



# The differing effects of technology on inside vs. outside sales forces to facilitate enhanced customer orientation and interfunctional coordination

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## ABSTRACT

This paper presents a study designed to examine outcomes of different workplace structures. Specifically, using a sample of 156 sales organizations, we review how sales force structure, eLearning, and technological tools can influence coordination and the level of customer orientation within an organization. While current literature touts the benefits of an outside sales force, our results suggest that this type of structure, when coupled with eLearning and technological tools, leads to even greater positive outcomes of an outside sales force. By utilizing different forms of technology in conjunction with an outside sales force, this research offers a new dynamic technological environment to further improve salesperson performance.

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## 1. Introduction

A number of researchers have pointed out the significant changes occurring in the sales function with Ingram, LaForge and Leigh (2002) proclaiming “the sales function is in the midst of a renaissance — a genuine rebirth and revival (pg. 559).” These changes are driven by a number of factors including the need for all areas of the organization to operate more efficiently, changes in customer demands and the use of multiple channels (Piercy, 2006). One response from a sales perspective has been to re-think the way the sales function is structured with one such change being a move towards increased utilization of inside salespeople (Gessner and Scott, 2009). US Census data shows that from 2002 to 2007 the number of firms engaged in call center activities increased from 3344 to 3519 with a corresponding increase in employees from 348,253 to 419,657 and sales from just over \$11 billion to just over \$14 billion.

There has also been a continued transition from transactional selling to more relational or consultative sales approaches. Restructuring the sales function by using more inside salespeople, while being effective with regard to reducing costs, may lead to a decrease in the enhancement of customer relationships that are an antecedent to

positive financial outcomes. However, Lawrence and Hubbard (2008) suggest that inside salespeople can effectively build rapport with customers and propose one way to do this is via the utilization of technology and business intelligence tools.

As this re-structuring occurs, however, there is likely to be a blurring of the traditional roles between inside and outside salespeople. For example, Marshall and Vredenburg (1991) acknowledge that inside salespeople are increasingly engaging in sales related activities previously done by outside salespeople. As this occurs inside salespeople may be less willing to engage in tasks that support outside sales reps. Accordingly, as the sales force is restructured there may be a greater need for interfunctional coordination between inside and outside salespeople as well as within and between other units in the organization as is the case in hybrid channels (Webb and Hogan, 2002). Here again, technology is likely to be useful.

This paper is designed to investigate how sales force structure (i.e., the use of inside and outside salespeople), customer orientation, and interfunctional coordination are inter-related. eLearning (continued education regarding technology and the use of it in a sales context) and technology tools (actual tools that are used to interact with customers) are proposed as tools that can impact the ability of inside and outside salespeople to act in a customer-oriented manner and enhance interfunctional coordination. In addition, the study is set in a broader framework that includes customer relationship performance and financial outcomes. The study should provide useful insights to sales managers who are interested in restructuring the sales function to take into account the potential cost savings emanating from using an inside sales force but who do not want to lose the benefits accruing

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from the use of outside salespeople. The research contributes to theory in being one of the first that explicitly investigates the way technology can work for both inside and outside salespeople in the enhancement of internal (customer orientation, interfunctional) and external (customer relationship management, financial) outcomes.

## 2. Conceptual model

A term utilized in the management literature that is somewhat synonymous with structure as it used here is telework which refers to individuals working away from the employer's office in any capacity (Mello, 2007). Employees who telework may use a variety of telecommunication tools including computers, cellular phones, fax machines, intranets, and customer relationship management and sales force automation applications to communicate with clients and their corporate headquarters.

A number of reasons have been given for the increase in telework including the ability to reduce overhead, attract personnel, increase productivity, and, most importantly in the sales organization, improve customer service (Perez-Perez et al., 2005). Since salespeople act as boundary spanners, often spending little time at the selling organization, and are inherently positioned to engage in virtual work behaviors (Ahearn et al., 2008), telework allows them to work closer with their customers and optimize the one-on-one customer relationship. In Section 1 that follows we will provide support for our hypotheses which are represented in Fig. 1. Due to the paucity of research relative to inside and outside salespeople we will draw on the literature pertaining to telework and use that term in our presentation. It should be noted that in the study reported in Section 3 we utilize a measure of telework where higher scores refer to greater use of outside salespeople.

### 2.1. Customer orientation

Customer orientation in a sales context can be defined as the “ability of the salespeople to help their customers and the quality of the customer–salesperson relationship” (Saxe and Weitz, 1982, p. 343). Thus, the more a salesperson understands and meets the needs of their customers, the more likely it is that satisfied customers will come back and also tell their friends (Brady and Cronin, 2001). This process can entail fostering long-term relationships with customers to create a sustainable competitive advantage (Brady and Cronin, 2001).

Using greater levels of telework (i.e., more outside vs. inside sales people) should lead to salespeople becoming more customer-oriented for a number of reasons. First, it is generally conceded that an adaptive selling approach is most effective (Weitz, Sujan, and Sujan 1986). Further support for this can be found in Franke and Park (2006) who reported that adaptive selling behaviors increase salesperson customer orientation. While technology has enhanced the salesperson's ability to interact with customers in a “virtual” environment, in order to achieve an optimal level of customer orientation via adaptive selling salespeople should be able to interact with customers and observe their responses, allowing them to quickly make adjustments to their message (Roman and Iacobucci, 2010). In addition, the ability to meet face-to-face with customers should enhance the ability of the salesperson to develop competitive intelligence concerning the customer, the selling situation, and how competitors may be trying to gain an advantage (Rapp, Agnihotri and Baker, 2011). This should, in turn, enhance customer orientation.

Therefore:

**H1.** An outside sales force is positively related to customer orientation.

### 2.3. Interfunctional coordination

Interfunctional coordination involves coordinating and leveraging all available resources across departmental boundaries to create

superior customer value (Narver and Slater, 1990). Interfunctional coordination has become important in a sales context as changing customer demands has led to all departments becoming more involved in the customer relationship (Flint and Mentzer, 2000). The greater the integration among departments, the better the firm is able to adapt to current customer needs. Interfunctional coordination allows for faster communication between departments as well as fewer chances that communication between departments will be misinterpreted (Inglis, 2008). When employees across departments work towards a common goal, problem-solving capabilities and reaction times are increased (Zaltman, Duncan and Holbek, 1973).

However, as more firms utilize an outside sales force it is likely that interfunctional coordination will decrease since, by definition, more employees will be working outside of the firm. This may be particularly true as firm's transition to a sales structure characterized by having inside salespeople more engaged in selling related activities than support activities for outside salespeople. This transition is likely to reduce the ability of the outside salespeople to coordinate their activities (e.g. order processing, post-sales service, understanding delivery times/terms) and will require them to identify others within the firm that are responsible for those activities. Furthermore, structuring the sales force as suggested above (i.e., having both inside and outside salespeople focused maximizing individual sales) may reduce the extent to which the sales teams are focused on a common goal. This, in turn, can lead to increased role ambiguity among the outside salespeople (Rigopoulou, et al., 2011) and increase the amount of professional isolation they may feel (Golden, Veiga and Dino, 2008) thus limiting the degree of communication and cohesiveness that is so critical to interfunctional coordination.

In addition, working in physical proximity of colleagues allows for the development of informal networks and interactions (Gajendran and Harrison, 2007). By increasing the spatial distance from colleagues, outside salespeople might create an environment where they are inadvertently ostracized from their colleagues (McClosky and Igraria, 2003). The lower the frequency of face-to-face interactions between colleagues, the less rich will be the communication between telecommuters and other organization members. Because of evolving technologies, many customers also expect immediate responses from their sales representative. This type of constant and immediate response might also prohibit the salesperson from developing relationships with his/her organizational colleagues. Based on the spatial distance, technological demands, and constant customer demands, it is suggested that:

**H2.** An outside sales force is negatively related to interfunctional coordination.

### 2.4. eLearning

eLearning is a technology supported education tool in which the instruction is computer based and little human interaction takes place. eLearning tools are often used in academic contexts for purposes of student education and include things such as web based courses, online discussions, interactive exercises, and online practice tests and quizzes. However, many corporations are also using eLearning tools as a means of supplementing traditional face-to-face continuing education programs, primarily for employees who work outside of the firm (Davis and Wong, 2007). For example, many sales organizations are beginning to use eLearning tools such as podcasts, self-paced tests, interactive role play activities where the ‘buyer’ (or avatar) changes her/his expressions and responses based on the salespersons behaviors, and peer-to-peer technologies where salespeople can post to internal ‘blogs’ to help enhance learning or marketing knowledge (Chelan, 2006; Hahn, 2006).

eLearning, when used correctly, can reduce costs, improve competitive agility, provide greater access to information, and increase

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