



## Managing sales teams in a virtual environment

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### ARTICLE INFO

#### Article history:

First received in 5, October 2009 and was under review for 2½ months

#### Keywords:

Sales  
Virtual teams  
Team processes  
Virtuality  
Empowerment  
Experience  
Team performance

### ABSTRACT

We investigate the linear and interactive influences of leader-empowering behaviors, team experience, and the degree of virtuality on team planning processes and performance among virtual sales teams. Collecting data across three separate time periods with 218 pharmaceutical sales teams, our results indicate that empowering leadership improves team planning processes and is moderated by the team's experience. Interestingly, it seems that, as teams gain more experience, they are less likely to engage in effective planning; however, these effects are attenuated as the team becomes more virtual in nature. Our findings have relevance for sales managers and salespeople in terms of leveraging team processes to influence performance as well as in terms of presenting the issues associated with virtual means of interaction.

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"If you do [team selling] right, it can be the most rewarding selling situation because of the synergy that multiple reps can bring to a situation. One rep might get along better with a certain person in the office, another rep may say something to the customer a little differently, and that might just be enough to turn the doctor around. It gives us more chances to be successful." (On pharmaceutical sales teams, McGuire, J. & Strandboge, P., 2006).

### 1. Introduction

Few would argue that the nature of work in today's sales-based organizations is changing. Many sales organizations have responded to the escalating complexity, dynamism, and competition characterizing today's marketplace by implementing team-based selling structures (Deeter-Schmelz & Ramsey, 1995). The reasons underlying the shift to team-based selling are based on a belief that sales teams aid the formation of buyer-supplier relationships (Moon & Armstrong, 1994). Deeter-Schmelz and Ramsey, for example, point out that "One of the reasons for using teams over individuals is to facilitate an integration of information that results in more informed decisions and a more coordinated effort that can improve

performance, including responses to customers" (1995, p. 409). Advances in information and communication technology represent a related trend that is exerting a strong influence on sales-based organizations.

Technology-based tools such as Customer Relationship Management (CRM) applications have enabled sales representatives to leverage immense databases containing information about customer buying patterns, product sales patterns, competitors' products, and so forth to better focus and customize selling efforts (Ahearne, Hughes, & Schillewaert, 2007; Jones, Dixon, Chonko, & Cannon, 2005). More recently still, CRM tools have given sales representatives the ability to share customer information and selling strategies as well as to balance workloads and facilitate cross-selling efforts with one another from a distance, or "virtually". In this way, technology has prompted the advent of *virtual sales teams*, and, thus, it has allowed sales representatives to work in a way that was not possible before. Virtual sales teams offer flexibility, responsiveness, and a variety of benefits (for a review, see Martins, Gilson, & Maynard, 2004) that sales-based organizations increasingly seek to leverage.

Recently, Hackman (2002, p. 131) observed that virtual teams are especially prevalent in knowledge-work where "front-line activities... keep individual team members on the road much of the time, such as *sales and service work* [emphasis added]". Despite becoming increasingly prevalent, virtual sales teams are not well researched. This is a cause for concern when one considers that the element of virtuality introduces a host of new challenges for sales managers charged with leading virtual sales teams. Existing research, for instance, has yet to examine how virtuality relates to sales teams' processes and effectiveness. The roles that

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external leadership and team experience play in the process are also not fully understood. This study addresses these questions and adds to our understanding of how best to manage virtual sales teams.

We make several contributions to the literature. First, we advance a theory of how sales team leaders (i.e., empowering behaviors) and team composition (i.e., team experience) influence a team's processes (i.e., the behaviors that enable teams to orchestrate taskwork activities for goal accomplishment; see Marks, Mathieu, & Zaccaro, 2001) and, thereby, the effectiveness of virtual sales teams. We consider those relationships as the core, more established features, of this research. Next, we examine the interaction of those two variables to gain insight into the complex interplay of factors influencing the effectiveness of virtual sales teams. Finally, we recognize that all virtual teams are not created equal; rather, they fall along a virtuality continuum, with some teams relying more heavily on virtual tools (i.e., any technology tool other than face-to-face interaction) to work and communicate (Cohen & Gibson, 2003; Griffith, Sawyer, & Neal, 2003). We examine how the degree of virtuality characterizing a virtual sales team combines with the two antecedent factors to influence virtual sales team processes. Because these interactive relationships can be explained in several ways, we believe that our exploration to uncover their relative effects within this research provides insight into a budding research stream. Our findings have important and surprising implications for managers in terms of the effects that virtuality and sales team composition (i.e., team experience) have on team processes. Fig. 1 summarizes our hypothesized relationships, which we test in a sample of virtual pharmaceutical sales teams.

1.1. Virtual sales teams

Moon and Armstrong (1994, p. 21) described sales teams as “consist[ing] of selling organization members assigned to a particular customer who are actively involved in the development or implementation of the sales strategy for that customer”. Using the work team criteria established by Kozlowski and Bell (2003), the virtual sales teams examined in this research (a) exist to service and sell to the customer, (b) have performance goals that hinge on team-level performance, (c) interact socially, (d) coordinate and plan among

members to call on customers, (e) operate with certain expectations and boundaries regarding the task (i.e., providing information, closing, etc.), and (f) operate within an organizational context that establishes team territories and quotas and provides the technology for communication amongst team members.

Given their increasing prevalence, there is a growing body of research on sales teams. In the marketing literature, the research consists primarily of anecdotal reports (e.g., Blessington, 1989; Cespedes, Doyle, & Freedman, 1989), descriptions of team selling contexts and characteristics (e.g., Arnett & Badrinarayanan, 2005; Deeter-Schmelz and Ramsey, 1995; Jackson, Widmier, Giacobbe, & Keith, 1999; Perry, Pearce, & Sims, 1999), and conceptual frameworks of sales team effectiveness (e.g., Dixon, Gassenheimer, & Barr, 2003; Jones et al., 2005; Moon & Armstrong, 1994; Moon & Gupta, 1997; Smith & Barclay, 1990; Cespedes, 1992). While largely limited to conceptual frameworks that describe sales teams or propose factors that may influence their effectiveness, marketing research has clearly identified team-based selling as an important trend in personal and professional selling.

The majority of empirical work on sales teams derives from the management literature. With an early example of sales team research, Gladstein (1984) tested a comprehensive I-P-O model (i.e., Input-Process-Output) and found that active leadership, communication, supportiveness, and company tenure were associated with team ratings of satisfaction and performance but not with an objective measure of performance (i.e., sales revenue). Strutton and Pelton (1998) found that ingratiation behavior influenced relationship quality among sales team members. Workman, Homburg, and Jensen (2003) empirically examined factors (e.g., activities and resources) influencing key account management team effectiveness. Jackson and Joshi (2004) examined team composition, finding that combinations of diversity (i.e., gender, tenure, and ethnic) were negatively associated with sales team performance. They later examined pay inequalities in sales teams (Joshi, Liao, & Jackson, 2006). Haas and Hansen (2005) explored how different knowledge types affect task performance in consulting sales teams. Mehra and colleagues examined leaders' network centrality (Mehra, Dixon, Brass, & Robertson, 2006) and decentralized leadership structures (Mehra, Smith, Dixon, & Robertson, 2006) as related to sales team performance. Stock (2006) focused on interorganizational teams comprising members from both the

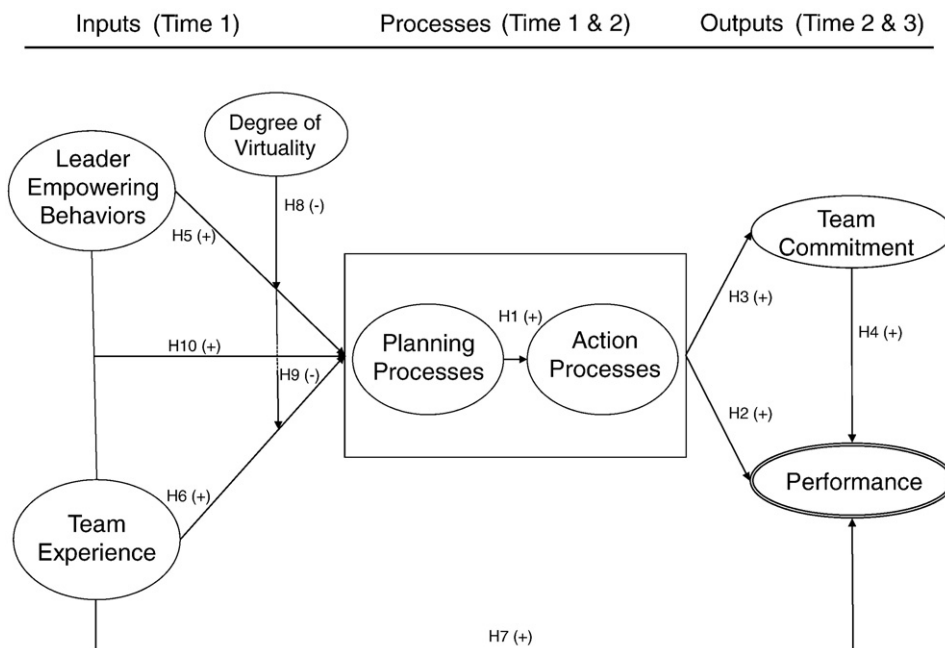


Fig. 1. Hypothesized model.

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