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Ensuring Newcomer Agent Success
Danny P. Claro, PhD, Carla Ramos, PhD, Gabriel R. Gonzalez, PhD, and Robert W. Palmatier, PhD

Even as U.S. companies spend more than $900 billion on building sales forces, salesperson turnover has reached 27%, and average tenures are as short as two years. According to the Sales Management Association, most firm-designed salesperson development efforts fall short, because newcomer socialization into a sales role largely results from self-directed activities that take place informally. Mitigating these trends within the real estate industry requires ensuring the early success of new agents. Through relationships with peers, real estate agents can obtain the information and support needed to master their job tasks, obtain role clarity, and fit in socially.

This article explores the impact of key agent-to-agent relationship characteristics on the success of real estate agents as they gain tenure in their firm. It first reveals the impact of relational tie changes over time, by providing evidence of two different effects of teaming (cooperative) and spanning (individualized) relational structures on salesperson sales growth over their tenure. The article also considers other factors including territory potential, headquarter distance, and agent education.

Relational Ties

A relational tie refers to the link between two salespeople, which influences their actions. A key aspect of real estate agent ties is the directionality of the exchanges—reciprocal and unilateral ties.

Reciprocal ties occur when a real estate agent shares resources with a peer, who shares resources in return, commonly referred to as two-way interactions. These exchanges are established as people collaborate symmetrically and mutually share their deeper similarities, such as attitudes, knowledge, or experience. For example, one survey respondent stated, “In the (sales) training, I got very close to another agent. Whenever I need something, we share ideas. She also asks, but I ask more than she does, because she has been at the firm for a long time.”

Unilateral ties result when real estate agents’ views of their similarities are one-sided or when one party shares knowledge or experiences but the other does not. As one salesperson stated, “If
I’m going to meet a new customer and I have an idea about my colleagues’ profile or know who’s the expert in that type of customer, I go to them with these cases and ask what’s the most suitable approach.” In this case, one agent is viewed as an expert and the information exchange is one-sided.

**Relational Structure**

Relational ties are embedded in larger relational structures—which we distinguish as *teaming* or *spanning*—and impart very different benefits to agents.

In a *teaming structure*, agents are part of a structure of highly interconnected salespeople who work as a cooperative entity. A teaming structure provides peer cooperation by configuring agent relational ties that are characterized by interdependence and strong norms, which motivate peers to exchange resources. This structure improves performance by encouraging collaboration and cooperation. For example, real estate agents in workgroups that embrace strong cross-selling group norms exhibit greater motivation to engage in cross-selling themselves, which makes them more likely to promote the firm’s complete portfolio. Agents who maintain intrafirm relationships made of cooperative ties are much better able to coordinate intrafirm expertise and serve customers.

In a *spanning structure*, agents serve as a link between otherwise unconnected others and gain access to information and interpersonal influence. A spanning relational structure provides real estate agents with access to and control over additional resources. These agents take an intermediary position and leverage novel information, which motivates peers to exchange resources with them. Spanning research suggests the resulting benefits include access to and control over dispersed expertise and a capacity to influence peer salespeople. Agents who span peer networks through highly central managers can leverage diverse, competitive intelligence gained from those networks. Real estate agents who maintain a more diverse set of ties generate more innovative solutions for customers.

**Other Factors**

*Territory Potential*

Territory refers to the environment in which real estate agents must generate sales and realize performance objectives. Sales potential in the territory affects customer coverage, performance evaluations, rewards, and travel time. When potential sales in a territory increase, so do sales and growth opportunities, which makes it easier to close sales, facilitating socializing into the sales role. The agent can act more independently and rely less on social interactions with peers, needing their help less in terms of collaborative efforts or inputs for innovative solutions. In territories with high sales potential, there are enough opportunities for agents to find new sales and grow, decreasing the chance of conflict or the need to influence others. These benefits do not apply to territories with modest sales potential, where agents struggle to make sales.
**Physical Proximity to Headquarters**
When located farther away from headquarters, agents are less dependent on non-redundant information or interpersonal influence to realize their sales goals. Real estate agents who occupy more peripheral positions in their firm tend to invest more in relationships with fellow peers who also are peripheral. Greater headquarters distance also can diminish identification with the firm or encourage out-group stereotyping.

**Education Level**
Salespeople with more education have a greater capacity for critical thinking, effective problem solving, and learning. They can learn roles in the firm, organizational norms, and culture more quickly, rapidly acquiring role-specific knowledge, skills, and competencies. They also tend to be more knowledgeable about organizational practices in general and can successfully negotiate sales. As a result, the benefits of teaming likely diminish for well-educated real estate agents who can act independently, not relying on peer cooperation to carry out their work.

**Managerial Implications**
Helping newcomers gain entry into a network of interconnected contacts is critical. In addition to one-to-one peer mentorship programs, firms might encourage multi-peer mentorship models to foster a teaming structure. Managers also need to help newcomers avoid isolation or sparse initial connections with peers, which would hinder their effective socialization and performance. A steep learning curve and associated workloads might increase the risk of isolation, so firms should consider explicitly scheduling activities in the office that involve other agents to grant newcomers more opportunities to interact with these peers.

Managers may also use our findings to identify effective newcomer relationship activities over time, initially focusing on building reciprocal exchanges to gain work task knowledge and role clarity quickly. Ways to encourage connections may include revealing newcomer backgrounds to peers, involving salespeople in more team-building exercises such as retreats off-site locations, designing sales training sessions that require more interaction, and pairing newcomers with high-ability peers to encourage direct observation and teaching.

To encourage longer tenured agents to join more spanning relational structures, managers should create opportunities for salespeople to connect with others outside their immediate social circles, such as arranging cross-territory collaborations to explore potential synergies. Agencies also can
proactively help tenured agents enter more unilateral exchanges, such that they solely send or receive information, to move them into more spanning structures.

Agents in territories with greater sales potential or who are farther away from HQ do not need the spanning benefits as much to reach their sales objectives. Agency decisions about sales territory allocations and designs can thus determine the effectiveness of spanning structures for a salesperson. Similarly, salespeople with more education and who already hold some crucial skills do not require teaming structures to the same extent to adapt to their role or join a workgroup. Those with less education should be strongly encouraged to leverage teaming structures to adjust to their role and gain task mastery.

These peer-to-peer interactions are essential in ensuring the success of new real estate agents in mastering their job tasks, obtaining role clarity, and fitting in socially.

**Recommended Reading**


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