



THE IMPACT OF SALES PERFORMANCE MEASUREMENT IN DAY-TO-DAY SALES WORK

Jessica Wahlberg-Järvenkylä

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Author:	Jessica Carolina Wahlberg-Järvenkylä
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<p>Abstract:</p> <p>The subject of this degree thesis was to investigate how sales people perceived their day-to-day sales work and their stance on sales performance measurement tools. Based on that, the research questions were focused on how sales people perceived successful sales, how they adapted to the sales environment they were working in and how useful they perceived sales performance measurement tools to be.</p> <p>This work was limited by the size of the test group, and the one-sidedness of the approach as it was exclusively from the point of view of the sales persons and did not include data from company or management views.</p> <p>The research was performed as an empirical survey, through qualitative interviews with sales persons from one company in B2B industrial sales. As basis for these interviews two main theories were used, Verbeke, Dietz, Verwaal (2011) and Zallocco, Bollman Pullins, Mallin (2009)</p> <p>The results confirm the findings of established theoretic literature in that sales performance measurement tools that were not understood by sales persons were not used and sales persons felt no ownership or investment in the measures. Sales person measurable traits were also identified in the survey and they were also in line with the existing theory.</p> <p>The recommendation is that companies involve sales persons in designing measurements to be able to involve them more in the use, and that specific trait of sales persons should be taken in to considerations when planning sales development.</p>	
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FOREWORD

This thesis has been a long work in progress. I would like to thank my family for their assistance and support in this matter, my colleagues for their understanding and substituting while writing and holding interviews, as well as those at work who didn't need to, but still gave valuable assistance and insight in to the process of sales, company management principles and the current sales environment.

The main reason for the topic of this Master's thesis is curiosity and need to ask "Why?" Why is this the way we do things? Why has this method been chosen? Why do people act the way they do in certain circumstances?

The choice of subject was an organic process and arose from discussions with management at Company X, colleagues, fellow students and family. The hope was to contribute something that would have value in to companies and would help management in communication issues to sales persons and strategy development.

1 INTRODUCTION

Sales and sales results can be considered the most important part of a traditional B2B (Business to Business) company's existence and without sales there can be no long-term future. In most B2B companies the sales function is performed by sales people, working in contact with customers and colleagues, and attempting to translate the available products to meet customer needs (Kaario et al. 2003). From that point of view, the importance of how sales and sales performance is measured can be considered critical to company success, but how is it measured, and on what basis? As the sales process becomes more complex, evolving from product sales to service sales (Storbacka et al. 2009), how can that be seen in the measurement of sales performance? How do sales people adapt their working methods to this change and what are their thoughts on sales performance measurement tools?

1.1 Background

Most companies working in B2B are moving away from product sales to service sales, and in some cases even further to solutions sales. With that move comes the need to adapt at a much faster rate than before. One part that has had to develop and evolve with this change is the sales function, from product sales to knowledge sales, or consulting sales as noted by Storbacka et al. (2009). To be able to develop something we must have a clear view of where we are now and what resources will be required for the future. The initial pitch for this study was a general mapping of how sales persons in Company X, a B2B company, and part of a global group operating in the industrial sector, perceived their day-to-day experiences in field sales.

When considering this subject it became clear that to be able to develop this, there needs to be a reference point, something to give the company a starting point to work from and to be able to use the results in business development.

At this stage, it was decided to focus on how sales people perceive and experience sales performance, both at a personal level and in general, as well as their experiences regarding

sales performance measurement tools. The hope is to be able to identify factors that influence sales performance and what traits and measurements sales people perceive as key to successfulness in sales. In doing this, the decision was to compare established theories concerning Sales performance measurement and to see if the results were identifiable in the day-to day work of sales persons.

1.2 Purpose of the study and Research Questions

The purpose of this study is to identify traits that sales people consider key to successful sales, how they adapt their behavior to the sales environment, how they perceive the use of sales performance measurement tools and how these tools influence the day-to day work of sales people.

To support the purpose of this study, the research questions for this work were based on the works by Verbeke, Dietz, Verwaal (2011) in “*Drivers of sales performance: a contemporary meta-analysis. Have salespeople become knowledge brokers?*” (2011), here known as Theory 1 and Zallocco, Bolman Pullins ,Mallin (2009) in “*A re-examination of B2B sales performance*” here known as Theory 2.

- What traits do sales people consider important to successful sales?
- How do sales people adapt their behaviour to the sales environment in which they operate?
- What, if any, use do sales people have of sales performance measurement tools; do they help in day-to day sales work?

2 SALES PERFORMANCE MEASUREMENT

In their book “*Selling value, Maximize growth by helping customers succeed*” Kaario et al. (2003) note that the reason companies move to a standardized sales model is to be able to manage the big picture but working with a standardized method in a global company can have problems as it can be too rigid and not fit in all countries. One way to handle this is to define certain key aspects (measurement points) that must be included- but to have other aspects of sales measurement that can be adapted locally.

Thus, sales tools are developed so that managers are able to measure performance and maintain an overall picture of the situation. Standardized measures, values and processes also makes it easier to develop best practice methods and evaluate key steps in the sales process (Kaario et al. 2003). It also makes it easier to train new sales people and to get them up-and –running faster as the sales process is clearly defined.

For some time now, B2B sales has been evolving from product sales to service sales. This has been researched and studied in great depths and Storbacka et al (2009) describe this development as, in part, a result of the changing nature of the sales process self and the blurring of lines between marketing and sales. The higher level of customer sophistication also plays a part in the evolution of the traditional sales person role to that of a relationship manager role. Sales transactions in a B2B environment have changed in to a long-term process. Instead of separate transactions with a clear beginning and conclusion, they now include cross-departmental activities and collaboration with other departments such as finance, product development, engineering and logistics.

Sales control (sales performance measurement) is most often divided in to two separate approaches, outcome and behavior measurements, as described by Küster & Canales (2011). They describe the difference between the two as behavior measurement being the more subjective, with reporting based on manager’s perception of the sales person performance while, outcome based measurements allow for measurements that are more objective. Which approach a company decides to go with often depends on what information

is easier for the company to access. Based on their research, they also note that the chosen method of sales control has a large impact on the compensation system (bonus) as well as organizational effectiveness. They concluded that for best results, a combination of outcome and behavioral measures should be utilized.

Kaario et al. (2003) found that if a sales person is able to identify an opportunity for customer process innovation and is also able to deliver a solution capable of creating the expected value, then the role of service/solutions provider shifts to that of a trusted partner. Because sales people are in daily contact with customers and know what they value, it is important that they are included in the development of the sales process and the evaluation tools used to measure the delivery of Value Sales. Kaario et al. (2003) state that value sales demand a better understanding of solutions and applications as well as team-effort and the need to measure not only financial results but also identifying HR strategies and adapting to the new sales structure. The skills identified by them required by a salesperson to succeed in a value selling environment are not only personal selling skills, but also the skill to sell according to the company “way”. Sales people need to take in account customer retention, knowledge of customer business logic (“how”) and have the ability to provide the customer with input for development of the customers’ operations.

Based on their analysis of the available literature on sales performance measurement Zalocco et al. (2009) found that for the measurement points to have meaning for sales managers and salespersons should be involved in the development process. They found that this is most often not the case, and they found that there was a large gap between the company strategy and the salesperson understanding of the measurement points.

In practice, a successful sale person needs to be able to work according to the company process, use sales-forecasting and sales funnel method, have systematic working methods and manage resources as well as have an input in sharing and developing innovation (Kaario et al. 2003).

But, as Zoltners et al (2016) note in their article “*Can your sales team actually achieve their stretch goals?*” it is important to keep these goals realistic. Unattainable goals are demotivating and can lead to sales people taking unnecessary risks.

Zoltners et al. (2016) found that if the goals are unrealistic, the tools become useless to management as it is impossible to determine who is actually missing their target and who is not.

The degree to which a sales person uses sales performance measurement tools is based on how useful they perceive the tools to be. Mallin & DelVeccio (2008) note this as an aspect of agency theory (Eisenhardt 1989), sales people use sales performance measurement tools to minimize uncertainty by checking “how they are doing”. To be able to encourage sales people to use measurement points, managers have to convince sales people of their usefulness in the sales person’s dealings with customers and to ensure this sales people should be involved in the development of these tools. Mallin & DelVeccio (2008) found that to encourage adaptation, managers should also ask for feedback from sales people and often discuss the measurements with sales people, and through that create a sense of ownership in the measurement tool.

Sales people with long work tenure may find sales performance measurement tools bothersome, and more trouble than they are worth as they are confident in their performance. These sales people’s relationship with customers may already be so well developed that they have evolved in to an informal discussion without clear measurable points (Mallin & DelVeccio 2008).

The use of sales performance measurement tools also helps reduce uncertainty in sales peoples performance, and also help develop manager trust as the manager has a better view of how sales peoples targets are met and how in line with company strategy they are (Mallin, O’Donnell, Hu, 2009). As the manager sees that the sales person is meeting their goals and working in accordance with company guidelines, it can also lead to better communication and cooperation, as both parties see that they are working towards the same end result. This also means that as the sales person knows that their performance is being

measured they are more likely to act according to good practice, and not against company policy.

The use of sales performance measurement tools is not without potential negative impact. As Mallin, O'Donnell, Hu (2009) found in their analysis of sales manager trust, the correlation of outcome and behaviour based measurements and length of salesperson employment (Fig. 1) can have a negative effect. Those who have worked for a longer time in the company feel that more sales performance measurements indicate that they are not trusted and that their performance is being called into question. This can lead to both higher (operational) costs and less efficiency.

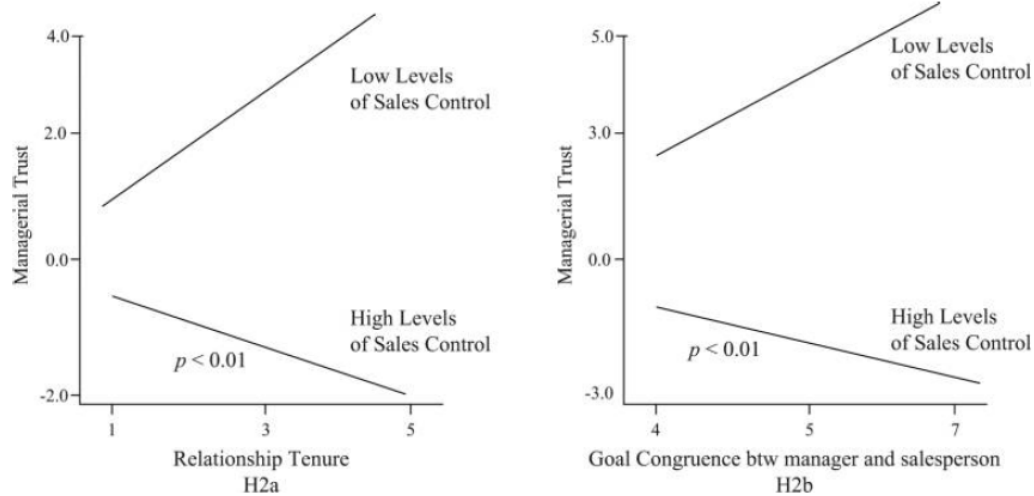


Figure 1: Interaction of sales control and relationship tenure/goal congruence on managerial trust (Mallin, O'Donnell and Hu 2010)

3 THEORY 1: MEASURABLE TRAITS OF A SALES PERSON AND MEASUREMENT OF SALES PERFORMANCE

Many factors influence how successful a sales person is. In their analysis of the existing academic research on Sales Performance drivers in their article "*Drivers of sales performance: a contemporary meta-analysis. Have salespeople become knowledge brokers?*" Verbeke, Dietz, Verwaal (2011) identified 18 main measurable characteristics that can determine Sales Performance of a Salesperson (Fig.2). Of these 18, their empirical study of narrowed it down to 5 main traits: These where *Selling Related Knowledge, Degree of Adaptiveness, Role Ambiguity, Cognitive Aptitude* and *Work Engagement*.

None of these factors stands alone, and each in turn influences the other and is influenced by both external and internal factors. As Verbeke et. al. (2011) found, the process of selling has developed a long way from product sales to service sales and is now entering a phase of knowledge based selling. This means that traits and abilities of sales people become more and more important and can directly influence company profitability. To be able to measure these traits and take in to consideration the effect they have in developing both sales and HR strategy, it is important to understand the effect these have on sales performance, and why they affect results the way they do.

In their analysis, Verbeke et al. (2011) identified a variety of different types of measurement and outside factors that influence sales performance, which they refer to as Moderators (Fig. 2)

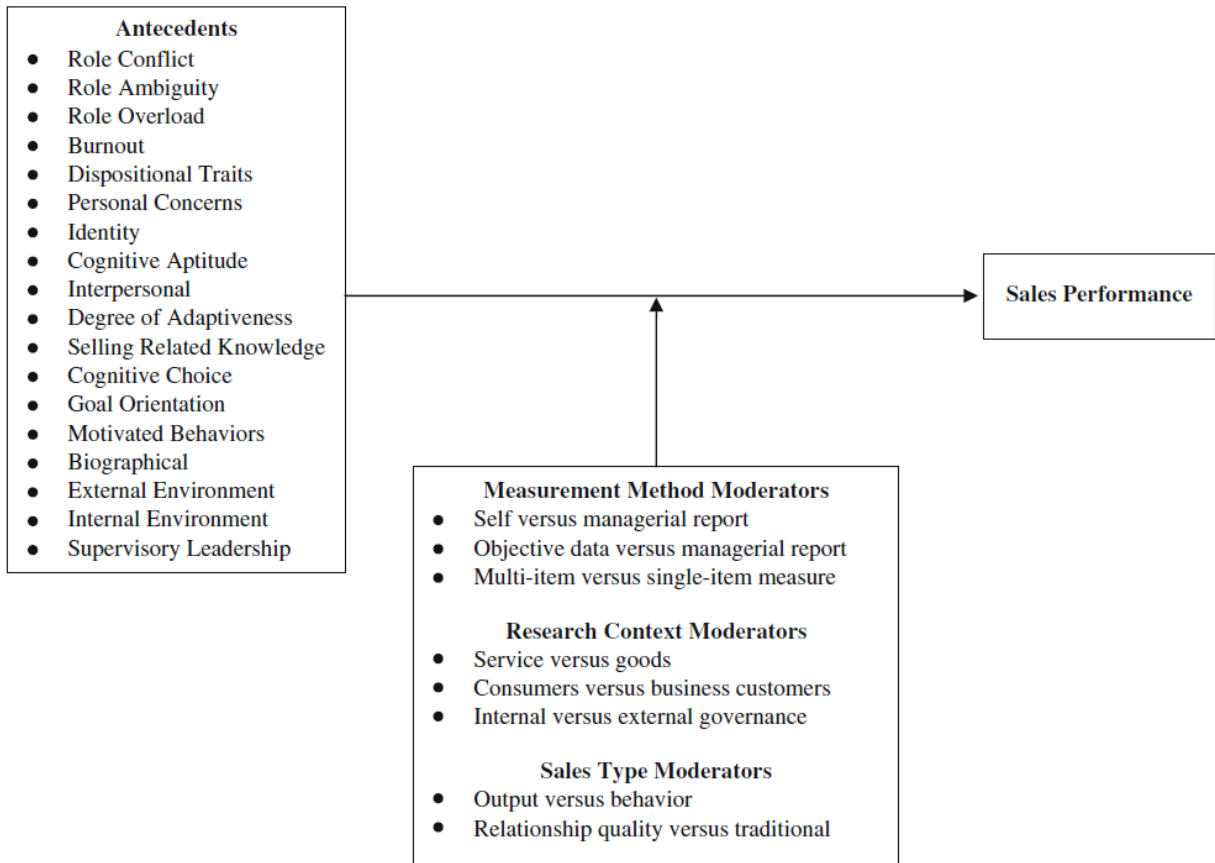


Figure: 2 Conceptual model of the meta-analysis, Verbeke, Dietz, Verwaal 2011

3.1 Antecedents

In their compilation and analysis of the existing academic research, Verbeke et al. (2011) identified 18 antecedents, referring to an event, trait or a condition that effects an outcome, in this case the affect on sales performance results. From these 18 antecedents, (see Fig 2) they identified 5 characteristics that have the most impact on sales performance. These where *Selling Related Knowledge*, *Degree of Adaptiveness*, *Role Ambiguity*, *Cognitive Aptitude* and *Work Engagement*.

3.1.1 Role Ambiguity

Of these factors, *Role Ambiguity* had the highest impact on sales performance. Role Ambiguity refers to how clear roles and expectations are to the sales person. High ambiguity was found to have a correspondingly high negative impact on sales performance. Low *Role Ambiguity*, defined by clearly defined roles and expectations, was found to have a positive impact on sales performance. It is worth noting that Verbeke et al.(2011) also found that for some sales people, a certain degree of Role Ambiguity seemed to work as a motivator and a driver of sales performance, which should be taken in to account when considering company sales strategy. They also note that, the impact of Role Ambiguity is moderated by the way sales performance is measured, and in the future role ambiguity might become a trait of the sales environment and that a sales person's ability to handle role ambiguity might be part of the desired traits of a sales person.

3.1.2 Cognitive Aptitude

In the study, *Cognitive Aptitude* was defined as general mental ability and verbal intelligence, and affects how a sales person is able to communicate with customers and to adapt company offerings to meet customer needs. It also impacts a sales person's ability to shape customer expectations to match company offerings. Cognitive aptitude in itself is not a clear advantage, and should ideally be supported by other traits, such as social skills. The importance of a sales person with a high cognitive aptitude is as stated by Verbeke et al. (2011):

"Intelligent salespeople shape how customers conceptualize their own needs and how the product or service of the selling firm relates to this view."

3.1.3 Selling related knowledge

Selling related knowledge refers to the understanding that a sales person has of the customers' needs and the products and services they are selling. This also refers to a good knowledge of the selling process itself, and how to best approach in different cases.

Verbeke et al.(2011) note that this form of *knowledge-brokering* has been relatively sparsely researched. They also note that this ability can be learned through sales training (what are the customer’s needs) as well as through open discussions internally. More technically inclined sales people might have a very strong knowledge of the product, but might require training in how to sell the benefits of the product to the customer.

3.1.4 Degree of Adaptiveness

Degree of Adaptiveness measures the ability of a sales person to modify their behavior and approach to suit the customer. The sales person is able to explain and share knowledge in such a way that the customer understands it and is receptive. In short, to speak the same language as the customer. This is critical in influencing sales performance, and requires an understanding of the customer, their needs and their level of understanding. With this knowledge a sales person can then adapt their approach to the customer, by for instance, simplifying technical data. As Verbeke et al. (2011) explain;

” salespeople capable of sharing analogies (e.g., can explain “know-why” to spark the imagination of customers who do not always possess this knowledge), and can share “know-how” from cases (e.g., can explain how other customers—early adopters or lead users—use a product or service) will most likely thrive”

3.1.5 Work engagement

The final trait was *Work Engagement*. This refers to the extent a sales person is willing to work with others, how engaged in development they are, as well as in assisting colleagues and customers. A sales person should ideally take strong responsibility for their own efforts and be proactive.

All of the attributes identified by Verbeke et al.(2011) are connected to each other and none are without impact from other traits. You cannot have good *Work Engagement* without a *Degree of Adaptiveness* just as adaptiveness requires good cognitive skills.

3.2 Measurement method Moderators

The Authors found that the method of reporting also had an impact on sales performance results. They present their variations on reporting that influence results.

3.2.1 Self versus Managerial report

In their analysis, Verbeke et al.(2011) found that results reported by sales people themselves and those with supportive management were often more positive than those reported by managers. The reason for this was most likely the habit of people to over-estimate their own results.

Selling related knowledge was found to have an impact in management reported results. The authors speculate that this is due to more self-assured sales people perhaps giving a more positive impression through better insight and showing more confidence and goal orientation.

3.2.2 Objective data versus managerial data

Measurements reported by managers were also subjective, as a manager might overestimate or underestimate a sales persons' performance, based on their own subjective view. Verbeke et al.(2011) give the example that sales persons who fail to express clear work engagement can easily be perceived as not performing well, even if that is not the case. In contrast, a sales person who is goal oriented and expresses clear work engagement can overestimate their own achievement and can be overestimated by management, as the image the sales person projects is that of a high-achiever.

Verbeke et al.(2011) also note that this can easily lead to unfair comparisons within a sales group. A bad team player can be rated lower than a good team player might, even if the results say other wise.

3.2.3 Multi-Item versus single item measures

Based on their analysis of the existing research on sales performance measurements Verbeke et al.(2011) found that the best measure of sales performance was a compilation of several measurement points. This was found to give a better picture of the whole and is not reliant on subjective conclusions.

By using more than one measurement point, the results give a more comprehensive picture of the sales performance and the impact of *Role Conflict*, *Role Ambiguity* and *Stress* weaken (Fig 2).

The Verbeke et al.(2011) found that social skills might also have an influence on sales results, possibly due to the bigger impact sales person selling skill was found to have in multi-item measurements

3.3 Research Context Moderators

The Authors also identified sales context as a factor that influences sales performance results. In this case, the contact was *Service vs Goods* sales environment, *Consumer vs B2B* environment. The nature of the sales event, the length of the sales process and nature of the relationship between seller and the buyer was found to have an impact, as did *External vs Internal* measures that denotes the competitive focus of the company strategy.

3.3.1 Service versus goods

Sales people selling service and trading in knowledge generally have to deal with more abstract concepts than sales people selling products. Verbeke et al.(2011) note that what the sales person in the end offers the customer is shaped by interaction with and feedback from the customer.

Customers have more impact on the sales process and their expectations and demands take a larger role. This requires the sales person to be able manage those needs and expectations or else the presented tender/offer will not be what the customer expect or thinks they want and/or need.

In their study, Verbeke et al. (2011) found that the difference between service sales and sales of goods was not as large as expected. They theorise that this is due to end customers being better informed and expecting both higher levels of service and having higher expectations of products.

It is worth noting the importance of adaptivity, as well as good verbal and social skills for a salesperson to succeed in these situations.

Another aspect identified by Verbeke et al. (2011) of this interactive customer relationship is the maintenance of continuous sales opportunities. When sales people ensure that the relationship with the customer is a continuous process they will be able to identify sales opportunities at the customer, and also have an automatic “in” with the customer and be invited to provide offers for new projects without having to go through the process of introducing the company to the customer.

3.3.2 Consumer versus business customers

The process of selling to business buyers was expected to be more complex, with more uncertainty about expectations and roles and a lengthier selling process, than that of selling to consumers. The results of the study showed that the impact of *cognitive choice* and the company *internal environment* was larger than expected and in sales to business customers the impact of *Role Ambiguity* was bigger.

Possibly due to the difference in personality type of those who seek to work in a larger group with other salespersons (Customer sales) and those who prefer a more independent and variable role (Business Customers)

3.3.3 Internal versus external governance

The effect of Internal or External governance on a sales person can be seen as a comparison of the sales personality type. Does the salesperson thrive under a stricter environment with colleagues and managers close by, or does the salesperson work in a more entrepreneurial environment, independently?

Work Engagement and goal orientation was found to have the biggest impact on sales performance in an internal sales environment. Also, non-work related citizenship behavior was found to have a positive effect. In short, a goal driven approach and the ability to show work engagement where crucial.

3.4 Sales Type Moderators

In their research, the authors also separate how the type of expected results influence sales performance. Are measurement points based on an activity or task, or on the desired result of these tasks? Or is it measured in the quality (length, productivity) of a customer relationship instead of the financial outcome of that relationship?

3.4.1 Output versus behavioral

Measuring sales performance based on behavior instead of outcome, as Verbeke et al. (2011) found, two different ways of looking at sales performance. Referring to *Agency Theory*, (Eisenhardt 1985) Verbeke et al. (2011) note that as companies and sales persons have different motivators and expected outcome, basing results on the behavior of sales people leads to incomplete data, as the company cannot have the full picture. Companies most often measure strategic goals in terms of results, and sales people who manage to adapt to these often thrive.

In their analysis of the existing academic literature, Verbeke et al found that *Degree of Adaptiveness*, *Role Ambiguity* and cognitive choice have the strongest impact in an outcome based sales environment as it challenges sales people who have these traits to adapt.

3.4.2 Relationship quality versus traditional outcomes

Verbeke et al. refer to two types of outcomes for sales performance, the *Quality of Relationships* and *Traditional outcomes*. They found that previous research makes a distinction between traditional sales and relationship management and that these two roles require a different set of skills from the sales persons.

In the academic literature that Verbeke et al. (2011) analyzed, they found that for sales people guided by relationship management outcomes, interpersonal skills, people management, and management support were important. In comparison, for those sales persons involved in traditional outcomes, personality traits and dispositions have a larger impact.

In short, sales people working toward traditional goals often work alone and are not as dependent on co-workers to achieve the desired outcome.

3.5 Summary

The authors summarize the effect different aspects of the sales environment and the methods of measurement have on the end results (sales performance). They note that the effect this has on the individual sales person is not necessarily the same as on a sales team. They theorize that the changing nature of the sales environment would require further research in to more specific categories and different set of value points, for instance quantity vs. quality of output and efficiency vs. effectiveness. These changes support the assumption that the nature of sales has changed into a consultative capacity, where a sales person

must learn to support the customer through the sales process, thus becoming knowledge-brokers.

4 THEORY 2: SALES PERFORMANCE MEASUREMENT TOOLS

In their article on sales performance measurement tools “*A re-examination of B2B sales performance*” Zallocco, Bolman Pullins & Mallin (2009), investigated the difference between how performance measurement tools are categorized and approached by researchers and how they are perceived in the day-to-day sales environment. The authors begin by studying the existing literature on sales performance measurement tools. From this they developed a structure for organizing sales performance measurement points and then tested this structure in an empirical study through interviews with sales people and sales managers involved in B2B sales. The result of this study was that there is a gap between those measurement points that researchers focus on and those that are utilized in actual B2B sales.

In the results of this study the authors conclude that for every participant in their study there is a different perception of how sales performance should be measured and that companies often measure what is easy to measure, not what would be of the most use. Also, sales performance measures should be efficient and guide sales persons to the desired goals and objectives set by the company. For this to be the case, why specific goals are important and the reasons why particular measurement points are used has to be clearly understood by sales people.

To be able to evaluate the effectiveness of strategy and company direction, companies need to measure the performance of their sales staff. By measuring this companies can identify how sales is going, who is doing well and at what cost. Managers have an important role in ensuring that sales performance targets are reached and to do this they need accurate tools to measure sales performance.

4.1 Sales performance control theories

When analyzing the existing literature on the categorization of sales performance the authors identified two main divergences, measures based on outcome (results of sales) and those based on behavior (how they do it).

Traditional examples of *Outcome based* measure are; profitability, market share, turnover, while *Behavior based* outcomes can be identified as adaptive selling, communication skills which are part of a sales person's ability to sell, as well as the activities they undertake; number of calls to customers, territory management and activity management.

Based on these two viewpoints, two methods have been developed to help sales managers ensure that the goals are met, Agency Theory and Organisational Theory.

4.1.1 Agency theory

Agency Theory describes how goals and objectives are aligned between principals (organisation) and agents (salespeople). As Zallocco et al. referencing, Eisenhardt (1985, 1989) note:

“In the context of sales, agency theory addresses the problem of how the sales manager (the principal) can measure, monitor, and evaluate the salesperson's (the agents) activities to ensure that organizational goals are met.”

The basis of this is the assumption that both parties have their own objectives and the focus of the theory is to establish a way for both parties to reach their goals and lessen the inherent conflict in order to reach a solution that satisfies both parties.

For instance, in a situation where the Sales manager is not certain how the sales person fulfils their set targets, Agency theory can be used to define sales goals that help sales managers minimize the difference in opinion on activities the two parties want the sales person to focus their time on. Here the authors refer to examples of using sales performance indicators, variable compensations and evaluation criteria (Wiseman, Gomez-Meija, 1998)

4.1.2 Organisational theory

Organisational Theory (Ochi, 1979), describes the best way to maintain cooperation among different individuals who are aiming for the same goals, and how to assign rewards to each member of the team. This can become a problem if it is seen as unequal and can lead to team members adjusting their performance in a negative way to match rewards. For instance, a sales person who has done well and has worked hard, but sees that other team members earn the same rewards with less effort, can decide that it is not worth it and decides to no longer make the maximum of effort. At the other end is a sales person who realises that there is no extra reward in making that extra effort, but instead maintains the lower level of achievement with no effort or desire to improve their performance.

4.2 Findings

In their analysis and subsequent study, the authors found that there was a difference between how sales managers and sales persons perceived sales performance measures. Managers were more focused on measurement details while sales persons in general did not take in to consideration performance measurement to the same extent.

The authors speculate this is because:

Strategies and goals are set without the participation of sales managers or sales people.

Both sales manager and sales people considered sales performance goals to be short term and individual, not long-term and companywide.

When collecting the data from their survey (Fig.3) Zallocco et al. (2011) organised the sales performance measures mentioned by respondents according to four characteristics, in two levels. Sales performance measures reported by respondents were listed according to whether they measured Effectiveness or Efficiency and then if the measure was Internally oriented or if it was Externally oriented.

	Effectiveness (selling outcomes)	Efficiency (selling activities)
Internally oriented (selling skill, capabilities)	Competencies: – technical knowledge (2) – presentation skills (2) – communication skills – listening skills – supervisory skills – teamwork Quota attainment (5) Sales volume (5) Sales behavior	Productivity Profitability of sales Gross margin Time management Cash flow and account management (2) Number of calls Number of presentations Time spent in territory
Externally oriented (marketplace metrics)	Mix change (upgrading) Channel feedback/satisfaction Customer feedback/satisfaction Competitive understanding New accounts introduced to product Number of customers Level of interaction with customers Performance relative to opportunities Customers' success/goal attainment	Closing ratio – to number of calls – to number of presentations Sales penetration per account (2)

Figure 3: Performance measures used by interviewees, Zallocco, Bolman Pullins, Mallin 2009

4.2.1 Efficiency vs Effectiveness:

Most of the time *Sales Efficiency* is defined as the best use of resources available (Zallocco, et al. (2009) or, how many steps does it take to reach company goals. To management this can be the allocation of resources, ensuring minimum wastage of capital and time, as well as ensuring that effort is not wasted on non-profitable customers. Sales people often described Sales efficiency as Quality vs Quantity, ensuring good time-management as well as cost-effectiveness. Zallocco et al. (2009) found that Sales Efficiency was much clearer to both managers and sales people and that all in all, perceptions were the same, just on a different level.

Zallocco et al. (2009) note that based on the review of the existing literature, managers should choose a method of measuring performance that also encourages sales people to be efficient by doing a task in the best way possible, not just doing the necessary tasks as effectively as possible.

Here the concept on efficiency can be seen as being part of an operational model that encourages sales people to take responsibility for adding to best practice and to maintaining quality of data, thus ensuring the best possible customer service (Fig3.).

In comparison, *Sales Effectiveness* was found by Zallocco et al (2009) in their test group to cause more problems for managers and sales people. In practice, (Sales) Effectiveness can have a different meaning for the company and management than what it has for the sales people.

For management, effectiveness was often defined as how set goals and targets aligns with company strategy. In comparison, effectiveness was found to have a much more down to earth meaning as it was often used to define how customer contact was performed, how often and how personalised this contact with the customer was, as well as how adaptable the company portfolio is to customer needs in ensuring a high standard of customer service (Fig.3). The perceived meaning of effectiveness had in Zallocco et al.'s (2009) research the highest level of uncertainty and variance in responses. Not only was there a difference in how managers and sales people saw effectiveness, but they also had a hard time defining the concept of effectiveness itself. If it is difficult to define to one-self, the trouble with comparing it on a manager-employee level is clear.

The authors found that effectiveness was often based on behaviour and seen by respondents as how well you translated and communicated your message to colleagues and customers. In their test group, Zallocco et al. (2009) found that *Sales effectiveness* was used much more than *Sales efficiency* which was interesting, as they noted, considering how unclear the concept of effectiveness seemed to be to the participants.

4.2.2 Internally oriented vs. externally oriented

Internally and *Externally* oriented measurement points are based on an organization having either a market based or internally based approach to measuring its successes. Zallocco et al. (2009) found that companies that are motivated by a market driven approach design their processes and measurement tools based on their customers' needs and the

competitive environment in which they operate. Here market orientation becomes a competitive edge for the company and as such is reflected in company sales performance measuring tools.

In their results from their test group, Zallocco et al. (2009) found that internal measures were more popular than external measures. One possible reason for this was that internal measures such as Quota Attainment or Sales Volume (Fig.3) were easier to obtain and to evaluate than external measures. Measures such as effectiveness are seen to be long term and goal oriented measures and thus more interesting to company and management. They also noted that few, if any, companies that were part of their test group had feedback from customers or distributors included in their evaluation of a sales person's performance. Customer satisfaction measures were also not included, even though it was seen by respondents as something that would be beneficial.

Feedback from customers, both as a measurable scale and as feedback through discussions, would presumably be very valuable in developing company sales processes and product ranges to maintain a competitive edge in their market. Zallocco et al. (2009) found that an internal focus on measurement points can lead to companies being slow to react to changes in the market place.

5 SUMMARY OF LITERATURE

Verbeke et al. (2011) and Zallocco et al. (2009) approach the same question, what effects the results of sales performance measurement, from different points of view. Verbeke et al. (2011) look at the individual traits of the sales person, the environment they work in, and the method in which sales performance is measured, and then evaluate how these factors affect the measured sales performance. In contrast Zallocco et al. (2009) survey the theoretical basis of these measures, how they are categorized (effectiveness vs. efficiency and internal and external measures) and how this structure can help in developing measurement tools.

Both theories, as well as other supporting literature, highlight the importance of knowledge of the environment the sales person operates in and what impact the measurement points have on results (Verbeke et al. 2011, Zallocco et al. 2009, Kaario et al. 2003). Here, as in many other situations, knowledge is power. Without knowing the context of how a company measures sales performance on the sales person level, the value of these measures and the full potential of their usage cannot be fulfilled.

Larson & Resney (2004) note that problems with sales force effectiveness can stem from situations such as implementing CRM system without clearly defining how the use of this system will translate into revenue and customer loyalty. In other words, focusing on processes and incentives, without first developing customer strategy:

Only when a firm has defined its optimal customer-leverage points can it proceed to design sales processes that will mesh with them. If an organization does not align its overall strategy with the customer behaviors it is trying to influence, then even the best tactics, supported by state-of-the-art systems and organizational design, will fail.

In this age of consultative solution-selling, when sales reps are increasingly expected to act as trusted strategic advisors to the c-level suite, sales executives inform us that their toughest challenge isn't finding the time to meet clients, but rather getting the right meeting ± and knowing what to say and do in that meeting to close the sale. `

To find the optimal solutions, Larson & Resney (2004) suggest that sales strategy should be based on customer needs and behaviours, and that sales performance measurement points should be focused on assisting the sales person to lead the customer in the desired direction.

Based on the existing literature on sales performance measurements and the factors that affect the results of measurements, some interesting questions worth considering are:

Does the way a company measures sales performance have an impact on both the output of the individual sales person, and the company as a whole?

For example, in a system where the measurement points are internally oriented, in other words behavior based rather than outcome based, which are the skills a sales person needs

to have in order to be successful? In comparison, if the measurement points are externally oriented, outcome based and market driven does the environment that a sales person has to operate in lead to a larger impact of Role Ambiguity?

Does the sophistication of the sales environment that the company and the sales person operate in, influence the effect of measurement points and the impact of the sales person traits on those results?

Does relationship management become an important point, both as a skillset for the sales person, as well as a measurement for the company, in a company operating in a sophisticated sales environment? Here sales process is a longer transaction, customers are well informed and require good selling related knowledge from the sales person.

6 METHODOLOGY

A qualitative method was chosen for the study, here interviews with sales persons in company X. The reason for this was the small pool size of available sales persons as well as the open-ended nature of the questions and the focus on subjective opinions and perceived experiences.

A qualitative method was considered the best option as the desired information was the personal experiences and opinions of those interviewed.

To analyze the findings, the responses by the interviewees were compared to the findings of Verbeke et al. (2011), Fig,2 and Zallocco et al. (2009) (Fig 3) to see if they could be identified, and if the findings supported those of the academic literature.

6.1 Designing the interview guide

The research was in qualitative form through interviews with sales representatives in Company X service sales department. The interviews were based on an interview guide developed from the works by Verbeke et al. (2011) and Zallocco et al. (2009) and other supporting literature. It was split into two parts to define separate areas of interest. Most interviews averaged from 0,5 to 1,5 h. The interviews were held in Finnish for two reasons. One, this is the first language of all those being interviewed and two, the conversation needed to be natural and the participants needed to be able to feel comfortable enough to express confidential opinions. The interviewees were informed that all opinions and viewpoints expressed in the interviews would be confidential and that results would be anonymous. The interviews and the opinions expressed would not be shown or made available to anyone within the organisation and due to company rules, they would also be externally confidential.

The first part of the interview focused on the general nature of sales, sales effectiveness and traits of a good sales person. The aim here was to establish how sales people perceive sales work in general, their own sales work and how they plan sales work. Through these questions, the hope was to be able to identify different traits in sales people and the environment they operate in, and to compare these to those identified by Verbeke et al. (2011) in Theory 1 as well as the other supporting literature.

The second part was based on Theory 2, by Zallocco et al. (2009), concerning sales performance measurement tools and was focused on sales person use of performance measurement tools and their perceived usefulness. Sales persons were asked how the company measured their performance, what these measurements were and how these affected their daily work. By asking these questions it was hoped to establish the number of sales people that could identify and describe the measurement points, how those points helped or hindered their performance, and how they perceived these measurement points in the context of their day-to-day work. See Appendix 1 for the interview guide.

6.2 Interviews

To begin with, a test of the interview guide was done by interviewing the Sales Manager from a different department, to see how they reacted to the questions and how they responded. Based on this the interview guide was simplified and divided up into separate parts.

The original plan was to go through the interview guide in two separate stages, but in performing the interviews it became clear that these subjects are in part co-dependent. The answers also varied to include parts and comments concerning both sales performance measurements and the day-to-day work of selling, as well as how that day-to-day work was measured.

The original intention was to interview both Equipment Sales Engineer and Service Sales Engineers, but it was decided not to include the Equipment Sales Persons in this and the sample was limited to the five Service Sales Engineers. This group was further limited by the retirement of the most senior of these sales people. The remaining four have been working as Service Sales Engineers for approximately 1-9 years at the time of the interviews.

Service sales engineers are all responsible for a certain area of the region, apart from one service sales engineer who is also responsible for equipment sales in their area. Their main responsibility is to sell aftersales products such as maintenance contracts, fixed price repairs, overhauls and to act as aftersales contact for their customers. After the service sales engineer has sold the customer the product or repair, the operational part of these services is then handled by the service department. A key feature of their responsibilities is to maintain service contracts and to re-negotiate them if, and when the existing contract no longer meets the customers' needs.

7 RESULTS

Below is a summary of the results, per question. The summary includes key notes and comments made by sales persons to that particular question.

7.1 Summary of responses

The summaries include direct quotes, marked in *italics*, as well as summaries of key issues listed by the respondents

7.1.1 Part 1:

Question 1: How would you describe your job?

There was directly a difference in responses in this first questions. Some answered simply “*to sell service products*” while other were less literal and described their job as “*providing customer service with the products that we have*”.

Question 2: What are the most important parts of your job?

Here too, there was a difference. Some considered customer service to be their main task, while others consider earning a profit to be one of their main tasks. No one response was prominent.

Question 3: Please explain, in your own words, what you consider sales to be?

Most of the respondents defined that to them good sales was to solve customer’s problems or potential problems, in a cost effective and sustainable way, leading to a good customer relationship and to more sales in the future. One Service Sales Engineer noted that:

“sales can be a long-term process, by maintaining a good relationship with the customer they already have you in mind when they have a new project, and you don’t have to work yourself in again. So you might not have to chase projects, but will be notified when they have a new need and you get the opportunity for to offer for a project you might not otherwise have heard anything about. ”

Question 4: What, in your opinion, makes a good Sales person?

The responses concerning what makes a good sales person included the ability to anticipate customer needs, how to adapt to different customer personalities, to be able to sell at a profit and to be able to organise their efforts and to be able to work independently.

Question 5: How do you plan your day/week/month?

When asked how they plan their days, one sales person said they planned their week to include what they cannot plan for, some looked at their schedule one week at a time, while some planned two weeks ahead. All were of the opinion that, apart from individual meetings and target deadlines, it was not useful to plan too far ahead as you would eventually have to change these plans due to urgent request or changes in customer schedules. Some aimed to have at least two days in the office for paperwork, while others planned having half days on the field and half days in the office. All complained that the computer system the company uses demands more time at the office than they wanted to spend.

Question 6: How do you prepare for a customer visit?

All of the respondents make some preparations for customer visits, but the extent differed. When approaching a new customer, all but one sales person spent time on the internet looking for information about the customer. Some also spent time searching for information about the industry the customer operated in as well as any additional information they could find about the history of the customer and the people involved. Two said that they call the local service technician to ask what they know about the customer. All checked internal databases to see if there were ongoing projects and customer history and any possible points of discord with the customer.

Question 7: Do you adapt your approach to the individual customer?

All four sales people said that they adapt their sales strategy depending on the technical understanding and the level of interest the customer showed, as well as the responsibilities and hierarchical level of the customer representative. Also, as one sales person put it:

”..the person you are speaking to might not be the one who makes the final decision, but he might introduce you to that person or be able to influence that person’s decision”

7.1.2 Part 2:

Question 8: How do you measure your own successfulness?

All the respondents referred to profitability of contracts and fixed price repairs. Some also included amount of new contracts and perceived degree of customer satisfaction. One sales person said to them it was down to have they met company expectations or not.

Question 9: How do you follow up on your own sales performance, do you keep track of your projects?

The company operational systems and CRM systems offer Service Sales Engineers the possibility to follow up their progress in real time, and this was used to varying degrees by the sales people. Some were very familiar with the system and continuously checked their status, while others relied more on their own Excel sheets and notes to follow up and check the status of projects and offers. In general, the company systems were not considered ideal, and none of the sales people could say for certain that they knew what kind of data they were able to get from the available systems. Some even expressed doubts about the accuracy of the data provided by the system.

Question 10: What are the key measurement points that interest management?

For some the answer was “Who knows?” and others just said that they didn't know for certain. However, all said that they received updates on the measurements from management and they were able to name at least attrition rate and 1:1 rate (of the equipments on the register, how many has the company provided service too) as measurement points.

Question 11: Do you know why these are important?

When asked why these measurements were important, all knew, in principle, why they were important, but the respondents felt that the measuring tools were not used correctly. The measurements were something the factory was interested in, but respondents

did not know where this data came from. Two of the sales people said that they thought the data was important, but that the way it was provided did not help to better results or aid in day to days sales work. One example given was the attrition rate for service contracts. One sales person explained that he found it problematic that he was provided with the attrition rate, but was not able to access the specific data that the result was based on. So instead, he had to manually compare what customers he had on contract this year, to what customers he had on contract last year, in order to identify the customers that had been lost.

The same example was used in the 1:1 rate, were a rate is given, but not the data on which to attempt to better the results.

Question 12: How do management/the factory follow up on your sales performance?

All salespersons noted that the new CRM system allowed them to follow up on their results, and that these results were then discussed with the nearest supervisor. However, for most, this follow up remained at a personal level and did not include the effect on company operations, some expressed the opinion that follow up-was not clear, as the points of *what now?* was not addresses.

7.2 Company measurement points identified by sales persons

In the course of the interviews, sales persons were asked if they could identify what performance measurement points Company X used. Below is a list of measurement points that the sales persons identified and their comments and thoughts on these measurement points. Each point begins with a brief description of the measurement point by the author based on the definition provided by the sales persons. It is important to note that these points are subjective viewpoints of the sales persons, and might include measurement points that are in fact not measured for this specific group of sales persons. Also, there are more than likely at least a few points missing from this list and the descriptions of these points and what they measure might not be correct.

7.2.1 Attrition rate

In this case “.. *the attrition rate refers to the loss of customers, both from Contract and from general sales. (The Group) measures how many contracts the salesperson has lost versus how many new ones they have gained. This also refers to the amount of customers who have fallen away and have not bought any products or services within 12 months*”

One of the problems with this is that company is not able to provide a simple measurement of who these customers are, so sales persons felt frustrated that they are expected to correct this, but have to rely on their own manually maintained registers to follow which customers have been lost.

7.2.2 1:1 Ratio

This refers to” *..machines in the Installed based register, where the group aims to keep all machines in the 1:1 register, meaning that they should have been serviced by the company through either service contract, fixed price repair or ad-hoc repair*

One of the issues with this measurement point, according to two respondents, is that it does not include those customers who themselves perform service on their machines. As these customers order only order spare parts, and not service, they are not included in the 1:1 ratio.

7.2.3 Profitability of contracts and Fixed Price sales

To ensure profitability the Group measures – *“the profitability of the Sales Contract and Fixed Price repairs that a Sales person is responsible for”*. This is to *“-ensure that prices have been calculated correctly and that they have been updated correctly and according to customer equipment usage.”*

This measurement was mentioned by two sales persons, and was generally consider a commonsense measurement, the logic behind why this was measured seemed clear and

was not contested. This was also seen as a good way to see if the contract itself had been done correctly and if the sales person had been successful in their job. The optimum solution is that the costs of a contract to Company X has been correctly calculated, and the costs of maintain that contract are neither too big nor too small.

7.2.4 Product range sold

“To ensure market saturation and development”, as well as to “encourage a broader scope of sales”, the Group measures to what extent available products and service are offered and sold. By measuring this the Group “aims to ensure that no region is left under developed and through that the competition does not gain an upper hand.”

Several of the respondents found this measurement unclear and problematic in real-life. They considered some products and services to be harder to sell to the local market, compared to other markers (in other countries). The respondents were not able to define if this was individually measured, or measured for the whole sales team.

7.2.5 Amount of customer visits

This a basic method of measuring sales activity, through defining *“a minimum requirement of the customer visits that a sales person has to achieve per month.”*

Among measured points, this is the most controversial among the group of sales people interviewed. One reason this was not popular was that sales people perceived no straight correlation between number of customer visits and amount of orders received. In addition, due to the cumbersome nature of company IT systems, much of this time could, according to sales persons, be better used in making offers and doing market research.

8 ANALYSIS

The intention was to approach the interview guide as two separate parts. While performing the interviews it became clear that these subjects are in part co-dependent and the answers varied to include parts and comments concerning both sales performance and the day-to-day work of selling, as well as how that day-to-day work was measured.

It is possible that a neutral interviewer, rather than a co-worker, would have been able to gain more comprehensive answers, and have a clearer outsider's perspective of the situation. At times the discussion diverged into conversations about other employees of the company, company strategy and other internal problems that the sales people were preoccupied with.

As the test group was small, more respondents, especially from other departments, might have given a more comprehensive overview of the situation. On the other hand, the measurement points would then have been different, and comparisons might not have been as clear.

From the start it became apparent that within the group of four sales people, there were as many different perceptions of the nature of sales, customer service and the approaches to these as there were respondents. Some of the sales people considered sales a long-term customer service process while others thought in more traditional short term transactions.

When analyzing responses in the interviews, it is interesting to note that the perceived value of the measurement points set by Company X was to a large degree understood by the sales persons, but as noted by both Zallocco et al. (2009) and Verbeke et al. (2011) many felt that they did not influence their day-to-day work. The sales persons expressed an understanding for the need of the measurement points, but they did not always identify with a measurement point, nor take ownership of it (Mallin & DeIveccio 2008).

Based on the research questions and the literature, the responses can be analysed the following way:

8.1 What traits do sales people consider important to successful sales?

All sales persons, apart from one, answers “good customer service” as one of the most important factors to success. As a part of this they included: ability identify customer needs, to meet deadlines and keep the customer informed and to ensure that what has been promised is delivered. Some also included self-management, as they saw it as a key to being successful and to meeting ones’ responsibilities. To be able to fulfill this role would, presumably require a degree of *adaptability, selling related knowledge, cognitive aptitude* and *work engagement* (Verbeke et al. 2011)

It is important to note that even though their responses varied to Question 1. *How would you describe your job?* at no point did any of the respondents indicate any degree of *Role Ambiguity*. All were very clear on what their responsibilities were, and it would seem that one of the reasons why they could be so clear as to what success was they had a firm understanding of what was expected of them.

8.1.1 Measurable traits

In this specific case *Role Ambiguity* did not appear as a deciding factor in the interviews. This could be because all respondents felt they knew what their tasks and responsibilities were. However, due to the independent nature of the function the respondents operate in, it is possible that people with a high tolerance for *Role Ambiguity* might be successful (Verbeke et al. 2011). As found by Storbacka et al. (2009) this is in part due to the way the sales process and environment has changed, as well as the way the sales function has changed (Larson & Resney 2004). A sales person who can take initiative and accept that they might have to take care of things that are not part of their job can achieve successful sales results.

Selling related knowledge and *Degree of Adaptiveness* seemed to go hand in hand. Both being traits identified in the answers the respondents as important when creating long term relationships with customers. These traits were most prominent in those sales persons displaying the strongest level of entrepreneurship. As those were also the sales persons situated furthest from the head office, the implication is that to be successful when working “alone”, sales persons should display a strong sense of personal entrepreneurship and have a strong sense of *Degree of Adaptiveness* and an ability to work well, or possibly even thrive, if *Role Ambiguity* is high.

In comparison *Cognitive aptitude* was difficult to evaluate based on the respondents own answers, but based on the definition by Verbke et al (2009), it can be concluded that for sales persons to display a positive *Degree of Adaptiveness* and to be able to successfully transfer the *Selling related knowledge* to the customer, they must display some degree of *Cognitive aptitude*.

Just as with *Cognitive aptitude*, *Work Engagement* is difficult to assess based only on the respondent’s answers, but for full disclosure it should be stated that none of the respondents displayed any noticeable lack of work engagement or disinterest in their job.

8.2 How do sales people adapt their behaviour to the sales environment in which they operate?

Aspects of this was included in responses to questions 1 through 8, with respondents being divided in to two categories. Those who saw sales as a long-term process, a dialog with customers and strategically planned their approach to the customer from a holistic perspective (Kaario et al. 2003, Storbacka et al. 2009) and those who saw sales opportunities as on-off situations or more episodic transactions, and contact with the customer only when needed.

All sales people adapted their approach in some way, but the amount varied greatly, with half of the respondents going to an extensive length, and the other half to lesser degrees. For some, the whole process was an ongoing dialogue with the customer, and in these responses the sales persons identified actions they take that require varying degrees of *Selling related knowledge, Degree of Adaptiveness* and *Work Engagement*.

Respondents mentioned the profitability measure (profitability of contract and fixed price repairs) as a way that they could confirm their own successfulness. This can also be seen as a measure of efficiency (Zallocco et al. 2009) and a way to ensure customer satisfaction (...through on-time service, correct parts, and not having to make changes to the contract).

It is worth noting that even though the sales activities of some of the sales persons were clearly highly developed as value sales (Kaario et al. 2003) and had developed some degree of knowledge brokering (Verbeke et al 2011) the sales persons were not able to identify any metric that measured any specific point of this relationship. There was, for instance, no mention of a measure for customer satisfaction.

8.3 What, if any, use do sales people have of sales performance measurement tools, do they help in day-to-day sales work?

The general attitude to sales performance tools was ambivalence. In response to questions in part 2, some respondents kept close watch on their own results and status in the company CRM systems, but that was in a practical day-to-day approach (Mallin & DeLveccio 2008) and just to see how they were doing.

The general consensus was that the measurement points were important, but that the usefulness of the specific sales performance measurement points was not developed enough and did not help in day-to-day customer interactions. This general ambivalence to measurement points was interesting, and supports the theories by Verbeke et al (2011),

Zallocco et al (2009), Kaario et al (2003), and Zoltners et al (2016), that for sales performance measures to be truly useful in supporting sales performance, they need to be embraced by the sales persons, and support them in reaching the required goal (Malli & DelVeccio 2008). However, as the measured results of the respondents was not included in this work, the actual situation is not verified.

When analyzing the respondent's answers based on theories 1 and 2, aspects of both theories are identifiable. As the measurement points themselves where not so clear to the sales persons, correspondingly the theory put forward by Zallocco et al (2009) was not as easily discernible as that of Verbeke et al. (2011). The main reason for this being that the respondents did not have a clear picture of what was measured, and no knowledge of how it was measured. Without the determinant parameters, it is impossible to confirm on what metrics sales performance measurement tools are based.

Based on both theories it is relevant to note that the sales performance measurement points that the sales person where able to identify combined a mix of both externally and internally oriented measures, as well as outcome and behavioral measures. How any of these measures was collected was not identifiable.

8.3.1 Measurements

Company measurement points listed by the respondents where a combination of *external* and *internal, behavior* and *outcome based* (Zallocco et al. 2009). Based on the interviews neither *Measurement Method Moderators* nor *Sales Type Moderators* (Verbeke et al. 2011) where possible to confirm, for this the inclusion of Company X statistics would be required.

Some of the measurement points where clear to the respondents and they understood their usefulness, but some measurement points held little, or no value to sales persons, and some measurement points even caused frustration. The respondents clearly felt divorced

from measurement points and felt no ownership, but they did use some of the measurements to check how they were doing statistically, which supports the findings of Mallin, O'Donnell, Hu (2009) and Mallin & Del Vecchio (2008). The main reason why the respondents only used the measurements to check their results was that they felt that was all they were able to get out of the measurements.

The measurement points themselves did not have any extra value and did not assist the sales persons in their day-to-day work. For that, many had their own spreadsheets and files that they followed up on.

There was not enough data to confirm or disprove the results by Mallin, O'Donnell, Hu (2009) regarding the correlation between sales person tenure, the level of sales control (sales performance measurement) and satisfaction (Fig.1).

The fact that that, according to respondents, all measurement points were set by the Group Head office and not local management, made it impossible to confirm the impact of use of sales performance measurement tools on how sales people perceived manager trust (Mallin, O'Donnell, Hu 2009). In contracts, the fact that the measurements were set by someone else than their immediate supervisor created in some of the respondents a feeling of unity with their manager, where it became a situation of "us against them". This would support the use of the sales performance measurement tools as a unifier, highlighted by Mallin, O'Donnell, Hu (2009), just not in the sense that is was intended.

8.3.2 Effectiveness vs. Efficiency and Internal vs. External measure

The applicability of the matrix of sales performance measures listed by Zallocco et al. (2009) (Fig.3), Effectiveness vs. Efficiency and Internally vs. Externally oriented measures could be identified in the measurement of:

Profitability of Contract and Fixed Price repairs

- *Efficiency*: as it measured the cost of the contract for the company vs. the cost of the contract to the customer, thus the better quality of the contract the better profitability.
- *Internally oriented*: The profitability to Company X. However, it is worth noting that this could also, in the case of Company X, be influence by External measure as the profitability of a contract of Fixed Price repair can be influenced by the market place, though competition and rivaling offers.

Attrition rate and 1:1 rate

- *Effectiveness*: The amount (quantity) of machines maintained on contract (Attrition) and the amount of machines serviced (1:1). These measure are presumably based on company strategy (Zallocco et al 2009)
- *Externally oriented*: The result on this measure is based on Company X status in the market place as a preferred partner despite the competitive situation, the ability to meet customers' expectations and to reach those customers not on service contract.

For most of the respondents these measurement points were quite clear, but the value was not high as the measurement did not help them correct the problems as there was no way to identify who the customers that had been lost. In fact, this measure, without any way to correct it, lead to frustration and some degree of resentment as identified by Zoltners et al. (2016) and Zallocco et al. (2009)

Product range sold

Many of the sales persons felt uncertain about this, and were not confident that measuring this helped them in their day-to-day activities.

This could potentially fall in to all four categories:

- *Effectiveness*: The amount of different products and options sold.
- *Efficiency*: Adapting the range of products sold and taking the future needs of the customer in to account when selling. Offering a more sophisticated range of products and taking a more long-term approach.
- *Internally oriented*: Driven by the Company strategy to sell a larger range of products, and through that maintain a competitive edge.
- *Externally oriented*: The ability to appreciate and meet customer needs by offering and selling a solution tailored for that customer.

Based on these assumptions it is easy to see why this measurement was considered unclear by respondents. How the measure is originally intended by Company X is not known and this clearly illustrates problem with unclear measures causing uncertainty and frustration among sales people (Zolterns et al 2016).

Amount of customer visits

This was the most contested among sales persons, and has issued based on the usage of these measures. As it stands, based on sales person definition it is measured as:

- *Effectiveness*: The amount of customer visits
- *Internally oriented*: Driven by the Company strategy to reach as large a segment of the market as possible.

The problem here, as defined by the respondents, was that this approach was not directly linked to successful sales, and in their view hindered rather than assisted in successful sales. As the measure was focused on the amount of customer visits, rather than the quality of those visits, the respondents described how they were forced to plan in as many customer visits as possible. Other activities that support successful sales such as preparing and following up on offers suffered. All respondents also noted that problems with company CRM systems meant that time was even more valuable (Larson & Rensney 2004).

For further thought one might consider developing this measure to focus on the quality of the customer relationship:

- *Efficiency*: Of customer visits, how many visits lead to an opportunity and how many actually lead to a sale?
- *Externally oriented*: In how many of the existing sales opportunities is Company X involved in? Or, how many of the customer visits are to new customers, and how many to existing customers?

9 SUMMARY

Based on the existing literature the assumption was that the way a company measure sales performance would have an impact on both the individual sales person level as well as on company level. These measurements would in turn lead to sales people with certain trait to flourish within that strategy. Measurements are driven by the strategic priorities set by the company, and that in turn affects the ways sales person with specific attributes succeed in this system (Verbeke et al. 2011).

From the respondents' answers it can it seems that some of the sales persons are already operating as knowledge-brokers (Verbeke et al. 2009) and are involved in value sales (Kaario et al. 2003). The sophistication of the sales environment influences the effect of the set measurement points and the impact of the sales person traits on those results. Thus, in a company operating in a sophisticated sales environment, where the sales process is a

longer transaction, customers are well informed and requires good selling related knowledge, relationship management becomes an important point, both as a skillset for the sales person and as a measurement point for the company.

The responses elaborate that not all customers are at that stage yet, and sales persons seem to be working at a half-way point. Neither company strategy nor the customers are at this level of sophistication yet, but seem to be working towards that goal. Taking this in to account, sales people who have traits that support this change will presumably be able to operate more successfully in the future. At this point in time respondents were not able to identify any currently used measurement points that would support a change to value and consultative sales as explained by Kaario et al. (2003) even though respondents themselves identified this as an ongoing event in their dealings with customers.

In this case, the use of Sales performance measurements in Company X could be construed as a lost opportunity. The organization has the ability to measure X amount of values, but the implementation and practical use of these measurements have not been fully developed. In comparison, the use of the sales performance measurement tools as an equalizer, a way to minimize uncertainty as well as a way to encourage common goals (Zallocco et al, 2009, Mallin, O'Donnell, Hu 2009), should not be minimized.

As found by Mallin, O'Donnell, Hu (2009) the tools also offer the only possibility for management to evaluate a sales persons' performance, as these sales people work in field sales and some meet their direct supervisor very rarely.

Based on the interviews with the respondents, the analysis of Theories 1 and 2, certain valuable conclusions and recommendations can be made concerning the usage of measurement points, the development of sales and the effect of measurement points and attributes of sales persons on sales results.

The role and environment that a sales person operates in seems to have an impact on the traits required for that sales person to feel that they are successful. Of the sales people interviewed, it appears that the further removed from head office and their immediate

supervisor they are, the more independently they worked. These sales persons had the most highly developed sense of value sales (Kaario et al. 2003) This might be because due to the geographical distance, they were in many ways the customers' closest contact. Customers far removed from the head-office might feel more comfortable contacting the local sales person, rather than the Customer service department situated at Company X local head office.

The suggestion is that management of Company X should take into consideration the desired traits of sales persons when hiring, planning personnel development and designing sales performance measurement tools. A good awareness of factors that influence sales performance and results attained by the sales performance measurements tools is needed to identify their impact on the way sales people reach their set goals and the impact they have on sales person motivation and work engagement.

Further study of the relationship between sales performance measurements tools and actual sales performance is recommended to be able to verify the use of set measure and the degree to which they support sales performance.

9.1 Limitations

This study was limited by the size of the test group and for further research, it would be advisable to have a larger sample size of respondents.

Also, to give a more extensive reach, corresponding interviews with managers and, or sales performance results should be included to add a deeper understanding.

10 RECOMMENDATIONS

Company X has the ability to measure several different aspects of sales performance, and resources available for development. The current focus of measurement points is still as tools for management to evaluate sales performance and manage sales people according to company strategy. This is not to say that this is not an as important aspect of sales performance measurement tools, but an added dimension for these tools as a way to assist sales persons in their day-to-day work would in the long-term presumably lead to better sales performance and efficiency.

As recommended by Zallocco et al.(2009), including sales people and sales managers in the development of these tools and measurement points would add value to the tools, and encourage adaption of these tools by sales persons as they would be points that the sales persons and managers could identify.

In Company X's case many of the existing measures were considered reasonable by sales persons, but how to use them was not clear (Mallin & Del Vecchio 2008). For better use, either the measurement tools should be developed so that the usability of the measurements are clearer to sales people, or the reports should include background information based on which sales people can work to improve their own results.

The way the sales transaction has changed, and still keeps developing from traditional sales to knowledge brokering, should also be taken into account when developing sales performance measurement tools. As the sales environment changes and becomes increasingly value based (Kaario et al. 2003), relationship based (Storbacka et al 2009) as well as knowledge based (Zallocco et al. 2009) the sales performance measurements should evolve to include some degree of customer satisfaction or customer relationship length.

Overall, the results the company strives to reach with these measures and how they should be used needs be clear to all those affected by the measurement points. It is important to keep in mind the demoralising effect of sales goals that can't be reached (Zolterns et al.

2016) and the negative impact on work engagement that results that can't be reached can have (Mallin, O'Donnell, Hu 2009).

10.1 Local Management Recommendations

To fully utilize the sales performance measurement tools and points management needs to "sell" these to sales persons to encourage use and adaptation. As for any product marketing, highlighting what value this adds for the individual is the fastest way to get someone to adapt the use of something.

To address this is, a training opportunity for sales persons where measurement points are explained and their use motivated would be recommended, or possibly including it in the yearly review of sales people.

To be able to assist sales persons in their work management should be aware of traits of specific sales persons, and how these affect the sales results. In this way management can also support sales persons in those areas they struggle with.

10.2 Hiring and expectations.

When hiring new sales people the desirable traits of a sales person working in a specific area should be taken into consideration. Will they be working with large customers with highly developed buying organisations? Will they be working independently far from the head office?

Based on this, desired levels of *Degree of Adaptivity*, *Cognitive aptitude* and *Selling related knowledge* can be established, and help in identifying the ideal candidate for a position.

How a sales person operates under *Role Ambiguity* can also affect the way they succeed in a new position, and if the position itself requires an ability to work and thrive under high levels of *Role Ambiguity*, this should also be taken into consideration when making hiring decisions.

11 CONCLUSIONS

Sales performance measurements play a large role they day-to-day lives of sales people, but it seems not in the way companies strive for. Instead of supporting sales people to plan their sales work according to company guide lines or to reach set goals, most sales people seem to view sales tools as something that is there for the company, not for them. This difference in how sales people and companies view sales performance measurement tools is highlighted by the answer one of the sales people interviewed in this study gave, which was “Who knows?” when asked why the measure the company uses to measure their performance was important.

Considering how much companies invest in sales performance measurement tools and the importance that they have, it seems strange that the application of the tools in the day-to-day lives of sales people has not been studied more.

In contrast, the way measurable traits of sales people impact how they plan their day-to-day work and they way that is visible in the sales results, gives a good indication of the sales environment. This should be measured to a better degree than now as it could help a company react better to changes in the market.

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APPENDIX 1

Interview Guide

The questions were organised as follows (translated from Finnish):

Part 1:

1. How would you describe your job?
2. What are the most important parts of your job?
3. Please explain, in your own words, what you consider sales to be?
4. What, in your opinion, makes a good Sales person?
5. How do you plan your day/week/month?
6. How do you prepare for a customer visit?
7. Do you adapt your approach depending on what kind of customer it is?

Part :2

- 8: How do you measure your own successfulness?
- 9: How do you follow up on your own sales performance, do you keep track of your projects?
- 10: What are the key measurement points that interest management?
- 11: Do you know why these are important?

12: How do management/the factory follow up on your sales performance?