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One of the most important issues associated with building a high-powered real-estate organization is hiring the right people. According to the 2012 Economic Census there were just over 86,000 offices of real estate agents or brokers in the United States. How can your agency rise to the top of this crowded field? How can your agency have a break-through year? One consideration is to hire competitive people. Sales managers across a number of industries foster competition among their salespeople as an attempt to motivate them and to elevate performance (Krishnan et al. 2002). The logic seems simple enough – hire competitive individuals and their desire to win will propel them to higher performance. However, until recently, the science behind hiring competitive salespeople was inconclusive. Sometimes studies show positive performance results when salespeople are competitive (Brown and Peterson 1994), but other studies show that competitive salespeople perform no better than their non-competitive peers (Brown et al. 1998). These types of conflicting results left managers unclear on the value of hiring competitors.

In a recent study published in Marketing Letters (Schrock et al. 2014), we set out to clarify the value of competitive salespeople to an organization. Specifically, we were interested in learning if there were other conditions in the company that had to be in place for competitive salespeople to outperform non-competitive salespeople.

What we learned is that competitors need to be in a competitive climate to thrive. So hiring competitive people is only half the battle. To build a high-performing agency, you need both competitive people and a competitive climate within the agency.

Does hiring competitive agents increase agency performance?

First, what does it mean to be competitive? A competitive person likes interpersonal competition. They want to be better than others and they want to win (Spence and Helmerich 1983). This
desire to win fuels higher performance levels as competitors channel their “inner fire” to win according to Croner and Abraham (2008). It sounds like competitors will make great agents because they will be driven to succeed by their desire to win!

So then why do these competitive salespeople sometimes perform better and sometimes fail to produce better outcomes than non-competitive peers? One explanation is captured in the idea of person-organization fit (Caldwell and O'Reilly 1990; Holland 1985). This theory suggests that when you build an organizational climate that is consistent with the type of individuals you hire you get the best performance. Could it be that competitive salespeople only perform at their peak in competitive climates?

To understand this we need to be clear about what it means to have a competitive climate in an organization. A competitive organizational climate occurs when salespeople perceive that the rewards in their organization are based on a comparison between their performance and the performance of others in the company (Brown et al. 1998). In other words, when an agent perceives that the best rewards and recognition go to the top performers, it creates a competitive climate.

Putting it all together, we wanted to know if hiring competitive salespeople and putting them in a competitive environment would boost performance. We also wanted to understand what happens to competitive salespeople who are placed in an organization that is not perceived by the salespeople as having a competitive climate – would their performance suffer?

Our Study

To answer these questions, we collected survey data from 117 salespeople who sell business services. Their responses were combined with performance information gathered directly from company records to ensure that accurate performance outcomes were examined. The results of that analysis showed that when both competitive salespeople and a competitive climate exist simultaneously, outcomes are better than when you have either one without the other. That means when competitive salespeople are placed in a competitive climate, the best performance outcomes occur.

Interestingly, when competitive salespeople are placed in a non-competitive climate, they perform no better than their non-competitive peers. This is surprising and seems to explain the inconsistencies found in previous studies. If you have competitive salespeople in a non-competitive climate, the climate overrides their competitive nature and they perform no better than any other salesperson in the organization.

It looks like we found the missing link! It is not enough to hire competitive salespeople. If you want to have a high performing agency, you need both competitive agents and a competitive climate in your organization.
So What Should You Do?

First, make sure that your agent’s level of competitiveness is matched by your agency’s competitive climate. If you have one without the other, you will sub-optimize your agency’s performance. Second, consider hiring future agents who are competitive individuals. Third, ramp up the competitive climate in your agency.

It’s important to note that you can emphasize competition by providing non-monetary rewards such as preferred parking spots, a trophy that gets passed around to the top agent (or agents) each month, or a celebratory lunch for top performers. The key is to create an environment where competitive agents sense that winners are valued! So have some fun with it and get to work hiring competitive agents and creating your high-performing, competitive climate – before one of the other 86,000 agencies beats you to it.

Recommended Reading


References


**About the Authors**

**Keith A. Richards, PhD**
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Keith Richards (PhD – University of Houston) is an Associate Professor of Marketing at Baylor University. Keith’s holds an undergraduate degree from Baylor and an MBA from Indiana University. Prior to joining the faculty at Baylor, Keith served on the faculty at the University of Tennessee at Chattanooga. Keith’s research has been published in the *Journal of Marketing*, the *Journal of Personal Selling and Sales Management* and *Industrial Marketing Management*. His research is focused on understanding the relationships between sales organizations and their best customers. Keith also investigates the impact salespeople have on new product launches, the way salespeople think about success and failure; how they incorporate CRM technology; and what motivates their performance. Keith’s research won the 2009 James M. Comer Award for the Best Contribution to Theory in the *Journal of Personal Selling and Sales Management*. Prior to his academic career, Keith spent eight years as a strategy consultant with two management consulting firms: Kurt Salmon Associates and Accenture. Keith has helped numerous companies build and enhance their sales function. Keith has served the American Marketing Association’s Sales SIG as an officer for the past five years.

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Eli Jones (PhD – Texas A&M University) is a Professor of Marketing, Dean of Mays Business School, and Lowry and Peggy Mays Eminent Scholar at his alma mater. He was Dean of the
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