topics such as sales management, leadership, marketing–sales relationships, key account management and service management. He has conducted numerous workshops, training programs and consulting projects in a dozen countries with companies such as ABB, Bosch, Heineken, Henkel, Johnson & Johnson Medical, L'Oréal, Saint Gobain Weber, Siemens, Vodafone, and many others. He was an invited speaker and teacher at the most prestigious business schools worldwide, including Harvard, Columbia, London Business School, Cranfield, University College Dublin, and Vlerick. He had a blog in the Harvard Business Review online.

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Dr. Baldauf’s major interests are: strategic management (assets and capabilities driving organizational success and failure) and entrepreneurship; 2) the measurement and management of intangible assets; 3) organizational control systems; and 4) effects of macro-constructs (e.g., control systems) on people. His research approach is based upon what he views as *theoretically guided research – practical management theory*, i.e., empirically-based and sound management theory relevant and useful for managers. His educational background combines marketing (sales management), strategic management and international business. He has taught and conducted research in each of these disciplines as well as interdisciplinary work combining all three. Artur has published research in academic and professional literature, with focus on the management and marketing discipline. He has (co)authored books.

Dr. Baldauf has been serving on the faculty at the University of Bern (Switzerland) since 2002. Previously, he served on the faculties of University of Vienna (Austria), and held visiting positions at Texas Christian University (USA), WHU Koblenz (Germany), University of Economics and Business Administration at Vienna (Austria), and Bocconi University (Italy). He is a member of the editorial boards of national and international business journals. He received his master and doctoral degree from the University of Economics and Business Administration at Vienna. His Habilitation was winner of the Kardinal Innitzer Award. His article, “Sales Management Control Research – Synthesis and an Agenda for Future Research,” won the James M. Comer Award of the best contribution to Selling and Sales Management Theory/Methodology in 2005. His company clients have been mostly firms/managers operating in industrial settings (B2B) but also included firms from consumer and retailing sectors. Additionally, Artur Baldauf has been serving as a member of the board of directors of several firms and organizations.
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Dr. Panagopoulos is Chair of the Global Sales Science Institute. His work has been published in scientific journals such as the *Journal of Organizational Behavior, International Journal of Research in Marketing, Journal of Personal Selling & Sales Management, Industrial Marketing Management, Journal of Business Ethics, Journal of Business Research, International Journal of Human Resource Management,* and *European Journal of Marketing,* as well as in the proceedings of international conferences in the EU and the US. He has presented his work in invitation-only conferences at Harvard, Wharton, and Columbia. Nick has 15 years of experience consulting and training a large number of organizations in the US, Latin America, and EU (including Fortune 500 companies).

He has been received many awards, such as the 2014 Marvin Jolson Award for Best Contribution to Selling and Sales Management Practice from the *Journal of Personal Selling & Sales Management,* the Neil Rackham Research Grant from the Sales Education Foundation, the Best Paper Award at the 2015 National Conference in Sales Management, and the Best in Track Paper Award at the 2014 Winter AMA Conference. One of his papers was nominated for the *Journal of Personal Selling & Sales Management*’s 2012 James M. Comer Award for Best Contribution to Selling and Sales Management Theory. He is a member of the editorial boards of the *Journal of Personal Selling & Sales Management,* and *Industrial Marketing Management,* whereas he serves as a reviewer in various academic journals. He has co-edited several special issues and has served as Conference Chair, Track Chair, Session Chair, and Discussant in many academic conferences. He has extensive experience teaching students from all over the world. Nick has published a book on sales-based CRM technologies entitled *Sales Technology: Making the Most of Your Investment* (Business Expert Press, New York) while he has contributed one chapter in an international book entitled *Sales Management: A Multinational Perspective* (Palgrave Macmillan, UK).