

Self-managing selling teams and team performance: The complementary roles of empowerment and control

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Abstract

This work is the first to examine systematically the influence of empowerment and control on the degree to which selling teams engage in desired self-managing behaviors. Further, this work is the first to propose the construct of desired self-managing behaviors in a selling team context, and empirically examine its influence on selling team performance. Our investigation indicates that control of team self-management provides a complementary positive influence to that of empowerment on the degree to which selling teams exhibit desired self-managing behaviors. In addition, we find a positive relationship between the degree to which teams exhibit desired self-managing behaviors and selling team performance; moreover, this relationship explains, to a large degree, selling team performance. These findings are consistent with our thesis that control of teamwork facilitates performance on the selling team level, just as control of selling skills facilitates performance on the individual sales rep level.

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Management control of salespeople is viewed as vital to the success of an organization (Cravens, Ingram, LaForge, & Young, 1993). Therefore, sales force control has been the topic of numerous research efforts (Anderson & Oliver, 1987; Atuahene-Gima & Li, 2002; Challagalla & Shervani, 1996; Cravens et al., 1993; Krafft, 1999; Oliver & Anderson, 1994; Ramaswami, 1996; Ramaswami & Singh, 2003). However, the vast majority of this research focuses on control of individual sales reps with little research on management control of selling teams. The dearth of selling team management research is surprising since it has been recognized for some time now that industry's use of selling teams is widespread and likely to increase over time. Note Weitz and Bradford (1999, p. 248), "[a] growing number of companies are adopting a team approach for

selling their product and services... [ranging] from cross-functional teams selling airplanes to airlines to pharmaceutical companies organizing their salespeople in a district into a team and using the team's performance as a factor in determining the compensation of individual salespeople." In fact, Moon and Armstrong (1994, p. 17) go so far as to argue that the "model of the individual salesperson has become obsolete."

The relatively limited literature about selling team management also represents a critical knowledge gap because: (1) the management of selling teams is still not well understood, (2) selling teams are often mismanaged, (3) properly managed selling teams can provide sales organizations and their firms with tremendous strategic competitive advantages, and (4) when selling teams are not managed well across an organization they can be strategically destructive by significantly reducing overall competitiveness, thereby damaging the sales force resource, increasing real costs, and/or increasing opportunity costs (Elling, Fogle, McKhann, & Simon, 2002; Homburg, Workman, & Jensen, 2002; Lambe & Spekman, 1997). For example, a 2002 McKinsey study featured in the Wall Street Journal (Hensley, 2003) found selling team

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mismismanagement to be highly pervasive in the pharmaceutical industry and that “the opportunity cost of retaining a single low-performance district manager who runs three average or below-average teams can be as high as \$20 million a year” (Elling et al., 2002, p. 91).

Over time such findings have lead researchers to ask the question: “How should [selling] teams be managed?” (Weitz & Bradford, 1999, p. 248). This is a complex, and still far from sufficiently answered question, because: (1) within selling teams there exists an inherent degree of mixed loyalties and conflicting goals (Webb & Lambe, 2007; Weitz & Bradford, 1999), and (2) the team structure requires salespeople with skills and abilities that are different “from those needed by traditional salespeople” such as team-related leadership, planning, goal-setting, and conflict management skills (Weitz & Bradford, 1999, p. 250). These are challenging obstacles to selling team success and, indeed, the practitioner literature suggests that selling team success is elusive. For instance, in a study of Fortune 500 companies, Marchetti (1997) found that only 13% of selling teams were rated as highly effective.

One strategy that appears to hold promise for improving the efficiency and effectiveness of selling teams is to have sales managers foster “self-managing” selling teams (Perry, Pearce, & Sims, 1999); or, in terms of the literature on self-managing teams, teams where sales reps jointly manage and execute their team’s work, “but within a structure and towards purposes set by others” (Wageman, 2001, p. 559). This approach of having sales reps participate in the management of their selling team has stimulated interest in both academe and industry because in theory it should: (1) reduce inefficiencies such as free-riding and the costly time sales managers spend coordinating their reps and resolving conflict, and (2) improve selling team performance by improving team cohesion and commitment to team goals (Perry et al., 1999). Indeed, many organizations and sales managers today either by design or intuition seek to develop self-managing sales teams.

Nonetheless, at this point there is no research that examines constructs that capture the degree to which team members engage in systematic self-control efforts with respect to sales performance, sales activities, and sales knowledge that have been demonstrated in the sales force control literature (e.g., Challagalla & Shervani, 1996) to promote enhanced sales force performance. In other words, there is no research that taps and examines critical selling team management functions that are essentially “outsourced” to the selling team by sales management in a self-managing team environment. Such research is critical since it will shed light on (1) the degree to which such systematic team self-control, or self-management, efforts lead to enhanced selling team performance and, hence, are advantageous in nature; and (2) which of these kinds of selling team self-control should be encouraged and fostered by management.

Regarding possible key sales management facilitators, or antecedents, of selling teams that exhibit desired self-managing behaviors, despite its prominence in the self-managing team literature there is no research that examines empirically the influence of “empowerment.” Further, there is no selling team research on another probable key antecedent that Challagalla

and Shervani (1996) would refer to generically as capability control which in a selling team context is control of sales rep teamwork skill. Prior research (Weitz & Bradford, 1999) and our preliminary research indicate that teamwork skill is a critical, but often lacking, sales rep skill that facilitates successful team selling. Thus, we posit that management’s ability to train and coach team self-managing skills (i.e., capability control) should complement empowerment’s influence on the degree to which selling teams engage in desired self-managing behaviors. In other words, control of sales rep teamwork should complement the positive influence of empowerment on the degree to which selling teams exhibit desired self-managing behaviors; behaviors that, in turn, positively influence selling team performance.

Therefore, the purpose of this research is to answer numerous calls to shed more light on the important, but under-researched, topic of selling team management. We do so by empirically investigating the influence of two possible key antecedents (empowerment and control of sales rep teamwork) on the degree to which selling teams engage in desired self-managing behaviors, and the degree to which these behaviors positively influence selling team performance and, hence, are advantageous in nature. This research offers valuable insights for both industry and academe since it addresses significant knowledge gaps in both domains, and provides useful guidance for practicing managers and executives who seek to enhance selling team and sales force performance.

We begin by relating research on control and empowerment to the selling team literature, with a focus on how the literature suggests that both might serve as managerial antecedents of self-managing selling teams. From that platform we develop hypotheses that comprise our conceptual model. We then discuss our method for empirically testing the conceptual model, and the results of our analysis. We conclude by discussing the implications of our findings, and directions for future research.

1. Control, empowerment, and the selling team literature

Sales force control is a significant stream of research within the marketing discipline. “A control system is an organization’s set of procedures for monitoring, directing, evaluating, and compensating its employees” (Anderson & Oliver, 1987, p. 76). Sales force control research has focused primarily on two types of control systems: outcome and behavior (e.g., Anderson & Oliver, 1987; Challagalla & Shervani, 1996; Cravens et al., 1993; Oliver & Anderson, 1994; Ramaswami, 1996). *Outcome control* uses sales output measures of performance (e.g. the number of units sold relative to a sales quota) to evaluate and guide an employees behavior (Anderson & Oliver, 1987; Jaworski & MacInnis, 1989). *Behavior control*, on the other hand, evaluates and guides “an individual in terms of the means, behavior, or [other input] activities that are thought to lead to a given outcome” (Jaworski & MacInnis, 1989, p. 408). Evaluating a sales rep on the number of sales calls made during a particular time period, rather than on the number of sales made is an example of process or behavior control (Anderson & Oliver, 1987).

Most firms use a mix of outcome and behavioral sales force control. In other words, formal sales control systems may be

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