THREE ESSAYS ON THE ROLE OF SALES STRATEGY

IN SALESPERSON PERFORMANCE

by

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DISSERTATION

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Abstract

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The importance of the sales force to implementing organizational strategy has been widely acknowledged in both the academic and practitioner literature. With organizations spending over $800 billion a year on their sales forces, when the activities of the sales force become uncoupled from organizational strategy, it results in direct and indirect costs to the firm. Despite the importance of the sales force to implementing organizational strategy, there have been scant empirical studies in the academic literature on the role of salespeople in implementing strategy. In this dissertation, three essays examine the performance outcomes of salesperson implementation of sales strategy, along with issue of how the sales force can be aligned with organizational strategy. Essay one explores salesperson understanding of firm strategy, and how salespeople incorporate strategy into their day-to-day activities using a qualitative approach. Prior research indicates that most employees do not have an understanding of their organization's strategy, and this lack of employee knowledge hampers employee ability to implement strategy. Using MOA theory as a theoretical base, essay two develops and tests a model of managerial and individual drivers of salesperson implementation of strategy. The findings show managerial control has contrasting effects on salesperson implementation of strategy, while both individual level factors have positive effects on salesperson implementation of strategy. The results suggest the MOA variables jointly affect strategy implementation by salespeople, and when salespeople implement strategy, it has a positive effect on their sales performance. Finally, the third essay examine the effectiveness of transformational and transactional leadership styles on influencing salespeople to implement strategy. Essay three also incorporates a contingency variable to evaluate how the effectiveness of a particular leadership on salesperson implementation of strategy can vary when the external environment is taken into account.

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Dedication

I would like to dedicate this dissertation first and foremost to my wife Nancy, whose love and unwavering support was vital to my being able to start and successfully complete my PhD program. Although the transition from the corporate world to starting a PhD program after being out of school for several years was a source of anxiety for me, my wife's encouragement was a constant source of reassurance that I could do it. I also would like to dedicate this to my children; Nathan, Imaobong and Isaiah, who were very understanding when Daddy could not play and hang out with them during my studies as much as I would have liked to.

I also dedicate my dissertation to my parents, Edet and Affia Inyang who taught me the value of an education and how importance it is to achieving one's goal in life. Finally, and the most important, I dedicate my dissertation completion to my Lord and Savior, Jesus Christ. Without my Lord's grace and mercy, I would not be here today, much less be able to complete a PhD. My journey to completing this PhD program is best expressed in the words in the book of Jeremiah, Chapter 29, verse 11, which states "For I know the plans I have for you," declares the Lord, "plans to prosper you and not to harm you, plans to give you hope and a future".

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Table of Contents

List of Figures

List of Tables

CHAPTER 1

Introduction

Strategy and its effective implementation has become increasingly important to organizations as firms seek to differentiate themselves from competitors and gain a competitive advantage in the marketplace. Successful strategy implementation is vital to organizations because it is directly or indirectly tied to firm performance (Olson, Slater and Hult 2005) and implementing a chosen strategy successfully is more important to organizational performance than having the “best” strategy that is poorly implemented (Sterling 2007; Ramaseshan, Ishak and Rabbanee 2013).

However, many organizations face challenges in implementing their strategies successfully (Hrebiniak 2006; Saunders, Mann and Smith 2008) and up to 80% of organizational strategic initiatives fail (Carlopio and Harvey 2012). Research has been conducted to examine factors that can improve the effectiveness of strategy implementation, and previous studies has looked at the role of organizational structure (Olson et al., 2005; Crittenden and Crittenden 2008), organizational learning (Santos-Vijande, López-Sánchez and Trespalacios 2012), leadership (Schaap 2012), strategy factors (Noble and Mokwa 1999) and intraorganizational conflict (Smith 2011).

Although these studies have enhanced our understanding of factors that lead to effective strategy implementation, most of the factors studied were organizational factors examined at the firm level. In the extant literature, there is a paucity of research examining strategy implementation at the individual level in organizations. Since most strategic initiatives requires the participation of employees for organizational strategies to be executed effectively (Crittenden and Crittenden 2008), an examination of factors that can influence employees' implementation of strategy can provide additional insight into how organizations can execute their chosen strategies successfully.

Of the organizational functions, relevant to strategy implementation, the sales function is likely one of the most important (Terho, Eggert, Haas and Ulaga 2015). Salespeople in their role as boundary spanners place them at the forefront of strategy implementation with customers (Mattson, Ramaseshan and Carson 2006; Johnson and Sohi 2016) and their implementation of organizational strategies is vital to the success of an organization's strategic plans.

. An organization's strategy has been defined by Watkins (2007) as:

> A set of guiding principles that, when communicated and adopted in the organization, generates a desired pattern of decision making. A strategy is therefore about how people throughout the organization should make decisions and allocate resources in order accomplish key objectives. A good strategy provides a clear roadmap, consisting of a set of guiding principles or rules, that defines the actions people in the business should take (and not take) and the things they should prioritize (and not prioritize) to achieve desired goals.

Therefore, an organization's strategy is concerned with the decisions that must be made throughout the organization to move the organization from where it is at present, to where it would like to be in the future (Cespedes 2014). A firm's strategy begins with a clarification of the firm's value proposition (Kaplan and Norton 2000) and a firm's salespeople play a critical role in communicating the firm's value proposition to targeted customers (Terho, Haas, Eggert and Ulaga 2012). If a firm's salespeople are not effective in communicating the firm's value proposition to targeted customers (or communicating the firm's value proposition to the wrong customer segment), the firm's strategic positioning in the marketplace may not be effective (Terho et al., 2012).

An understanding of salesperson implementation of strategy and the factors that lead to successful implementation is important because salespeople do not always implement strategies because they are told to. The extant literature is replete with research studies that have examined salesperson resistance to implement CRM and other technologies (Speier and Venkatesh 2002; Bush, Moore and Rocco 2005; Schillewaert et al., 2005; Simon and Usunier 2007). Therefore, merely encouraging salespeople to implement corporate strategic directives may not be adequate to ensure their successful implementation.

Another issue which can hinder salesperson implementation of strategy is the fact that in many organizations there is poor communication from management to front line personnel about strategy (Cespedes 2014). If employees do not understand the organization's strategy or how to implement strategy in their day-to-day activities, then it is likely that strategy will have minimal if any effect on firm performance (Crittenden and Crittenden 2008). In the case of sales personnel, if sales managers do not emphasize to their salespeople the importance of using strategy in their approach to generating new business as well as in managing existing relationships, then salespeople may be less willing to implement sales strategy. This can result in a less efficient and less effective approach to prospecting, new customer acquisition and customer relationship management.

Literature Review

Over 30 years ago, Strahle and Spiro (1986) were one of the first authors to articulate the need for organizations to link the strategy of the organization to the activities of the sales force. In their conceptual article, they argued that when corporate strategy formulated at the top management level becomes "uncoupled" from the activities of the functional level units, it can result in a loss of the firm's competitive position in the marketplace and a reduction in sales revenues. Since the work of Strahle and Spiro (1986), there has been several research studies published in the literature on the role of the sales force in implementing organizational strategy. Table 1-1 below, summarizes key journal articles and doctoral dissertations on the role of the sales force in strategy implementation.

As shown in Table 1-1, most of the prior studies in the literature have not examined strategy implementation at the salesperson level. Only one study has examined the antecedents to effective salesperson implementation of strategy, none of the previous studies has examined the effects of salesperson strategy implementation behaviors on salesperson performance. Additionally, the role of organizational and managerial factors that can influence strategy implementation by salespeople has been overlooked in the extant literature. Although, it has been over three decades since Strahle and Spiro (1986) called for empirical research on aligning the activities of the sales force with firm strategy, this area of research remains mostly unexplored in the academic literature (Terho et al., 2015).

Therefore, the goal of this dissertation is to examine the role of salespeople in implementing strategy, specifically sales strategy and how does implementation of strategy impacts salesperson performance. Additionally, since managers are an important part of the strategy implementation process (Lam, Kraus and Ahearne 2010), this dissertation will also look at managerial factors that can influence salesperson implementation of strategy.

The remaining part of this dissertation is organized as follows: Essay one reviews the use of sales strategy by salespeople using a qualitative research approach to uncover if, how and why salespeople are using sales strategy in their day-to-day activities. Specifically, essay one will examine if salespeople have an understanding of their organization's strategy, how salespeople use their knowledge of firm strategy in their daily activities, and the role sales management and compensation play in aligning the activities of the sales force with firm strategy.

Essay two delves into the role of managerial control systems, salesperson knowledge and salesperson experience as drivers of salesperson implementation of strategy. This essay will also seek to determine the effects of strategy implementation on salesperson performance and how salesperson experience can interact with managerial control systems to impact the effectiveness of salesperson implementation of strategy on salesperson performance. Finally, essay three will examine the role of leadership as a facilitator of salesperson implementation of strategy, and how environmental factors acts a contingency variable that can affect the efficacy of a particular leadership style.

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Tables

Table 1-1

Previous research on the role of the sales force in strategy implementation

Author(s)/Year-Journal	Type	Sample and Level of Analysis	Variables Used	Key Findings
Strahle and Spiro 1986 - JPSSM	Journal Article - Conceptual	n/a	n/a	Marketing Strategy of the organization should be linked to the activities of the sales force.
Strahle et al. 1996 - JPSSM	Journal Article - Empirical	25 Marketing Managers, 367 Sales Managers – Managerial level	IV: Product Strategy, DV: Sales Activities	The product strategy of firms do not always match sales objectives set by sales managers.
Slater and Olson 2000 - SMJ	Journal Article - Empirical	278 Chief sales executives – Firm level	IV: Strategy type, DVs: sales force control, sales force type, compensation	Different strategy types require sales force profiles that match the strategy for optimal performance.
Rackham and Devincentis 1999	Book - Conceptual	n/a	n/a	Salespeople can better create value by using different selling strategies depending on customer type and needs.
Baldauf et al. 2001 - JPSSM	Journal Article - Empirical	149 Senior sales executives – Firm level	IV: company strategic orientation, behavior control, territory design, MV: salesperson behavior performance and sales performance, DV: organization effectiveness	Weak relationship between firm strategic orientation and salesperson performance. This suggests poor alignment between strategy and sales force structure.
Ingram et al. 2002 - IMM	Journal Article - Conceptual	n/a	n/a	The sales force should adopt sales strategy consisting of: customer segmentation, prioritization, selling models and the use of multiple sales channels.

Author(s)/Year-Journal	Type	Sample and Level of Analysis	Variables Used	Key Findings
Panagopoulos and Avlonitis 2010 - IJRM	Journal Article - Empirical	170 Senior sales executives – Firm level	IV: sales strategy, MV: demand uncertainty, customer solution orientation. DV: sales force performance, behavior performance, CRM performance, firm performance.	Developed measure of sales strategy consisting of customer segmentation, prioritization, selling models, and use of multiple sales channels. Found positive effect of sales strategy on sales force performance and firm performance.
Bolander 2011	Doctoral Dissertation - Empirical	Dyadic, 108 Sales Manager and 454 salespeople – Manger and Salesperson level	IV: Key account marketing manager influence tactics, MV: Sales manager implementation commitment. DV salesperson performance.	KA marketing tactics can influence SM strategy commitment. SM strategy commitment has a positive effect on salesperson performance.
Sarin et al. 2012 - JMR	Journal Article - Empirical	828 Salespeople – Salesperson level	IV: supervisory actions. MV: salesperson performance orientation, primary and secondary appraisal. DV: change implementation outcomes	The actions of supervisors implementing a strategic change can influence the change behaviors of salespeople through their appraisals of the change.
Hayati 2012	Doctoral Dissertation - Empirical	31 Regional Managers, 295 District Managers, 1870 Salespeople – Manager and Salesperson level	IV: regional manager, district manager strategy role commitment, MV: DM SRC, SP SRC, Centrality, DV: Strategy Implementation Success	Regional Manager SRC has positive effect on DM SRC. DM SRC has a positive effect on SP SRC. SP SRC has a positive effect on strategy implementation success.
Cron et al. 2014 - JAMS	Journal Article - Qualitative	74 Senior Sales Executives – Firm level	n/a	The positive effect of sales force capabilities on sales force performance is stronger when there is a fit between firm strategy and the sales force.

Author(s)/Year-Journal	Type	Sample and Level of Analysis	Variables Used	Key Findings
Johnson and Sohi 2016 – IMM	Journal Article - Empirical	277 Salespeople – Salesperson level	IV: involvement in strategy, role autonomy, new product training. MV: implementation motivation implementation ability, implementation opportunity, implementation responsiveness, implementation effort, implementation coordination. DV: implementation success	In new products and services, salesperson involvement in strategy, role autonomy, and new product training has a positive effect on the IM, IA an IO of salespeople. Salesperson MOA is positively related to salesperson implementation behaviors. SP implementation behaviors is positively related to implementation success.

IV= independent variable, MV = mediating and/or moderating variable, DV = dependent variable

CHAPTER 2

The Role of Sales Strategy in the Sales Process: An Exploratory Study

Introduction

Sales organizations around the world are undergoing a significant amount of change due to today's highly competitive market environment, increasing demands from customers for offerings that deliver superior value and a shift from transactional selling towards a focus of building long-term customer relationships (Cravens, Le Meunier-FitzHugh and Piercy 2011). Concomitant with the transformation of sales organizations is the evolution of the role of salespeople from a focus on tactical activities towards a more strategic focus (Lane 2009).

In a survey of over eighteen hundred executives, Cespedes (2014) found that most of the executives surveyed said one of their biggest challenges is ensuring that the day-to-day activities of employees are aligned with their firm's strategy. According to Cespedes (2014), the sales function is the organizational function where poor alignment is a major issue in many organizations. Organizations in the United States spend approximately $800 billion a year on their sales forces, so when there is poor alignment between sales and strategy, it results in significant direct and indirect costs to many organizations.

Cespedes (2014) argues that strategy is about making choices; what customer segments can the organization serve better than competitors and what are the capabilities required in the sales force that will allow the organization to win with customers in targeted market segments. However, despite the findings of Cespedes (2014) of poor alignment between strategy and the sales force there has been very few studies in the literature that have examined the performance impact of strategy implementation at the salesperson level. Recent research found that approximately 50% of salespeople fail to meet their performance targets (Ahearne, Boichuk, Chapman and Steenburgh 2012, p.39), and both the academic (Morris, LaForge and Allen 1994) and practitioner (Farber 2014) literature acknowledge that the lack of qualified activity (e.g. targeting the wrong customers or selling to the wrong type of customer) is one of the leading factors contributing to salesperson failure.

Traditionally, the sales role was tasked with selling the firm's goods and services and was focused primarily on achieving short-term results (Davies, Ryals and Holt 2010). Today, the role of a salesperson is not just to sell products and services but also to be knowledgeable about their customers' businesses, be accountable for their customers' productivity, act as an advocate for the customer within their own organization and be responsible for managing the relationship with the customer (LaForge, Ingram and Cravens 2009; Storbacka et al., 2009). This evolving view of the sales force was summarized in an article appearing in the *Harvard Business Review* by Thomas Stewart (2006, p.10) in which he stated:

> Selling is changing fast and in such a way that sales teams have become strategic resources. When corporations strive to become customer focused, salespeople move to the foreground; engineers recede. As companies go to market with increasingly complex bundles of products and services, their representatives cease to be mere order takers (most orders are placed online, anyway) and become relationship managers.

The changing role of sales is being driven by increasing demands from powerful customers who have complex requirements and require customized solutions, the trend towards reducing the number of suppliers that is occurring in many corporate purchasing departments and product and service commoditization (Le Meunier-Fitzhugh and Piercy 2010; Cravens et al. 2011). In order to cope with evolving buyers' needs particularly in business-to-business markets, the tasks performed by salespeople in their day-to-day activities are changing as well (Piercy and

Lane 2011). In an examination of the evolution of sales tasks, Shapiro, Slywotsky and Doyle (1998) contrasted older approaches to selling with newer approaches. They found that older approaches to selling were primarily concerned with selling to anyone willing to buy, was focused on getting the order and managed all accounts the same way. On the other hand, Shapiro et al. (1998) argued that newer approaches to selling are focused on customer retention, managing accounts differentially based on profitability and spending more effort on accounts with higher profit potential.

One of the outcomes of the transformation of sales organizations is an emphasis on strategic customer management as the core responsibility of the sales function because how well a firm manages customer relationships is an important determinant of business performance (Piercy and Lane 2011). Strategic customer management has been defined as "the process that aligns corporate resources with customer needs and confronts the hard decisions about investments in customers and the risks of being too dependent" (Mattson 2010, p.406). The logic of strategic customer management is the optimal allocation of scarce sales resources in a sales organization to various customers in the firm's portfolio of customers in such a way that balances revenues, profitability and business risk (Piercy and Lane 2011).

The notion that sales strategy, which is elucidated on in the next section, should be part of what of what a salesperson does in their day-to-day activities has been suggested in the literature (Ingram et al. 2009; Cespedes 2014), but has not been empirically studied in the extant literature. Since at least a part, if not a majority of a salesperson's time is spent on activities related to some aspect of the selling process (Moncrief, Marshall and Lassk 2006) and recent practitioner research found sales representatives in organizations that have a formal sales process significantly outperform sales representatives in organizations without a formal sales process

(CSO Insights, 2015), an examination of how salespeople implement strategy as part of the sales process can uncover some of the challenges involved when organizations attempt to get their salespeople to implement sales strategy.

Literature Review

In the academic literature, Strahle and Spiro (1986) were one of the first authors to articulate a need for organizations to link the strategy of the firm to the activities of the sales force. They argued that when the activities of functional units such as the sales force becomes disconnected from firm strategy, the organization is likely to experience a loss of their competitive position in the marketplace which can lead to a reduction in sales revenues. In a subsequent empirical study on the relationship between strategy and the activities of the sales force, Strahle and Spiro (1996) found empirical evidence for the disconnect between strategy and the sales force.

In addition to aligning their daily activities with organizational strategy, salespeople should also align the selling strategies they use with customers based on customer preferences. The need to differentially sell to customers based on their unique needs and requirements was suggested by Rackham and DeVincentis (1999). They made a distinction among three customer types: intrinsic value customers, extrinsic value customers and strategic value customers. According to Rackham and DeVincentis' (1999) classification, intrinsic value customers are customers who perceive the value of the selling firm's offering as intrinsic to the product itself and extrinsic value customers consider attributes extrinsic to the product (e.g. service and support) as part of the value equation of the selling firm's offering. The third customer type according to Rackham and DeVincentis' (1999) classification are strategic value customers and these customers want more than advice from suppliers, they seek to leverage the core competencies of suppliers to enhance their own products and services. Rackham and DeVincentis (1999) argued that intrinsic value customers will be best served by a transactional selling approach, extrinsic value customers will be best served by a consultative selling approach and strategic value customers are best served by an enterprise selling approach.

Rackham and DeVincentis' (1999) classification of customer types demonstrates the need for sales organizations to segment existing and prospective customers according to their requirements. By properly segmenting customers, sales organizations can craft selling strategies that can appeal to the unique wants and needs of each customer segment and allow the firm's salespeople to align their sales efforts with the relationship objectives of each targeted segment (LaForge et al. 2009).

LaForge and his colleagues (2009) argues that the utilization of sales strategies for each customer segment is an important activity for sales organizations, but there had been scant attention in the literature towards the issue of sales strategy implementation.

Sales Strategy

LaForge et al. (2009) conceptualized sales strategy as consisting of customer segmentation, customer prioritization, relationship strategies and sales processes and the use of multiple sales channels. Sales strategy has been defined as "the extent to which a firm engages in a set of activities and decisions regarding the allocation of scarce sales resources (i.e. people, selling effort, money) to manage customer relationships on the basis of the value of each customer to the firm" (Panagopoulos and Avlonitis 2010, p.48). Based on their definition, sales strategy is the approach that a sales organization or an individual salesperson uses to differentially allocate resources among different customers based on the sales organization's or salesperson's perceptions of the profitability of each customer or potential customer.

Sales strategy is distinct from marketing strategy in that sales strategy is concerned with how an organization's sales force chooses to interact with individual customers in a targeted market segment, while marketing strategy is primarily concerned with tailoring marketing mix elements to meet the needs and wants of customers in targeted market segments (Panagopoulos and Avlonitis 2010).

One of the dimensions of sales strategy is customer segmentation which is premised on the idea that customers are different and although they may purchase similar products and services, the benefits they seek from the products and services they purchase often differ (Homburg, Schäfer, Schneider 2012). Therefore, customer segmentation is the process of identifying groups of customers who have similar wants and needs, identifying individual customers within each targeted market segment and precisely tailoring sales efforts to meet the needs of targeted customers (Zeithaml, Rust and Lemon 2001; Panagapoulos and Avlonitis 2010). Customer segmentation can impact salesperson performance when it leads to more precise targeting of potential customers that can result in higher revenues and customer responsiveness to the salesperson's selling efforts (Zeithaml et al. 2001). Criteria that can be utilized to segment customers include customer buying behavior, customer lifetime value and customer profitability (Panagopoulos and Avlonitis 2010).

Customer prioritization is another dimension of sales strategy and it allows sales organizations and salespeople to increase customer profitability by strengthening the selling firm's relationship with their important customers while not negatively affecting the firm's relationship with less important customers and can also lead to a reduction in sales and marketing costs (Laforge et al. 2009; Homburg, Droll and Totzek 2008). Customer prioritization is the extent to which a firm's important customers receive preferential treatment when compared to less important customers in the areas of product, pricing, sales, service, and processes (Homburg et al. 2008). Customer prioritization can help salespeople in maximizing their performance by allowing them to more effectively allocate their scarce sales resources such as time available to meet with customers based on the customer's potential value to the firm (Terho et al. 2015).

A third dimension of sales strategy is selling models which is based on the realization that different customers have different relationship objectives when interacting with suppliers with some customers preferring simple transactional exchanges with minimal relationship expectations, to buyers with complex requirements who expect collaborative relationships with suppliers (Ingram, LaForge and Leigh 2002; Panagopoulos and Avlonitis 2010). When salespeople match their selling efforts to the relationship expectations of customers, it should increase the likelihood of salespeople having successful interactions with customers which in turn should have a positive effect on salesperson performance (LaForge et al., 2009; Panagopoulos and Avlonitis 2010).

A fourth dimension of sales strategy is the use of multiple sales channels by sales organizations (Panagopoulos and Avlonitis 2010), but this dimension is omitted from consideration in this study because this study is primarily focused on salesperson implementation of sales strategy.

Sales Strategy and the Sales Process

The sales process is one of the foundational paradigms in personal selling in both the practitioner (Richmond 2012) and academic literature (Dubinsky 1981) and is conceptualized as a series of events or steps that a salesperson takes to sell a product or service (Moncrief and Marshall 2005). The sales process is widely considered to consist of seven steps which include; prospecting and qualifying, pre-approach, approach, presentation, overcoming objections, close and follow-up (Dubinsky 1981). Although the “seven steps of selling” has evolved over the years to incorporate the trend towards relationship marketing (Moncrief and Marshall 2005), the role of the Internet (Long, Tellefsen and Lichtenthal 2007), selling from a network perspective (Borg and Young 2014) and the role of social media in the sales process (Andzulis, Panagopoulos and Rapp 2012), the basic framework of the seven steps of selling or some version of it is still being used as a sales process in many sales organizations today (CSO Insights 2015).

Sales strategy can affect how salespeople implement almost every stage of the selling process. For example, during the prospecting stage, salespeople attempt to identify likely prospects for the products and services that the salesperson is selling. During this stage, salespeople can use customer segmentation to segment their prospect list into prospective customers with similar needs. In the pre-approach stage, a salesperson gathers information on prospects from company resources and external resources such as the prospective customer’s website, LinkedIn.com or Hoovers.com. Salespeople can also gather information on the industries their prospects are in and use that information to craft a selling approach for each prospective customer. When this stage is paired with sales strategy, a salesperson will decide how to prioritize among his or her prospects based on the salesperson assessment of the potential value that each prospect represents.

During the approach stage of the sales process when typically, the salesperson first meets with the prospect, the salesperson attempts to conduct a needs assessment to determine how the salesperson's offerings may be able to meet the prospective customer's needs. Based on feedback received from the customer, the salesperson then proceeds to the presentation stage where the salesperson develops a solution that he or she then presents to the customer about how the proposed solution would be able to meet the client's expressed needs. In both the approach and presentation stages, sales strategy can increase how effective salespeople are during both stages. When salespeople practice customer segmentation, customer prioritization and the use of selling models, they gain an understanding of what drives customer value for each customer segment.

Customer prioritization can help salespeople know whether an enterprise selling approach, a consultative selling approach or a transactional selling approach is required for each prospective customer. Selling models can assist salespeople in optimizing their time by tailoring their interactions with prospective customers based on customer preferences. For example, some customers may not want to meet with or have time to meet with salespeople, while other prospects may want other individuals from the selling firm such as sales engineers or sales managers to be a part of any meeting. In such situations, the salesperson can adapt their approach to suit the needs of the customer and can use a phone call, an online meeting through a platform such as Webex.com or an in-person visit.

The use of sales strategy can also benefit salespeople during the overcoming objections and closing stages of the sales process. When salespeople use the sales strategy of customer segmentation, they are likely to understand the issues associated with a particular customer segment and thereby will be able to anticipate objections that an individual customer that is part of that customer segment may raise. In such situations, the salesperson will have a ready response to the prospect's objections and should be able to allay the prospect's concerns by demonstrating his knowledge of the prospect's industry and how the salesperson's products and services benefited other customers in the prospect's industry.

During the closing stage, the salesperson may be able to reference other customers who are in the same customer segment as the prospective customer and use them as an example of a similar buyer who were satisfied with the salesperson's products and services. The use of references of companies that are similar to the prospective buyer can help the salesperson close the sale. Finally, in the follow-up stage of the sales process, customer prioritization and selling models can inform how a salesperson follows up with customers. Salespeople can manage an ongoing relationship with a customer based on the lifetime value of the customer and the relationship objectives of each customer which is consistent with the notion of customer prioritization and selling models.

Research Questions

Several examples of how sales strategy can have an impact on salesperson implementation of the sales process have been identified in the previous section. However, the role of sales strategy in the sales process has not been explicitly examined in the literature before to the best of the author's knowledge. Therefore, an examination of how salespeople use strategy in their day-to-day activities (or if they even use it at all) can contribute to the literature on strategy implementation by studying it at the level of a salesperson implementing the strategy. Therefore, some of the research questions this study intends to address are;

1. Do salespeople have an understanding of their organization's strategy?

2. How does a salesperson's understanding of their firm's strategy affect what the salesperson does on a day-to-day basis (e.g. as part of a sales process)?
3. What role does sales management as well as compensation play in salesperson implementation of strategy?

Method

Due to the relatively sparse amount of research in the literature on salesperson implementation of strategy, a discovery oriented research approach (Tuli, Kohli and Bharadwaj 2007; Pryor, Malshe and Paradise 2013) was utilized to examine the research questions. Scholars suggest that when a particular domain is relatively unexplored or lacking in established theoretical frameworks, qualitative methodologies are particularly well suited for an examination of such domains (Strauss and Corbin 1990; Creswell 2007). Qualitative research methods allow researchers to gain a deeper understanding into a phenomenon of interest by gathering data from participants who have or are experiencing the phenomenon under investigation (Strauss and Corbin 1990).

Sample and Data Collection

The qualitative study was conducted through semi-structured interviews with twenty-six salespeople who work in different industries. A theoretical sampling approach was used to select study participants. Theoretical sampling is based on "making comparisons" by evaluating and selecting participants that will allow for the maximum variation in the concepts being explored (Strauss and Corbin 1998). Consistent with a theoretical sampling approach, participants were selected from various industries including; information technology, financial services, healthcare, manufacturing, and software industries, and the firms they represent varied in size. The salespeople invited to participate in this study were personal contacts of the researcher, the researcher's contacts on LinkedIn.com and were also recruited by contacting a list of salespeople provided by a commercial B2B data provider (see Table 2-1 for sample characteristics).

The semi-structured interviews were discovery oriented and lasted between 15 minutes and 105 minutes. Of the twenty-six semi-structured interviews conducted, twenty-five were conducted over the telephone, and one interview was in-person. Although, it has been acknowledged that in-person interviews can help an interviewer better establish rapport and better gauge reactions from respondents (Novick 2008), no significant differences in the quality of the answers obtained has been found when comparing the two methods (Emans 2004, Sturges and Hanrahan 2004). Therefore, although most of the interviews conducted in this study were telephone interviews, the mode of the interviews should not have any bearing on the results obtained or the resulting findings.

The interview protocol began with obtaining consent from the interviewees for the recording of the interview, some background questions, the interviewer defining organizational strategy and sales strategy and then proceeding to ask participants questions on strategy (a list of the interview questions can be found in Appendix A). All respondents were assured anonymity. Because of the flexibility of the semi-structured method, the respondents were allowed to elaborate on the interview questions asked even if they diverged from the particular question being asked. In cases were the interviewees diverged too much or whose answers were not related to the topic being discussed, the interviewer would bring the conversation back on topic by giving clarifications, soliciting examples as well as by giving further details on the topic being explored. In instances where the interviewees did not understand or misunderstood the question, the interviewer clarified any ambiguities before continuing the interview. The interviewer took precautions during the interviewing process to avoid asking leading questions in order to reduce interviewer-induced bias (Wengraf 2001).

The sample of size of twenty-six people interviewed is consistent with the sample size required to reach theoretical saturation (Morse 2000). Theoretical saturation occurs when no additional information or insight emerges from the data, and therefore interviewers can be terminated (Corbin and Strauss 2008). In this study, no new themes emerged after the twenty – six interviews were conducted. Therefore the sample size was deemed adequate.

All interviews were recorded and transcribed. The interviews and interview notes were managed with QSR International's NVIVO 11 software.

Data Analysis

The transcribed interviews were analyzed using content analysis. Content analysis is a qualitative research approach that is used to analyze and code a large amount of text-based data to determine trends, patterns and relationships (Vaismoradi, Turunen and Bondas 2013). The objective of content analysis is to describe the content of data such as documents or transcribed interviews by breaking the text into smaller units and subjecting them to descriptive treatment (Vaismoradi et al., 2013).

Content analysis begins with open coding which involves identifying important concepts or words related to the study's objective that are mentioned by study participants in their interviews and coding them as *in vivo codes* or open codes. The *in vivo codes* were coded based on the language used by the respondents in their interviews to answer the questions asked by the interviewer. The next step in content analysis involves axial coding, which is the process of grouping codes into categories based on their commonality (Corbin and Strauss 2008). The *in vivo codes* were then categorized by the author based on the author's assessment whether the *in vivo codes* were consistent or inconsistent with the concept of sales strategy.

Researchers assign *in vivo codes* into categories based on the researcher's assessment of their conceptual similarity and is consistent with the principle of axial coding (Corbin and Strauss 2008). Tables 2-2, 2-3, and 2-4 lists *the in vivo codes* and categories derived from the content analysis for each research question. The *in vivo codes* for each interview question were combined based on whether they were answering the same research question. This study is focused on exploring the three research questions listed earlier. However, the wording of the interview questions were not asked exactly as listed in the three research questions but were asked in a series of two or more questions aimed at getting to the answers of each research questions. The questions asked during the interviews with salespeople are listed in Table 2-5. Interview questions 1 and 2 relate to RQ1 and were coded to together in Table 2-2. Interview questions 3 and 4 relate to RQ2 and were coded in Table 2-3. Iinterview questions 5, 6 and 7 relate to RQ3, and were coded together in Table 2-4.

Results

Although twenty-six salespeople were interviewed for this study, the results only include data from twenty-five salespeople because the audio file of the interview of one salesperson was corrupted and the data could not be retrieved. The goals of this study were to examine the extent to which the activities of salespeople are aligned with firm strategy and how sales management and compensation can influence that alignment. Hence, our approach is to examine the extent to which alignment between strategy and the sales force occurs using a percentage occurrence categorization process.

RQ1: Do salespeople understand their organization's strategy?

Since prior research had indicated that most employees are not familiar with their firm's strategy (Crittenden and Crittenden 2008), this study sought to determine if the lack of knowledge on organizational strategy was also prevalent among salespeople. The initial findings seem to indicate that this is, in fact, the case. As shown in Table 2-2, the content analysis revealed that 62.5 percent of the responses from salespeople about their organization's strategy was inconsistent with the definition of strategy as defined by the interviewer at the beginning of each interview. These results confirm prior findings in the literature that most employees do not have a thorough understanding of their firm's strategy (Crittenden and Crittenden 2008). This lack of knowledge is particularly problematic in the sales force because the activities of the sales force are often directly linked to the firm's strategic positioning.

An exemplar of how a salesperson's conception of strategy is divergent from how Watkins (2007) defines strategy as discussed by the interviewer at the onset of the interview is given by Rachel who stated:

> ______ is the only IT company to offer the entire "IT stack" (software and hardware). Our strategy is to be a one stop shop for our customers, offering the best technology engineered to work together to provide optimal performance for small, medium, and enterprise level businesses [Rachel, Salesperson, IT company].

So, although this conceptualization does capture some aspects of strategy, it does not capture the essence of strategy which argues that strategy should guide decision making by helping employees know what to do and what not to do. In the case of a salesperson, strategy should help a salesperson know who to target and who not to target.

An important part of knowing organizational strategy is how the strategy affects the job of an employee which in this case, the job of a salesperson. One salesperson was able to explain his organization's strategy in a way that influences what he does. Garret S. defined his organization's strategy as:

> And the kind of sales strategy that we've gone after is like a verticalized strategy with different types of industries. We predominantly are in the SMB market, we also do have enterprise customers, but we predominantly are going after a verticalized strategy where we specialize in different fields like accounting, manufacturing, we have a legal vertical, a healthcare vertical. Because ________, where it compares to a lot of the competitors, is more of a secure files transfer. So we focus on customers where encryption and the compliance aspect is important [Garret S., Salesperson, Software company].

The preceding definition of strategy by Garret S, shows that when salespeople are knowledgeable about their firm's strategy, it can help them in their customer acquisition efforts by properly segmenting customers and focusing their efforts on prospects whose needs are a good match to their firm's offerings.

Similarly, when other salespeople were asked to describe their organization's strategy, they used terms such as being the "market leader," offering a "one stop shop," or we are the "low cost provider." Although these terms may describe the strategic goals of the firm generically, they do not meet the definition of strategy by Watkins (2007) who argued that strategy should inform decision-making by everyone in the organization. Therefore, in a sales context, salespeople should be able to use their knowledge of the organization's strategy as a guide for selecting potential customers to sell to and use it to determine how to prioritize their selling efforts among the various potential customers in their prospect base.

RQ2: How does a salesperson's understanding of their firm's strategy affect what the salesperson does on a day-to-day basis (e.g. as part of a sales process)?

The results of the thematic content analysis seem to indicate that salespersons' understanding of strategy does affect how salespeople use strategy, particularly using sales strategy as part of their sales process. The results show 54.5% of the activities described by salespeople as strategic activities are inconsistent with strategy. These results are within a few percentage points of responses to RQ1 where 62. 5% of respondents' description of their firm's strategy were inconsistent with strategy. This suggests that when salespeople do not fully understand the firm's strategy as it relates to the sales force, they also tend not to know how to align their day-to-day activities with the firm's strategy. However, it is important to note that 45.5 % of the activities described by salespeople are consistent with strategy, which is greater than the 37.5% of salespeople who could articulate their firm's strategy. This suggests that salespeople not being able to articulate an understanding of their firm's strategy is not necessarily an impediment to the use of sales strategy by salespeople.

One of the findings that emerged from the analysis is the positive relationship between sales experience and salesperson use of strategy as part of their sales process. From a content analysis of the transcribed interviews, salespeople who were more experienced and who typically sold complex products at high dollar amounts were usually more strategic in their approach to selling. Hence, although some of these experienced salespeople were no able to fully articulate their firm's strategy, their description of their approaches to selling was strategic. This may explain some of the discrepancy in the content analysis results between RQ1 and RQ2.

When salespeople understand their firm's positioning in the marketplace, this knowledge should help them become more effective and efficient in the jobs. On the other hand, when salespeople are not knowledgeable about strategy, they may adopt an "ad hoc" approach to selling which can lead to suboptimal performance. The purpose of strategy is to inform decision making, and two examples below illustrate how salespeople can use (or don't use) their firm's strategy in their approach to selling. In the first example, Jesse, as salesperson for a software company describes his use of strategy in his approach to selling as follows:

> The idea customer is the one that uses software as a service. So, basically it is everyone. We do have flexibility to choose the type of customers. The thing we look at is, does the company offer products and services through software. If the answer is yes, we will try to prospect and get their feedback and see what is the impact. Generally, we are looking for the biggest companies and those that have the biggest challenges. [Jesse, Salesperson, Software company]

Based on Jesse's description above, we can see that he understands that the firm's products are focused on uses of software in the cloud, and their ideal prospects are big firms with many challenges. However, his description does not capture which *type* of organizations using cloud services will be a good fit. Hence, he may not be able to differentiate his firm's products and services from competitors' offerings for a particular company or industry. To use sales strategy effectively, salespeople should know which customer segments are an ideal fit for what they sell. On the other hand, the description given by Steve, a salesperson for a manufacturer of circuit boards, captures the idea of how strategy should affect a salesperson in their daily activities. Steve describes how strategy impacts his daily activities as follows:

> How I use strategy is that I look for and focus on companies who prefer to buy from an American manufacturer and I also look for companies who have a just in time supply chain. Companies who prefer to have a local supplier because they can get our circuit boards quickly and not have to wait is a major type of business that I go after. [Steve, Salesperson, Manufacturer]

Contrasting the descriptions between how Steve uses strategy and how Jesse uses strategy, we can see clear differences. In Steve's description, strategy informs how he practices the prospecting phase of the sales process. While Jesse's description shows strategy does not inform his day-to-day practices.

In the full interview, Steve noted that his company often cannot compete on price with lower-priced circuit board manufacturers from Asia. So, his firm's strategy is to focus on organizations who incorporate circuit boards into their products but also want a short lead time in getting their circuit boards from their supplier. Therefore, he focuses on these types of customers in his prospecting efforts. He also focuses on companies that prefer American suppliers. So, in this case, Steve uses his knowledge of his firm's positioning in the marketplace to target prospects who are an ideal fit with their positioning.

Salespeople who described how their knowledge of strategy informs their sales process, mentioned it helped them identify potential customer segments to target, and gave descriptions of the various customer segments they targeted based on their firm's strategy (see Table 2-3). On the other hand, salespeople who were not able to clearly articulate how they used their firm's strategy as part of their sales process, gave generic descriptions of how they choose customers to call on. Therefore, when salespeople do not have a good understanding of the firm's strategic positioning in the marketplace, they are likely to use a tactical approach in their sales process rather than a strategic approach.

RQ3: What role does sales management as well as compensation play in salesperson implementation of strategy?

The findings of salesperson responses to RQ3 showed a majority of the responses were categorized as being inconsistent with strategy. In Table 2-4, the content analysis revealed 70.4% of salesperson responses to the question of how their sales managers communicate and train salespeople on strategy, were inconsistent with the conceptualization of strategy and how it should be implemented. One of the primary roles of sales managers is to influence salesperson behaviors including the implementation of strategy. However, most of the salespeople in the sample described their sales managers as being primarily focused on outcome measures of performance such as number of new clients sold or amount of new revenue brought in. Some of the responses of salespeople (29.6%) described their interactions with their sales managers as having a strategic focus. These sales managers emphasized to their salespeople, the importance of incorporating the firm's strategy into their selling process.

Other salespeople who were interviewed, indicated that their managers did emphasize the need for a strategic approach, but tended to offer this recommendation much later in the sale cycle, particularly if forecasted deals did not materialize on their forecasted date. However, a strategic approach to be consistent with the use of strategy should be used throughout the selling process, not just at the end or when forecasted deals go beyond their forecasted closing date.

When sales managers suggested a strategic approach, they encouraged their salespeople to find the "value drivers" of the prospect or that salespeople should develop and understanding of the customer's customer and use that knowledge to communicate to prospects during their interactions with prospects. An example of how a sales manager's approach to leading and managing their sales team is inconsistent with the sales strategy is given by Matt, who works for a software company. When asked to describe how does his manager communicate to salespeople about how they should use strategy, he gave the following response:

> It depends on how well you're doing. So, if you're doing great, and you're killing your numbers, it's going to be a very macro conversation. Basically, just keep doing what you're doing, let me know if you need anything. If you're not doing well, it's going to be a very micro-conversation. "Who are you calling this week? Who are you meeting with this week? Who are you meeting over there? When are you meeting with this client? And so, it's just going to be a lot more detailed. If you're just not being very effective, they may analyze your emails, say "Send me your emails. Send me your conversation with this guy, I want to see why it didn't work." Or "Tell me what this guy said you?" They made deep dive into things like that. [Matt, salesperson, software company]

From Matt's response, it appears his sales manager approach to managing depends a lot on how a sales representative is performing. Also, the sales manager seems to be focused on determining the tactics that the salesperson is using in their sales approach, as opposed to trying to find out if the potential customer is a "good fit" with organization offerings, or if the salesperson is effective in communicating the selling firm's value proposition.

A contrasting example of a sales manager that encourages salespeople to use strategy is given by Paul, a salesperson for a business services company. Paul explains his manger's approach to strategy below:

> My manager trains us on using strategy by teaching us how to communicate with high-level executives. He wants us to understand the challenges faced by the various banks

> and credit unions that we target, and how to use that information when selling our solutions. During our huddle calls, he reinforces our firm's strategy and how we are moving from a provider of products to the financial services industry, to a provider of services. [Paul, salesperson, business services]

In the example given by Paul, his sales manager frequently emphasizes the firm's strategic positioning, and encourages salespeople to gain an understanding of their prospects' business, so they will be in a better position to communicate the value of the selling firm's offerings as it relates to the customers' challenges.

Another area that there seems to be a disconnect between strategy and the activities of salespeople is in compensation. Most the responses from salespeople (76%), indicated that their incentive compensation is not linked to strategy. It has been suggested that to increase the likelihood of salespeople implementing strategy; the compensation system should be aligned with strategy implementation by salespeople (Cespedes 2014). However, from the results of the interviews, most salespeople indicated that their incentive compensation is only based on revenue brought in. In a few cases, salespeople mentioned their commissions were linked to firm strategy in that the company paid higher commissions, if salespeople sold products or services that were a strategic focus of the organization. Another way some firms used compensation to influence the strategic activities of salespeople is to link the percentage rate of incentive compensation to the profitability of the accounts brought in by salespeople. The reasoning behind this approach according to some of the salespeople interviewed, is it will force them to focus on customer segments that value their offerings. When prospective customers value the products offered by selling firm, salespeople will not have to resort to price discounting to win the deal.

Discussion

Scholars and practitioners have acknowledged that the sales force plays an important role in implementing organizational strategy (Terho et al. 2015; Cespedes 2014). However, despite the acknowledged importance of the sales force to strategy implementation, there is a paucity of research examining how salespeople implement strategy as part of the sales process. This study makes a contribution to the literature by answering the call by Strahle and Spiro (1986) for research into the alignment of the firm strategy with the activities of the sales force.

Utilizing a discovery-oriented approach to gain a better understanding of how salesperson knowledge of strategy, and how they use their knowledge of strategy as part of their day-to-day activities, the findings of this study indicate most salespeople (62.5%), do not have a thorough understanding of their firm's strategy. These findings are consistent with previous studies which found most employees do not know their organization's strategy (Crittenden and Crittenden 2008). The lack of understanding of organizational strategy is particularly problematic in the sales force, because an understanding of firm strategy and its implementation is very important for employees who are boundary spanners (Johnson and Sohi 2016). The results also show that most salespeople (54.5%) are not effectively using strategy as part of the sales process. Although these results are only correlational, and hence do not imply causation, they seem to show that when salespeople do not understand the firm's strategy, they are less likely to use strategy as part of the sales process. Many of the salespeople in this study described their approach to customer selection during the prospecting phase of the sales process as an ad hoc approach instead of a strategic approach.

The lack of a systematic approach to prospecting means salespeople will spend a lot of their time meeting with prospects who may not be well suited to the selling firm's offerings.

Hence, salespeople will become less efficient in their day-to-day activities which can negatively impact salesperson performance. A lack of understanding of firm strategy can also affect a salesperson in other phases of the selling process. An important requirement during the needs discovery phase of the selling process is for salespeople to know how the products and services offered by the salesperson's firm can best meet the needs of customers. Since needs can vary by company or industry, a salesperson's knowledge of their firm' strategic positioning can help the salesperson ask the right questions with prospects to uncover challenges faced by the prospect, the selling firm's solutions are ideally suited to address. Therefore, when salespeople are knowledgeable about strategy, they are in a better position to create value with customers.

Our results also show that from the perspective of the salespeople interviewed, a majority of their sales managers did not encourage them to incorporate strategy into their sales process, but were primarily focused on the tactical skills and abilities of salespeople, as well as a focus on results. Many salespeople also indicated their sales managers tend to focus on strategy when salespeople where not performing well, or when many forecasted deals in the sales pipeline failed to close on time. Based on statements from various salespeople, they mentioned their sales managers asked questions about the type of customers they targeted as well as their selling approach when they did not make quota. This suggests a reactive approach to strategy by many sales managers. As defined by Watkins (2007), in his seminal article on strategy, for strategy to be truly effective it should inform decision-making. Hence, sales managers should train their salespeople on strategy, so they are knowledgeable about their firm's strategic positioning, and use that knowledge throughout the sales process.

Another area that appears to foster the disconnect between strategy and sales force activity, is compensation. Most of the salespeople interviewed for this study (76%), indicated their incentive compensation was linked to their implementation of strategy. This a major oversight by many organizations, because if firms want salespeople to align their activities with the strategic objectives of the firm, compensation is one lever they can use to accomplish it.

Overall, the results of this study confirm prior findings in the practitioner literature of a lack of alignment with activities of salespeople and firm strategy (Edinger 2016; Cespedes 2014). Most of the descriptions given by salespeople in this qualitative study, suggest many salespeople adopt an ad hoc approach to implementing strategy. On the flip side, the results show that when sales managers do emphasize a strategic approach, many salespeople do become more strategic and incorporate strategy into their sales process.

Managerial Implications

Our results have several implications for managers. First, our results show that when salespeople are not familiar with their organization's strategy or strategic priorities, they are less likely to use strategy as part of their selling process. This means salespeople will tend to be indiscriminate in their approach to prospecting, focusing on customers whose characteristics are not necessarily an ideal fit for the firm's products and services, but based on the salesperson's assessment of customers' willingness to buy. When salespeople sell to anyone willing to buy, it is not a good formula for long-term success. Therefore, managers should ensure that their salespeople have a thorough understanding of the organization's strategy, strategic objectives, and customer segments that represent an ideal fit with the firm's offerings.

Second, sales managers should incorporate strategic training into their training and coaching regimen for salespeople. When sales managers coach and mentor their sales team on the importance of targeting prospects who are ideal prospects for the firm's products, salespeople are likely to follow that advice as the build their prospect base. Sales managers should explain and communicate to the sales force, why particular customers may be a better fit that others. Also, they should encourage their sales force to learn the "value drivers" for targeted customer segments. When salespeople know the key competitive advantages of the products and services they are selling, and merge that with their in-depth knowledge of targeted customer segments, they will be in a good position to offer and deliver value with customers.

Finally, managers should design a compensation plan that ensures it aligns the activities of the sales force with organizational strategy. For example, sales management can offer increased incentive compensation when salespeople sign customers, who are a good fit with the firm's positioning. Also, managers should also consider linking at least a part of incentive compensation to the use of a strategic approach by salespeople. Many organizations compensation systems for salespeople is primarily linked to outcome measures of performance. However, if management incorporates behavioral measures of performance into compensation, this can lead to improved overall selling outcomes (Miao and Evans 2013). When salespeople incorporate strategy into the selling process, they are likely to be more productive in their selling efforts, and become more effective in co-creating value with customers.

Limitations and Future Research

There are a few limitations associated with the results found in this study. First, the sample size of the study were twenty-six salespeople. Although, small sample sizes are characteristic of qualitative studies, and the sample size of this study does meet the requirements for qualitative studies of this type (Morse 2000), it is possible the percentage of occurrence of the responses to the various research questions explored could change with a larger or different sample of salespeople. Second, the study only captured the views of salespeople and their perspective on how they implement strategy, and did not include the views of any sales managers. Sales managers play a critical role in the strategy implementation process as they communicate the strategic objectives of the firm to the employees they supervise and monitor its execution. Hence, the inclusion of the views and perspectives of sales managers in this study could have provided a more complete picture of the alignment (or lack thereof) between the activities of the sales force and organizational strategy. Future researchers should endeavor to adapt a dyadic approach, incorporating the views of salespeople and sales managers in future studies examining the role of alignment between firm strategy and activities of the sales force.

Finally, most of the semi-structured interviews conducted in this study were over the telephone. It is possible that if the semi-structured interviews were conducted face-to-face instead of over the telephone, the responses obtained from participants would be more elaborate, providing a richer dataset for analysis. Although previous research has indicated that mode of interview should have no bearing on results obtained in qualitative studies (Emans 2004), future research should utilize a face-to-face interview approach to determine if the results obtained are similar or different for the results found in this study.

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TABLES

Table 2-1

Sample Characteristics

Name	Age	Sales Experience	Industry
Amanda	18 – 24 years	0 – 3 years	Software
Barbara	55 – 64 years	Over 20 years	Digital Advertising
David	35 – 44 years	11 – 15 years	IT
Eric	25 – 34 years	6 – 10 years	Software
Garret M.	18 – 24 years	0 – 3 years	Insurance
Garret S.	25 – 34 years	6 – 10 years	Software
Grace	25 – 34 years	4 – 5 years	IT
Jesse	25 – 34 years	6 – 10 years	Software
Jim	55 – 64 years	Over 20 years	Telecommunications
Kathy	45 – 54 years	Over 20 years	Financial Services
Matt N.	25 – 34 years	6 – 10 years	Business Services
Matt S.	35 – 44 years	11 – 15 years	Digital Advertising
Rachel	25 – 34 years	6 – 10 years	Software
Russ	Over 65 years	Over 20 years	Financial Services
Steve	Over 65 years	Over 20 years	Manufacturing
Patricia	35 – 44 years	6 – 10 years	Industrial Goods
Kimberly	25 – 34 years	0 – 3 years	Media
Nick	25 – 34 years	6 – 10 years	Software

Karen	45 – 54 years	Over 20 years	Medical Equipment
Brian	35- 44 years	11 – 15 years	Computer Hardware
Name	**Age**	**Sales Experience**	**Industry**
Dave	25 – 34 years	6 – 10 years	Software
Matt P.	25 – 34 years	0 – 3 years	Software
Mike	45 – 54 years	Over 20 years	Software
Paul	35 – 44 years	Over 20 years	Business Services
Brandon	25 – 34 years	4 – 5 years	Software

Table 2-2

RQ1 Generated Categories

In Vivo Codes	Categories	Coding Frequency	Percent of Total
Affinity discounts Cost reduction Data users One stop shop Performance monitoring Product solution Programs Territory Mapping Event Planning Market Leader Integrated Solutions Best Software provider for Enterprise Customers Credibility Land and Expand Low cost provider	Inconsistent with Sales Strategy	15	62.5
Compliance Just in Time Supplier Short lead time Customizability Full Service Patriotic Greater Control Government Provider Speed and Reliability	Consistent with Sales Strategy	9	37.5

Table 2-3

RQ2 Generated Categories

In Vivo Codes	Categories	Coding Frequency	Percent of Total
Clients v. Agencies Competitive advantage Dissatisfied prospects Goal setting Meeting customers' needs Message consistency No strategy Online advertisers Relationship management Saving money Sell to anyone Emphasize support Target firms by size New companies Firms with the best revenue potential Customers moving to the Cloud Firms who want to reduce costs. Firms who outsource events	Inconsistent with Sales Strategy	18	54.5
Firms with regulatory issues on compliance Customer segmentation Certified suppliers Risk averse Target influencers Upsell existing customers Vertical markets	Consistent with Sales Strategy	15	45.5

PCI compliance			
In Vivo Codes	**Categories**	**Coding Frequency**	**Percent of Total**
Customers who need a high-end solution Understanding the customer's business Understanding the customer's customer Customers where short lead time is important Partnering with SP in other company divisions Focus on prospects where firm's products have the highest ROI Target firms going through a merger			

<u>Table 2-4</u>
RQ3 Generated Categories

In Vivo Codes	Categories	Coding Frequency	Percent of Total
Depends on performance Do my own thing Does not discuss strategy Focus on customers' needs Forecasting Goal setting How to approach prospects Strategy during later stages of sales cycle Little oversight Manager only focuses on numbers Misalignment Persistence Pipeline Review Help when needed Leaves you alone, if you are making your numbers Account strategy discussed if leads go past projected close date Discuss strategy for accounts that are 90+ days in pipeline Tactical focus Pipeline review limited to # of prospects and expected close date	Inconsistent with Sales Strategy	19	70.4%
Start at top and find an ally	Consistent with Sales Strategy	8	29.6%

Account Planning Training Brainstorming			
In Vivo Codes	**Categories**	**Coding Frequency**	**Percent of Total**
Identify ideal prospects Discuss strategy during pipeline review Discuss prospects value drivers. Reinforce approach to strategy during weekly training sessions.	Consistent with Sales Strategy		
In Vivo Codes	**Categories**	**Coding Frequency**	**Percent of Total**
Commission based on revenue only Incentive compensation based on new accounts Commission based on units sold	Inconsistent with Sales Strategy	19	76
Commission Compensation based on term, profitability and type of product sold. Commission based on gross profit margin. To encourage sales of software, software products have a higher margin Focus on solution and value selling. No quota, but a focus on activities.	Consistent with Sales Strategy	6	24

Table 2-5

Interview Questions
1. Can you tell me about your organization's (or business unit) strategy?
2. Can you tell me about a typical day in your job? A general description of your day to day activities?
3. Can you tell me what role (if any) that strategy plays in your day to day activities?
4. Can you tell me some specific examples of how you use strategy in your sales process? (How do you target customers based on the advantages you believe your firm have over its competitors?)
5. How does your sales manager communicate the strategy that salespeople should use?
6. Can you tell me about your interactions with your manager as it pertains to your sales pipeline and what strategies should be used to win the prospects in your pipeline?
7. Are you compensated on your activity (e.g. new prospects, targeting the right type of customers, entering data in CRM) or are you paid when you get a customer? In other words are your commissions (not counting salary) tied to your activities or only when you bring new business?

CHAPTER 3

Salesperson Implementation of Sales Strategy and its Impact on Salesperson Performance

1. Introduction

The role of selling activities and the sales force has become increasingly important to achieving the strategic objectives of many firms. Organizations spend more than $800 billion a year on their sales forces, and when the activities of the sales force are not aligned with the corporate strategy, it can result in significant direct and indirect costs to the firm (Cespedes, 2014). With the realization that the successful implementation of organizational and business level strategies is dependent on the activities of the sales force, particularly in a business-to-business context (Cespedes, 2014; Cron et al., 2014), the role of the sales force has evolved from primarily being a tactical activity to a function with a more strategic focus (Piercy, 2010; Lane & Piercy, 2009; LaForge, Ingram, & Cravens, 2009).

Since the sales force plays an important role in executing organizational strategy, researchers have begun to explore the mechanisms through which strategy formulated at the organizational level is implemented in the sales force (Panagopoulos & Avlonitis, 2010; Johnson & Sohi, 2016). In their conceptualization of sales strategy, Panagopoulos and Avlonitis (2010) conceived sales strategy, as strategy that is operationalized at the sales force level and they showed that sales strategy had a positive effect on sales force performance and firm performance. Although their study has enhanced our understanding of the performance outcomes of sales strategy, an important gap remains. For example, not much is known about how sales strategy implementation at the salesperson level affects salesperson performance. Despite the increased attention in the literature on the role of the sales force in strategy implementation, there has been very few empirical studies on the role of the salesperson in implementing sales strategy. This oversight has been observed by scholars who have stated that “the role of salespeople and their behaviors in the implementation of a firm's sales strategy have remained almost unstudied” (Terho, Eggert, Haas, & Ulaga, 2015, pp. 12–13). Of the few studies conducted so far on sales strategy, most have focused on sales strategy implementation at the organizational level (see Panagopoulos & Avlonitis, 2010; Terho et al., 2015). The issue with only examining sales strategy at the firm level is that it ignores the role that salespeople play in the strategy implementation process. Salespeople in their role as boundary spanners are essential to strategy implementation and it has been argued that of all the organizational functions relevant to strategy implementation, the sales role is arguably one of the most important (Terho et al., 2015; Johnson & Sohi, 2016).

Since the activities and behaviors of salespeople are critical to the successful implementation of strategy (Terho et al., 2015), an examination of sales strategy implementation at the salesperson level can provide a more granular view of the effects of sales strategy on performance. The importance of salespeople being able to understand and implement sales strategy was highlighted in a recent study by *CSO Insights*, a sales research organization, which found 60% of the sales managers surveyed indicated their sales teams’ approach to strategy needed improvement (CSO Insights, 2015). This suggests that a further understanding of how sales strategy is implemented by salespeople is warranted. Additionally, there has been a call for further research into the antecedents of sales strategy (Panagopoulos & Avlonitis, 2010).

One of the most widely researched means of influencing salesperson behaviors is management’s use of sales force control systems (Miao & Evans, 2014). Utilizing the motivation-opportunity-ability (MOA) model (MacInnis, Moorman, & Jaworski, 1991) as a theoretical base, this study will also examine how outcome control and behavior control, dimensions of sales force control, act as a motivating factor in influencing salespeople to implement sales strategy. Additionally, this study identifies individual level MOA variables that are also factors that can influence a salespersons' implementation of sales strategy. Hence, we posit that when salespeople implement sales strategy by aligning their sales activities with the strategic goals of the firm (influenced through various MOA variables), it should have a positive impact on salesperson performance.

This study makes several contributions to the sales literature. First, this study answers the call for more research into the antecedents of sales strategy (Panagopoulos & Avlonitis, 2010) by examining how sales force control systems can influence salesperson implementation of sales strategy. With the lack of empirical evidence on how to align the activities of salespeople with organizational sales strategy, this study will examine how that alignment can be achieved. Second, this study evaluates the role of salesperson implementation of sales strategy as a mediator of the relationship between sales force control and sales performance. Although, the effects of sales force control on performance has been widely studied in the literature, the processes through which sales force control impacts performance has been largely unexplored. Finally, this research study examines the performance outcomes of salesperson implementation of sales strategy, in contrast to prior studies which examined sales strategy implementation at the organizational level.

2. Theoretical Background

2.1 Sales Strategy

Traditionally, the sales function was considered primarily a tactical activity responsible for implementing the strategies of the marketing department (Lane, 2009). However, this view of the sales force has evolved to where sales is considered a strategic function in its own right (Piercy 2010). Panagopoulos and Avlonitis (2010) developed a conceptualization of sales strategy and delineated the differences between marketing strategy and sales strategy. They defined sales strategy as “the extent to which a firm engages in a set of activities and decisions regarding the allocation of scarce sales resources (i.e., people, selling effort, money) to manager customer relationships on the basis of the value of each customer for the firm” (Panagopoulos & Avlonitis, 2010, p. 48). The authors developed a scale of sales strategy that consisted of four dimensions: customer segmentation, customer prioritization, selling models, and the use of multiple sales channels. Since this study is aimed at understanding sales strategy implementation by individual salespeople, we omit the multiple sales channel dimension of sales strategy in our empirical model.

Salespeople practice customer segmentation by identifying groups of customers with similar needs, determining customers who are a good fit with the firm’s products and customizing their sales approaches towards the needs of each customer segment (Panagopoulos & Avlonitis, 2010). Salespeople can implement customer prioritization by selecting customers based on their potential value to the firm and allocate their time in developing relationships with these customers based on their economic attractiveness (Homburg, Schäfer, & Schneider, 2012). Finally, salespeople can use selling models by matching their selling efforts to the relationship expectations of customers (Terho et al., 2015).

Although sales strategy just like other strategies in an organization is important, its real value lies in its successful implementation. The implementation phase of strategy is so important that it has been stated that "effective implementation of an average strategy, beats mediocre implementation of a great strategy every time" (Sterling, 2003, p. 27). For strategy to be successfully implemented, it requires the participation of employees and one of the leading reasons for strategy implementation failure is lack of employee knowledge about the strategy and employee commitment (Crittenden & Crittenden, 2008; Noble & Mokwa, 1999).

2.2 Motivation-Opportunity-Ability theory

The motivation-opportunity-ability framework as proposed by MacInnis et al. (1991), posited that an individual's willingness to engage in certain behaviors is a function of their motivation, opportunity, and ability. In their study, McInnis et al. (1991) argued that the degree to which an individual processes brand information, depends upon their motivation, opportunity, and ability to process the brand information seen in an advertisement. Although, MOA theory was first examined in the area of brand information processing, the theory has been used to explain individual behavior in a variety of contexts including, consumer participation in online communities (Gruen, Osmonbekov & Czaplewski, 2005), knowledge sharing (Siemsen, Roth & Balasubramanian, 2008), and use of social media (Leung and Bai 2013). In the sales context, the MOA framework has been used to explore salesperson behaviors in the use sales leads (Sabnis et al. 2013), and salesperson cross-selling and up-selling behaviors (Johnson and Friend 2015), among others.

Motivation in the MOA framework refers to an individual's desire and readiness to engage in a behavior (McInnis et al. 1991, Siemsen et al. 2008). Motivation is a central construct in the sales literature and has been used to examine its influence on salesperson role perceptions (Miao and Evans 2007), effort (Jaramillo and Mulki 2008), adaptive selling behaviors (Jaramillo et al. 2007), and several other desirable salesperson behaviors.

Opportunity refers to the extent to which individuals view a situation as being conducive to engaging in certain behaviors (Johnson and Friend 2015), and the frequency in which they have a chance to engage in such behaviors. Ability refers to the extent that an individual has the requisite knowledge and skills to engage in desired behaviors (McInnis e al. 1991, Siemsen et al. 2008, Johnson and Friend 2015).

The MOA framework is well established in the literature, and empirical findings have shown MOA variables leads to desired behaviors in various contexts. Hence, using MOA theory as our conceptual framework, we propose that factors influencing a salesperson's motivation, the opportunity of a salesperson to engage in desired behaviors, and a salesperson's ability, all influence a salesperson's willingness to implement sales strategy.

2.2 Sales Force Control

The goal of sales force control systems is to influence the attitudes and behaviors of salespeople to ensure their alignment with the strategic objectives of the firm (Ahearne et al., 2010). In their seminal work on sales force control, Anderson and Oliver (1987) defined a control system as "an organization's set of procedures for monitoring, directing, evaluating and compensating employees" (p. 76). They classified sales control systems as being outcome-based or behavior-based. In an outcome control system, managers set measurable performance goals often called "sales quotas" with management influencing salesperson behavior using sales incentives (i.e., commissions). Under an outcome control system, salespeople typically have wide latitude in how to achieve their sales targets with often very little involvement of sales management in how salespeople accomplish their sales goals (Miao & Evans, 2014).

On the other hand, in a behavior control system, managers are more actively involved in monitoring salespeople based on their activities that are part of the sales process (making calls, setting appointments, etc.) (Miao & Evans, 2012). The construct of behavior control was further divided into two separate dimensions: activity control and capability control (Challagalla & Shervani, 1996). With activity control, salespeople are required to engage in specific activities (making calls, sending proposals, giving sales presentations, etc.) and sales managers monitor and reward them based on how well they perform these activities (Miao & Evans, 2012). In capability control, managers set goals which require salespeople to become proficient in selling skills and abilities, and evaluate them based on how well they have developed selling skills that leads to performance (Challagalla & Shervani, 1996). Capability control involves managers coaching and giving guidance to salespeople on improving selling skills (presenting, negotiating, closing, etc.) and giving frequent feedback to salespeople based on an assessment of their performance.

Prior research on sales force control systems has examined its role in influencing salesperson behaviors in areas such as working smart (Fang, Evans, & Landry, 2005), adaptive selling and selling effort (Miao & Evans, 2013), but to the best of the authors' knowledge, there has not been any studies so far in the literature that has examined the role of sales force control systems in influencing salesperson implementation of sales strategy.

2.3 Salesperson market and technical knowledge

It has been recognized in both the academic and practitioner literature that salesperson knowledge is a major determinant of salesperson performance (Sharma, Levy, & Evanschitzky, 2007). With the transition of the role of the sales force from a transactional orientation to a focus on strategic customer relationship management (Lane & Piercy, 2004), salespeople are increasing acting as knowledge brokers and using their knowledge to co-create value with customers (Rapp et al., 2014). Salesperson knowledge is so important to salesperson success that in a recent meta-analysis of the factors that are critical to salesperson performance, salespersons' selling-related knowledge was ranked as the most important factor (Verbeke, Dietz, & Verwaal, 2011). Sales research has classified salesperson knowledge as procedural knowledge and declarative knowledge (Sharma et al., 2007; Leigh et al., 2014) A salesperson's procedural knowledge is the knowledge of the specific steps or tasks that are involved in the selling process while a salesperson's declarative knowledge is the salesperson's knowledge about facts associated with customer categories, applications of the salesperson's firm offerings and different selling contexts (Leigh et al., 2014).

Salesperson knowledge has been found to have positive effects on customer-oriented behaviors (Baldauf & Cravens, 2002), creative selling (Groza, Locander, & Howlett, 2016), and working smart behaviors (Rapp et al., 2006). Although salesperson knowledge has been found to be beneficial for many of the behaviors required of salespeople, there is no consistent measurement of salesperson knowledge in the literature (Groza et al., 2016). In this study, we adopt the conceptualization of Agnihotri et al. (2013) as it is the operationalization of salesperson knowledge that is the most consistent with our theorizing.

3. Hypotheses Development

3.1 Sales force control systems on salesperson market and technical knowledge

Previous research has found salesforce control systems has a positive effect on salesperson motivation (Mallin & Pullins, 2009; Miao & Evans, 2012). Salesperson motivation can affect their desire and willingness to pursue goals. When salespeople are motivated to achieve organizational goals, they are more likely to take the time to learn what is required to accomplish those goals. Sales force control has been found to be a motivating factor in ensuring salespeople gain the knowledge that is required for success (Miao & Evans, 2012; Kohli, Shervani, & Challagalla 1998). Although, salesperson knowledge has been acknowledged as a prerequisite for selling success, most of the previous studies in the extant literature did not consider the effects of the *type* of salesperson knowledge. Salesperson knowledge can come in different forms including; product knowledge, organizational knowledge, market knowledge, knowledge of selling techniques, and technical knowledge. Salesperson market knowledge is a salesperson's knowledge of customers' preferences, competitive offerings, and competitor actions, while technical knowledge is a salesperson knowledge of their firm's offerings and its applications (Agnihotri et al., 2013).

Prior research has demonstrated the positive effects of outcome control on salesperson knowledge. As, selling-related knowledge is an important predictor of selling success (Verbeke et al., 2011), outcome control can ensure ssalespeople learn about different industries and how to differentiate the products they sell from the products of competitors (market knowledge) as well as the specific uses of his/her firm's products in different customer segments (technical knowledge).

On the contrary, under a behavior control system, where managers direct salesperson behaviors and monitor them to ensure they perform specific tasks (Jaramillo, Bande, & Varela, 2015), salespeople are apt to become proficient in those tasks, but will not necessarily learn any new information above and beyond those that tasks managers ask them to focus on. Therefore, salespeople under behavioral control tend to gain procedural knowledge at the expense of declarative knowledge. Since market and technical knowledge can be classified as declarative knowledge (Leigh et al., 2014), behavioral control can be detrimental to a salesperson's market and technical knowledge. Hence,

H1: Outcome control has a positive effect on salesperson market and technical knowledge.

H2: Behavior control has a negative effect on salesperson market and technical knowledge.

3.2 Sales force control systems on salesperson implementation of sales strategy

A salesperson's motivation often influences and determines the behaviors that salespeople engage in and the goals they pursue. Salesperson motivation has typically been classified as being intrinsic or extrinsic (Miao, Evans and Zou 2007). Sales force control can influence both types of motivation with behavior control influencing a salesperson's intrinsic motivation, and outcome control influencing a salesperson's extrinsic motivation (Oliver and Anderson 1994).

Under outcome control, salespeople typically receive incentive compensation based on the achievement of sales targets (Anderson & Oliver, 1987). Since salespeople under outcome control are compensated on outcome rather than process, salespeople are likely to focus on achieving sales goals and may place less emphasis on the types of customers they target to reach their goal. They are also likely to have a short-term focus (Anderson & Oliver 1987), and may choose customers based on their willingness to purchase rather than if they are an ideal fit for the firm's products. When salespeople are less selective in the type of customers they target, they are liable to target customers whose profiles are not necessarily a match with the firm's strategic positioning (Edinger, 2016; Cespedes & Thompson, 2015). Salespeople are also likely to be less willing to invest the time to nurture relationships because their customer selection criteria may be based on customers they think will “close” in the shortest time frame.

Alternatively, under a behavior control system, managers specify which activities salespeople are to perform and monitor them to evaluate how well they perform the specified activities. Therefore, managers can instruct salespeople on what customer segments to focus their selling efforts on, which customers within those segments to prioritize, and what actions salespeople should take to develop relationships with buyers. Consequently,

H3: Outcome control system has a negative effect on salesperson implementation of sales strategy.

H4: Behavior control system has a positive effect on salesperson implementation of sales strategy.

3.3 Salesperson experience on salesperson implementation of sales strategy

In the MOA framework, opportunity represents the availability of time and a context suitable to performing specified activities (McInnis et al. 1991). As salespeople gain experience, they have more opportunities to practice and adapt their selling methods. As salesperson experience increases, they become more knowledgeable about how the products and services they sell can best meet the needs of various customer segments. Experienced salespeople also get more opportunities to learn and ascertain which customer groups or industries are a suitable fit for their firm’s offerings. Therefore, they will become more efficient in their selling approaches when they focus their efforts on these ideal potential customers. Additionally, the increased exposure to the market that experienced salespeople have obtained when compared to less experienced salespeople, helps them to know which selling approach to use for various types of customers and when to change and adapt their approach. Therefore,

H5: Salesperson experience has a positive effect on salesperson implementation of sales strategy.

3.4. Salesperson market and technical knowledge on salesperson implementation of sales strategy.

Previous research using MOA theory has defined ability as the knowledge and skills required to perform specified behaviors (Johnson & Sohi, 2016, Sabnis et al., 2013). When salespeople have market and technical knowledge, they are able to work smarter by planning and organizing their activities in a way that they are more efficient in their selling efforts and sales approaches (Rapp et al., 2006). They work smarter by knowing the advantages and disadvantages of their firm's products as it relates to competitive offerings and know which customer segments are a best fit for what they sell *vis-à-vis* competitor products. Salespeople who are knowledgeable about their firm's products and their applications, can devise creative solutions to customer problems (Agnihotri et al., 2013), and help them know which solutions are suitable for different customer segments. Hence, when salespeople use their market and technical knowledge as a basis for selecting types of customers, prioritizing among targeted customers and adopting different selling approaches, they are implementing sales strategy. Hence,

H6: Salesperson market and technical knowledge has a positive effect on salesperson implementation of sales strategy.

3.4 Salesperson implementation of sales strategy on salesperson performance

Salespeople implement sales strategy by segmenting customers, prioritizing among customers based on their potential value to the firm, and using selling approaches that are aligned with customers' needs. Prior research has shown that customer segmentation helps salespeople to have a better understanding of customers by grouping customers with similar needs and tailoring their sales approach to each customer segment based on their needs (Terho et al., 2015). Customer prioritization helps salespeople become more efficient in their selling efforts by allocating their time in such a way that it focuses on customers who represent the greatest value to the salesperson's firm (Panagopoulos & Avlonitis, 2010). Finally, when salespeople adopt selling models ranging from transactional to consultative selling models that are aligned with customer preferences, salespeople are in a better position to co-create value (Rackham & DeVincentis, 1999). As sales strategy has been found to have positive effects on firm performance (Panagopoulos & Avlonitis, 2010), it should also result in favorable sales outcomes for salespeople when practiced as part of their daily activities. Hence,

H7: Salesperson implementation of sales strategy has a positive effect on salesperson performance.

3.5 Mediation effects

Most of the previous studies in the literature has focused on the main effects of outcome control and behavior control on salesperson performance (Miao & Evans, 2014), with very little attention paid to the processes through which sales force control impacts salesperson performance. The goal of sales force control systems is to influence salespersons' behaviors that lead to performance. Sales managers train and coach their salespeople on effective selling techniques and behaviors which salespeople then practice. Sales strategy and its implementation is one behavior that salespeople learn directly or indirectly through sales force control and it can help them improve their performance. Hence, H8a: The effect of outcome control on salesperson performance is mediated by salesperson implementation of sales strategy.

H8b: The effect of behavior control on salesperson performance is mediated by salesperson implementation of sales strategy.

3.6 Moderated mediation effects

As salesperson implementation of sales strategy is one process through which sales force control can impact salesperson performance, salesperson experience is a contingency factor that can determine the level of effectiveness of sales force control on salesperson performance. Although salespeople can learn through sales force control, what they put into practice can vary by the level of their sales experience (Ahearne et al., 2010). Under outcome control, salespeople are usually given discretion in how they perform their jobs to accomplish sales targets. Since experienced salespeople have developed more elaborate knowledge structures on approaches to selling than less experienced salespeople (Ahearne et al., 2010), they will usually implement sales strategy because their experience has shown them it to be an effective approach to selling, and an outcome control system gives them the freedom to perform sales activities as they see fit.

On the other hand, with behavioral control, managers specify the activities that salespeople should practice, and monitor them to ensure compliance. Behavioral control is often associated with “micromanaging,” and while it may be beneficial, particularly for less experienced salespeople who are still learning, more experienced salespeople may chafe at its requirements. Hence, experienced salespeople may develop psychological reactance (Brehm 1966) towards behavioral control, and may exhibit their reactance by not always following managerial directives when it comes to implementing sales strategy. Consequently, H9a: The indirect effect of outcome control on salesperson performance through salesperson implementation of sales strategy increases as salesperson experience increases.

H9b: The indirect effect of behavior control on salesperson performance through salesperson implementation of sales strategy decreases as salesperson experience increases.

4. Method

4.1 Sample

To increase the generalizability of our findings, we used a sampling frame consisting of salespeople from various industries and organizations of different sizes. To access a diverse sample of salespeople, a list of U.S. based B2B salespeople was procured from a commercial B2B data provider. An e-mail with an embedded link to an online survey was sent to a randomly selected sample of 3000 salespeople from the list. Salespeople were offered a chance to win one of ten $25 restaurant gift certificates as well as the summary of the study's findings in exchange for their participation. 322 salespeople accessed the online survey site, and 207 salespeople started the survey for an effective response rate of 6.9%. Of the 207 salespeople who started the survey, 17 did not complete all survey items and were dropped leaving a final sample size of 190 salespeople. The demographic characteristics of the sample were as follows: 68% were men, ages ranged from 25 years up to over 65 years with a mean age of approximately 49 years (*SD* = 9.4). Approximately, 76% of the salespeople in the sample had a bachelor's degree or higher. The average number of years of sales experience was 12.5 years (*SD* = 3.2). Salespeople in the sample came from various industries: business/professional services (19.9%), financial services (5.3%), computer/information technology/software (27.9%), healthcare/pharmaceutical (3.7%), publishing/media (13.7%), manufacturing (6.8%), telecommunications (5.8%), and other (16.9%).

4.2 Measures

Existing scales in the literature were used in this study. The sales strategy dimensions of customer segmentation, customer prioritization, and selling models were measured using thirteen items from the Panagopoulos and Avlonitis (2010) sales strategy scale. The items were adapted and reworded to reflect the activities practiced by individual salespeople. Five items, each measuring outcome control, activity control, and capability control, were adapted from Miao and Evans (2014). Three items measuring salesperson market and technical knowledge were adapted from Agnihotri et al. (2013). Salesperson experience was measured using a single item of number of years in the sales profession. Salesperson performance was operationalized as salespersons' sales performance and measured using five items adapted from Terho et al. (2015). Finally, three items from the resistance to change scale (Oreg, 2003) were used as a marker variable to determine if common method variance may be a factor. Age, gender, and firm size were used as controls. All constructs, except sales experience and the control variabes, were measured on a 7-point Likert-type scale.

4.3 Measurement Model

To assess the reliability and validity of the constructs used in this study, indicator analysis was conducted. Since the model includes both reflective and formative constructs, indicator analysis was evaluated separately for the reflective and formative constructs. Indicator analysis for the reflective measures showed outer loadings for all indicators exceeded the recommended 0.70 threshold (Hair et al., 2014), demonstrating convergent validity. Cronbach's Alpha and composite reliability scores for the reflective measures were also above the recommended score of 0.70 (Hair et al., 2014). Construct items and their loadings, as well as the Cronbach's Alpha and composite reliability for each construct, are listed in Table 3-1. Discriminant validity was assessed in two ways. First, the square root of each construct’s AVE scores for each construct exceeded its correlation with any other construct (Fornell & Larcker, 1981). Second, the heterotrait-monotrait (HTMT) ratios for all pairs of reflective constructs were below the recommended level of 0.85 (Henseler, Ringle, & Sarstedt, 2015). The correlations between constructs and the results of the validity checks are shown in Table 3-2.

To assess the reliability and validity of the only formative construct used in this study (salesperson implementation of sales strategy), collinearity and relevance of the indicators were examined (Hair et al., 2014). To determine if collinearity exists, each indicator was regressed against all other indicators in each subscale, and variance inflation factor (VIF) scores were calculated. VIF scores for all indicators were below the threshold of 5, indicating collinearity is not a problem (Hair et al., 2014). To determine the relevance of each indicator, their outer loadings were examined. Four out of the thirteen indicators’ loadings were below the recommended level of 0.70 and were dropped (Hair et al., 2014).

4.4 Structural Model

Partial least squares (PLS) analysis was used to examine the relationships among the constructs using SmartPLS 3 software (Ringle, Wende, & Becker, 2015). PLS-based structural equation modeling (PLS-SEM) was chosen over covariance-based structural equation modeling (CB-SEM) because PLS-SEM easily handles models that include both reflective and formative constructs, while it is difficult to achieve model estimation in CB-SEM with models that includes reflective and formative constructs (Hair et al., 2014).

When data is collected from a single source, there is a potential for common method bias which can increase or attenuate the correlations between constructs (Cote & Buckley, 1987). To control for common method bias, we used the marker variable approach to isolate and remove any variance due to the common method of measurement (Rönkkö & Ylitalo, 2011). Two models were evaluated, one model including the marker variable and another model without the marker variable. In both models, salesperson sales strategy implementation and behavior control were modeled as second-order factors, with the dimensions of each construct used as indicators in the structural model (Hair et al., 2014). The path coefficients in both models are similar, indicating that common method bias is not a concern.

The results of the PLS analysis is shown in Table 3-3. The PLS path analysis results shows that outcome control has a positive effect on salesperson market and technical knowledge ($\beta = 0.44$, $p < 0.001$) in support of H1. On the other hand, behavioral control has a negative effect on salesperson market and technical knowledge ($\beta = -0.31$, $p = 0.001$), providing support for H2. The hypothesized negative effects of outcome control on salesperson implementation of sales strategy was not found ($\beta = 0.13$, $p = 0.38$), therefore, H3 was not supported. A positive effect of behavior control on salesperson implementation of sales strategy was found ($\beta = 0.26$, $p < 0.01$), corroborating H4. Sales experience was found to be positively related to salesperson implementation of sales strategy, ($\beta = 0.23$, $p < 0.01$), supporting H5 Similarly, salesperson market and technical knowledge had a positive effect on salesperson implementation of sales strategy ($\beta = 0.18$, $p = 0.01$) in support of H6. The PLS results also shows that salesperson implementation of sales strategy has a positive and significant effect on salesperson performance ($\beta = 0.31$, $p < 0.001$), providing support for H7.

The PLS analysis demonstrates that outcome control, behavior control, and salesperson market and technical knowledge account for 23% of the variance in salesperson implementation of sales strategy. Salesperson implementation of sales strategy explains 17% of the variance in salesperson sales performance.

To test the mediation and moderated mediation effects, we used the PROCESS macro for SPSS developed by Hayes (2013). Current methods of mediation tests rely only on the indirect effects of an independent variable on the dependent variable through a mediator. Evidence for mediation exists when the confidence interval of bootstrapped samples does not contain zero (Hayes & Rockwood, 2016). We examined how salesperson implementation of sales strategy mediates the effects of outcome control and behavior control on salesperson performance. In Table 3-4, the bootstrapping results show the indirect effects of outcome control on salesperson performance is positive and significant (95% CI = .03 to .14). Similarly, the indirect effects of behavior control on salesperson performance is also positive and significant (95% CI = .03 to .13), providing support for H8a and H8b.

To determine if the indirect effects of sales force control on salesperson performance through salesperson implementation of sales strategy varies by sales experience, we tested for moderated mediation using the index of moderated mediation (Hayes, 2015). Support was not found for the positive moderating effect of sales experience on the indirect effect of outcome control on salesperson performance (95% CI = -.07 to .01). However, sales experience moderated the indirect effect (95% CI = -.13 to -.02) of behavior control on salesperson performance, and its effect was negative. Therefore, H9a was not supported, but support was found for H9b.

6. Implications for Theory and Practice

6.1 Implications for theory

The main objectives of this study were to examine the performance impact of salesperson implementation of sales strategy and the role of managerial control systems in influencing salesperson implementation of sales strategy. Grounding our study in MOA theory, we show that when salespeople align their activities with the firm's strategic positioning by implementing sales strategy, it has a positive impact on their sales performance. This study contributes to the literature in three ways. First, this study answers the call for more research into the drivers or "chain of effects" of how sales strategy implementation affects performance (Panagopoulos & Avlonitis, 2010). We show that behavior control and salesperson market and technical knowledge have positive effects on salesperson implementation of sales strategy. While outcome control did not have a direct impact on salesperson implementation of sales strategy, it had an indirect effect through salesperson market and technical knowledge. Since sales force control systems have differential effects on salesperson implementation of sales strategy, this research confirms prior studies that demonstrate the beneficial outcomes of hybrid control systems (Miao & Evans, 2012; Miao & Evans, 2014).

Second, our study identifies salesperson implementation of sales strategy as a mediator of the relationship between outcome control, behavior control, and salesperson performance. Although the relationship between sales force control systems and performance has been studied extensively in the extant literature, very few studies have identified mediators of the relationship or tested for their mediating effects. Additionally, we show that sales experience has a negative effect on the indirect effect of behavior control on sales performance. This suggests that behavioral control may be a less effect sales force control system for more experienced salespeople.

Finally, we extend the findings of Panagopoulos and Avlonitis (2010) by examining sales strategy at the salesperson level. Our results show a positive relationship between salesperson implementation of sales strategy and sales performance. This suggests that sales strategy and its implementation should not be limited to sales management, but it should also be communicated to the sales force as well to make them more effective and efficient in their selling activities.

6.2 Implications for practice

Our findings of a positive relationship between salesperson implementation of sales strategy and salesperson performance have several implications for managers. First, our results highlight the importance of sales force control in aligning the activities of the sales force with organizational goals. When sales managers use behavioral control to specify which types of customer accounts that salespeople should target in their prospecting efforts, how to prioritize among targeted accounts based on potential value, and which selling approach (i.e., transactional, consultative, or enterprise selling) may be most effective for each targeted customer segment, their salespeople will become more strategic in their selling efforts. We also find that although behavior control may help salespeople implement strategy, it can also inhibit their knowledge acquisition. Another drawback of behavioral control is it will be less effective with more experienced salespeople who may have already learned about the industry and the use of sales strategy, and are therefore likely to resent the use of behavioral control by sales managers.

On the other hand, when sales managers use outcome control, salespeople are likely to have more freedom in how they perform their jobs. When salespeople are intrinsically motivated to accomplish their goals, they are likely to take the initiative to learn what it takes to be successful. With outcome control having a positive effect on salesperson motivation and knowledge (Miao & Evans, 2012), outcome control is also useful for salesperson implementation of sales strategy. The contrasting effects of outcome control and behavior control on salesperson market and technical knowledge and salesperson implementation of sales strategy suggests managers can achieve better outcomes when they incorporate both control approaches. A suitable approach for sales management may be to adopt a hybrid approach to sales force control, incorporating both outcome control and behavioral control.

A second implication of this study for managers is the relevance of a salesperson's market and technical knowledge for sales strategy implementation. With recent industry research finding one of the greatest selling challenges faced by salespeople is identifying target accounts (Richardson, 2016), sales managers should develop an ideal customer profile and communicate that profile with the sales team. When salespeople know which customer segments are a good fit for the products offered by their firm and the advantages or disadvantages of their firm's offerings with respect to competitive offerings, they will be more effective in implementing sales strategy and improving their performance.

A third implication of our findings is the negative effect of salesperson experience on the indirect relationship between behavioral control and performance. To avoid demoralizing experienced salespeople through the use of behavioral control, managers should adopt a hybrid managerial control system that with an emphasis on behavioral control for less experienced salespeople, and an emphasis on outcome control for more experienced salespeople.

Finally, this study shows a positive effect of salesperson sales strategy implementation on sales performance. When salespeople are strategic in their approach to selling, they are likely to achieve superior selling outcomes than if they were less discriminating in the types of customers they sold to. When salespeople sell to all types of customers regardless of fit, they are more likely to sell at a discount which reduces profitability (Edinger, 2016). Customer retention is also likely to suffer since customers may be purchasing based on price rather than value. Therefore, when sales management encourages their sales teams to practice sales strategy, selling volume, profitability, and customer retention are likely to increase which should have a positive effect on firm performance.

7. Limitations and Future Research

A few limitations temper the results found in this study. First, the data collected from this study was cross-sectional in nature. Data collected from a single point in time might not fully account for the effects of sales strategy implementation whose effects can change over time. Future studies on sales strategy implementation should endeavor to collect longitudinal data to provide a fuller view of the effects of sales strategy implementation on various outcome measures.

Since one of the goals in this study was to examine the antecedents and performance outcomes of salesperson implementation of sales strategy and to have a more parsimonious model, sales strategy implementation was operationalized as a second order factor consisting of customer segmentation, customer prioritization, and selling models. Although we did find evidence of a positive relationship between salesperson implementation of sales strategy and salesperson performance, the relative contribution of each dimension to performance was obscured due to the aggregation of the dimensions into one sales strategy construct. Albeit our use of an aggregated measure of sales strategy is consistent with prior literature (Panagopoulos & Avlonitis, 2010), the effects of sales force control on each dimension of sales strategy are still not fully understood. Future research should examine how sales force control systems or other antecedents of sales strategy affects the various dimensions of sales strategy.

Finally, the sample used in this study consisted of salespeople with different job descriptions and from different industries. Although this illustrates the benefits of sales strategy implementation across industries and job types, it does not show the contextual effects of sales job type or industry. For instance, the customer segmentation dimension of sales strategy may be more relevant for business development representatives who primarily focus on prospecting than for strategic account managers who mainly sell to and manage existing accounts. Therefore, future research should examine how the various dimensions of sales strategy may vary in importance depending on sales job type. Also, future studies should explore boundary conditions such as industry type, customers with complex needs versus simple needs, and environmental factors and their effects on the sales strategy-performance relationships.

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TABLES AND FIGURES

Table 3-1 – Construct Items and Loadings

Construct Name and Indicators	Indicator loadings
Salesperson Implementation of Sales Strategy (adapted from Panagopoulos and Avlonitis, 2010) **(formative measure)**	
To what extent do the following statements describe what you practice as part of your sales activities **(1= not at all; 7 = to a very great extent)**	
Customer Segmentation	
I identify prospective customer groups based on the expected lifetime value/profitability of each customer to the firm. **(dropped)**	0.39
I identify specific customer groups based on the customers' demographic characteristics (firm size, location, industry etc.) **(dropped)**	0.64
I identify specific customer groups based on their buying behavior **(dropped)**	0.63
I identify specific customer groups based on the customers' uses/applications of our products/services.	0.72
I identify specific customer groups based on the benefits that they expect from buying our products/services.	0.91
I identify specific customer groups based on the value that they expect to receive from buying our products/services.	0.92
Customer Prioritization	
I prioritize customers that I have identified based on their expected importance to the firm. **(dropped)**	0.46
I target my selling efforts to different customers.	0.75
I develop specific selling strategies for each targeted customer.	0.90
Selling Models	
I set different relationship objectives for different customers.	0.83
I use different selling models (approach towards selling) when selling to different customers.	0.77
When I set relationship objectives and develop selling models (approach toward selling), for a customer, I consider the customer's preferences.	0.80
When I set relationship objectives and develop selling models (approach toward selling), I consider the costs and value associated with each customer.	0.72
Behavior Control	
Activity Control (adapted from Miao and Evans 2014)	
Cronbach's Alpha = 0.87, CR = 0.91 (1 = strongly disagree, 7 = strongly agree)	
My manager informs me about the sales activities I'm expected to perform.	0.86
My manager monitors how I perform required sales activities.	0.84
My manager informs me on whether I meet his/her expectations on sales activities.	0.89
My manager readjusts my sales activities when necessary.	0.73
I would be recognized by my manager if I perform sales activities well.	0.74
Capability Control (adapted from Miao and Evans 2014)	
Cronbach's Alpha = 0.91, CR = 0.93 (1 = strongly disagree, 7 = strongly agree)	

My manager periodically evaluates the selling skills I use to accomplish a task	0.86
My manager provides guidance on ways to improve my selling skills and abilities.	0.86
My manager evaluates how I make sales presentations and communicate with customers.	0.90
My manager assists me by illustrating why using a particular sales approach may be effective.	0.87
I would be commended if I improve my selling skills.	0.78
Outcome Control (adapted from Miao and Evans 2014)	
Cronbach's Alpha = 0.91, CR = 0.93 (1 = strongly disagree, 7 = strongly agree)	
My manager tells me about my expected level of achievement on sales volume or market share targets.	0.87
My manager monitors my performance on achieving sales volume or market share targets.	0.90
I receive frequent feedback on whether I am meeting expected achievement on sales volume or market share targets.	0.88
My manager ensures that I am aware of the extent to which I attain sales volume or market share targets.	0.90
I would be recognized by my manager if I perform well on sales volume o market share targets.	0.72
Salesperson Market and Technical Knowledge (adapted from Agnihotri et al., 2013)	
Cronbach's Alpha = 0.78, CR = 0.87 (1 = strongly disagree, 7 = strongly agree)	
I am knowledgeable about our company and its products.	0.81
I am knowledgeable about the market (customers' preferences, competitors' actions, industry trends etc.)	0.84
I am knowledgeable about the specifications and applications of our products/services.	0.85
Sales Performance (adapted from Terho et. al., 2015)	
Cronbach's Alpha = 0.96, CR = 0.97 (1 = much worse, 7 = much better)	
Compared with other salespeople working in your company, how would you evaluate your overall performance with regard to the following:	
Achieved sales in the last 12 months?	0.95
Achieved orders in the last 12 months?	0.96
Achieved Closing ratio in the last 12 months?	0.94
Achieved total contribution margin in the last 12 months?	0.91
Met or exceeded the sales quota assigned to me.	0.89
Resistance to Change – Routine Seeking (adapted from Oreg, 2003)	
Cronbach's Alpha = 0.77, CR = 0.79 (1 = strongly disagree, 7 = strongly agree)	
I generally consider change to be a negative thing.	0.98
I'll take a routine day over a day full of unexpected events any time.	0.61
I like to do the same old things rather than try new and different ones.	0.60

CR = Composite Reliability

Table 3-2 – Correlation Matrix

	1	2	3	4	5	6	7	8	9	10
1. Behavior Control	**.93**									
2. Outcome Control	.73**	**.85**								
3. Salesperson Market & Technical Knowledge	.08	.22**	**.83**							
4. Salesperson Implementation of of Sales Strategy	.23**	.30**	.18*	-						
5. Sales Performance	.01	.11	.36**	.28**	**.93**					
6. Sales Experience	-.05	.07	.12	.25**	0.13	1				
7. Age	-.11	-.07	.06	.10	-.02	.57**	1			
8. Gender	-.12	-.13	.09	.01	.15*	-.17*	-.02	1		
9. Firm Size	.23**	.39**	-.01	.11	.04	.17*	-.06	-.15*	1	
10. Resistance to Change	.09	.06	-.14*	-.03	.10	.07	-.05	-.20*	.13	**.75**
Mean	4.94	5.27	6.39	5.32	5.42	12.5	49.21	-	4.16	2.92
Standard Deviation	1.17	1.26	0.60	0.82	1.23	3.2	9.4	-	1.90	1.13

**Correlations significant at $p \leq 0.05$, ** Correlations significant at $p \leq 0.01$. Square roots of average variance extracted (AVE) shown on diagonal for reflective constructs.*

Table 3-3 – PLS Results

Hypothesis	Independent	Dependent	Hypothesized Model	CMB Corrected Model	Results
HI (+)	Outcome Control	Salesperson Market and Technical Knowledge	.44**	.44**	Supported
H2 (-)	Behavior Control	Salesperson Market and Technical Knowledge	-.31**	-.31*	Supported
H3 (-)	Outcome Control	Salesperson Implementation of Sales Strategy	.11	.11	Not Supported
H4 (+)	Behavior Control	Salesperson Implementation of Sales Strategy	.26*	.26*	Supported
H5 (+)	Salesperson Experience	Salesperson Implementation of Sales Strategy	.23*	.23*	Supported
H6 (+)	Salesperson Market and Technical Knowledge	Salesperson Implementation of Sales Strategy	.18*	.18*	Supported
H7 (+)	Salesperson Implementation of Sales Strategy	Sales Performance	.32**	.31**	Supported

*CMB Corrected Model includes marker variable. * Paths significant at $p \leq 0.05$, ** Paths significant at $p \leq 0.001$.*

<u>Table 3-4 – Mediation and Moderated Mediation Results</u>

Hypothesis	Hypothesized Paths	Coefficient	SE	LLCI	ULCI	Results
H8a (+)	OC on SP via SISS	.08	.02	.03	.14	Supported
H8b (+)	BC on SP via SISS	.07	.02	.03	.14	Supported
H9a (+)	OC on SP via SISS moderated by SEXP	-.02	.02	-.07	.01	Not Supported
H9b (-)	BC on SP via SISS moderated by SEXP	-.06	.03	-.13	-.02	Supported

LLCI = Lower limit confidence interval. ULCI = Upper limit confidence interval. Bootstrapping results based on a 95% confidence interval with 5000 bootstrap samples. OC = Outcome Control, BC = Behavior Control, SP = Sales Performance, SISS = Salesperson Implementation of Sales Strategy, SEXP = Sales Experience

Figure 3-1

The Moderating Role of Sales Experience on the Indirect Effect of Behavior Control on Sales Performance through Salesperson Implementation of Sales Strategy

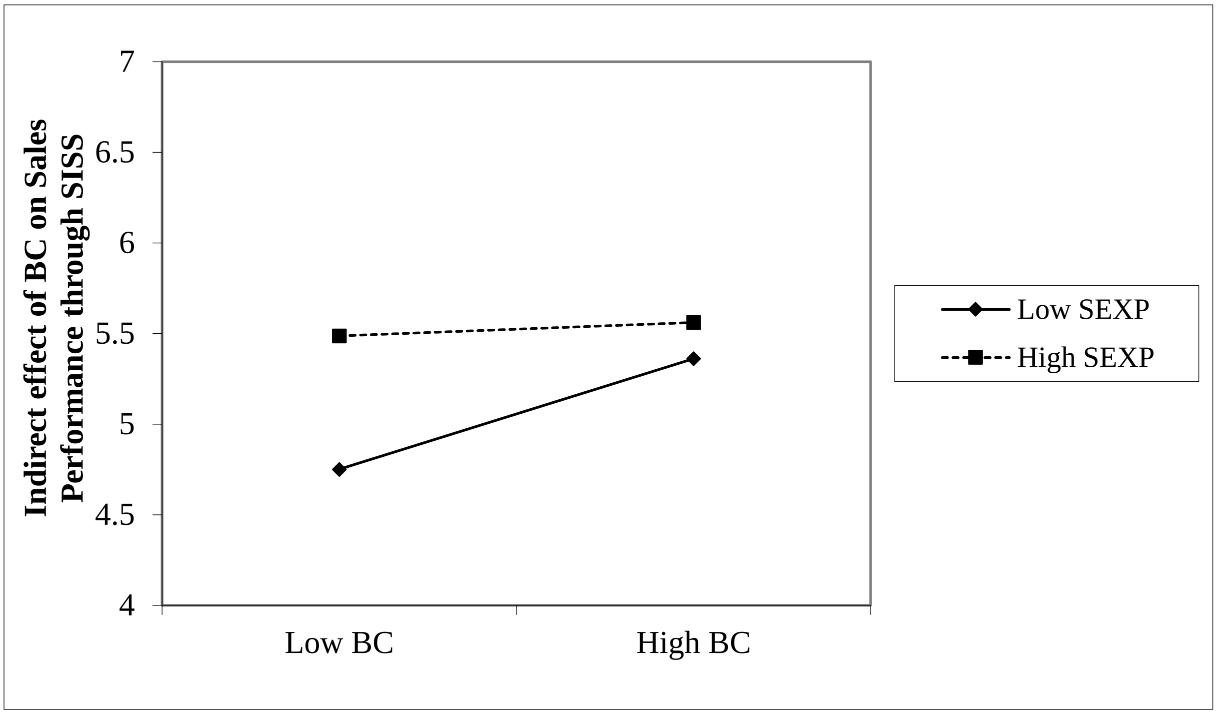
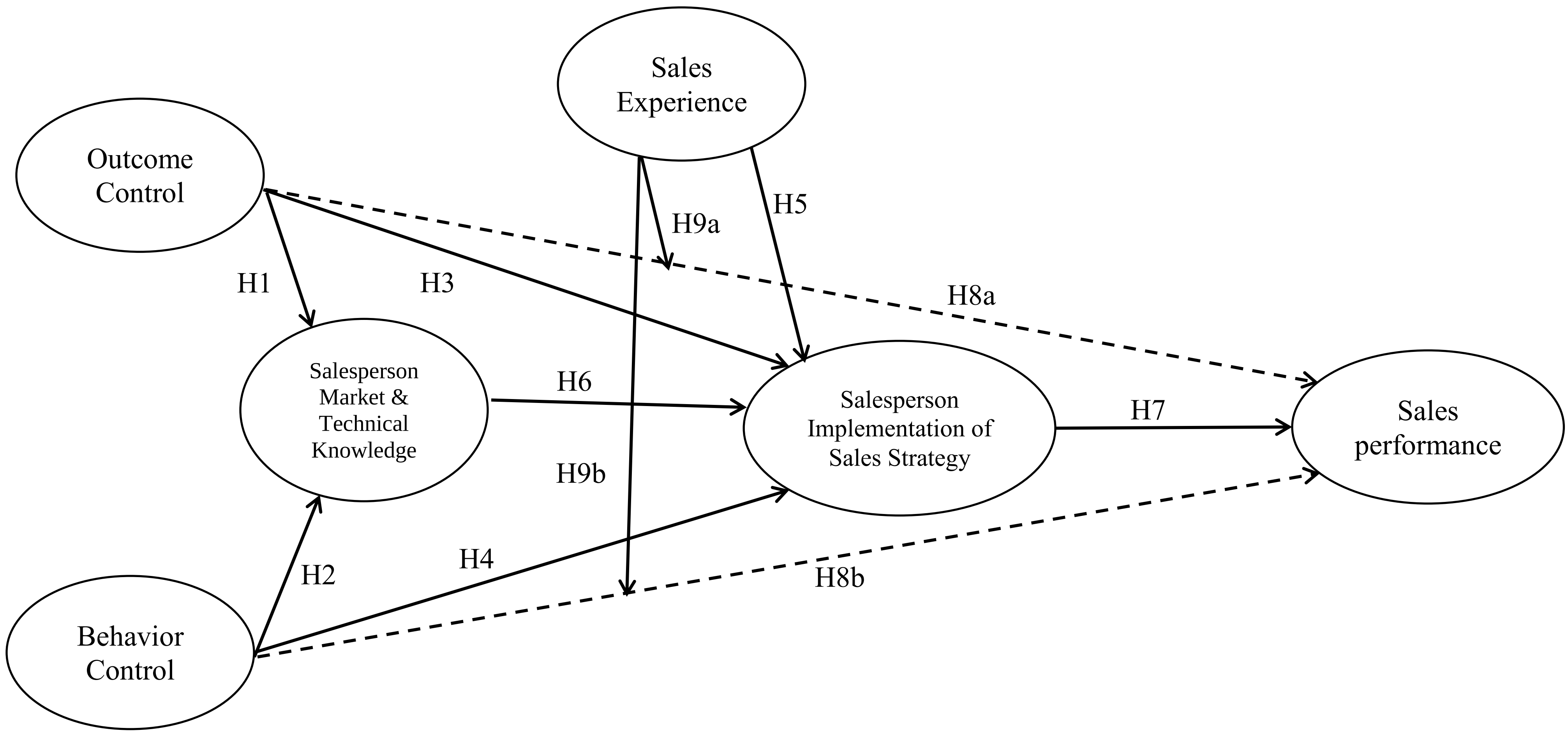


Figure 3-2 – Conceptual Model



Direct Effects:

Indirect Effects:

Chapter 4

The Role of Manager Leadership Style in Salesperson Implementation of Sales Strategy: A Contingency Perspective

Introduction

Middle managers, such as sales managers, play an important role in organizational strategy implementation because they serve as a link between top management whom they report to and the employees they supervise (Floyd and Wooldridge, 1992; Noble and Mokwa, 1999; Lam *et al.*, 2010). Overall firm strategy is typically formulated by top management in many organizations, with implementation left up to middle managers (Floyd and Wooldridge, 1997; Rouleau and Balogun, 2011). Middle managers facilitate strategy implementation by motivating the employees they supervise to execute the firm's strategic plans. Hence, middle managers are vital to implementation success as one of the barriers to strategy implementation is lack of employee commitment (Noble and Mokwa, 1999).

Although leaders such as sales managers are critical to the successful implementation of organizational strategy, leaders are also one of the leading causes of strategy implementation failures (Beer and Eisenstat, 2000). This suggests that it is not the *mere presence* of a leader that is required for strategy implementation success, but a leader that possesses the requisite leadership skills and leadership style that can ensure the firm's strategy is implemented successfully.

A study by the consulting firm, PricewaterhouseCoopers, found many organizations are not achieving the performance outcomes of their strategic plans (PwC, 2014). At the functional level of the sales force in organizations, recent industry research suggests a disconnect between the activities of the sales force and organizational strategy (Edinger, 2016; Cespedes and Thompson, 2015). Therefore, an examination of how leaders can influence subordinate behaviors to ensure organizational strategic initiatives are implemented successfully can shed more light on how to minimize the strategy-to-performance gap (Mankins and Steele, 2005). Previous research has showed that management leadership style is an important predictor of strategy implementation success (Hakonsson *et al*., 2012). Although previous research has examined the role of leadership style on strategy implementation success, to the best of the authors' knowledge, no previous study has examined the role of leadership style on salesperson implementation of strategy. The sales force plays an important role in strategy implementation and of the organizational roles germane to implementing strategy, the sales role is likely one of the most important (Terho *et al*., 2015), particularly in a business-to-business context. Salespeople in their roles as boundary spanners place them at the center of executing organizational strategic plans. Although salespeople are important to strategy implementation, they do not always implement strategy because they are instructed to (Johnson and Sohi, 2016).

In sales leadership research, transformational and transactional leadership styles are two of the most commonly researched leadership styles. Since the seminal work of Mackenzie and his colleagues (2001) examined the role of transformational and transactional leadership on salesperson behaviors and performance, there has been multiple studies on the effects of these leadership styles on salesperson behaviors and performance outcomes (Schmitz and Ganesan, 2014; Shannahan *et al*., 2013; Shwepker and Good, 2013). Previous meta-analyses comparing the effects of transformational and transactional leadership have generally found transformational leadership to have stronger effects on employee attitudes, behaviors, and performance than transactional leadership (Judge and Piccolo, 2004; Wang *et al.,* 2011).

However, most studies on the effects of leadership styles on subordinate behaviors and performance have neglected to consider the role of the external environment on the effectiveness of leadership style (Yukl, 2012). Leadership researchers have begun to realize that leadership does not operate in a vacuum and the effectiveness of a particular leadership style often depends on environmental factors and situational variables (Hargis *et al*., 2011; Yukl, 2012). Therefore, one of the goals of this study is to examine which type of leadership style of sales managers is the most effective in getting salespeople to implement sales strategy, taking into consideration the role of the competitive environment.

This study makes three contributions to the literature. First, to the best of the authors' knowledge, this study is one of the first studies to empirically examine the effects of managers' leadership styles on salesperson implementation of sales strategy. When the sales force can implement sales strategy effectively, it can have a positive impact on firm performance (Panagopoulos and Avlonitis, 2010). Second, this study demonstrates how the effectiveness of leadership style is contingent upon the external environment that leaders operate in. This contrasts with most prior studies on leadership in which the effects of leadership style on employees' behaviors and performance are examined in the absence of contextual factors. Finally, this research examines the role of salesperson implementation of sales strategy on salesperson performance.

Theoretical Background and Hypotheses Development

Path Goal Theory

Path goal theory is one of the contingency theories of leadership that argues that leader behavior should improve the psychological well-being of employees such that employees are motivated to perform (House, 1971; House, 1996). The theory argues that leaders' styles should complement the subordinate work environment and states that "...leaders, to be effective, engage in behaviors that complement subordinates' environments and abilities in a manner that compensates for deficiencies and is instrumental to subordinate satisfaction and individual and work unit performance" (House, 1996, p. 323). Hence, leadership style should match the environment that subordinates' work in and should clarify to subordinates the steps necessary to achieve work goals, which in turn should increase employee intrinsic motivation and performance.

According to path-goal theory, leaders utilize two approaches to motivate employees: *initiating structure* and *leadership consideration* (Jaramillo *et al*., 2009). *Initiating* structure describes leaders who adopt a directive leadership style; they clarify for subordinates what is expected to achieve performance. The descriptive leader gives specific guidance on what employees are expected to do, what policies and procedures employees should follow to accomplish their job tasks, and uses rewards to ensure compliance (House, 1996). Leadership *consideration* characterizes leaders whose behaviors include building rapport with subordinates and showing concern for employee welfare (House, 1971). Considerate leaders utilize participative or supportive styles (House, 1996; Harris and Ogbonna, 2001). A leader with a supportive leadership style fosters a friendly work environment and uses verbal praise and encouragement to motivate subordinates towards higher performance (House, 1996; Polston-Murdoch, 2013). Leaders with a participative leadership style use a consultative approach towards managing employees and solicit employee input before making a final decision (House, 1996). Participative leaders also involve subordinates in planning and executing work unit goals, and employees are motivated to accomplish these goals since they participated in its formulation (House, 1996).

The leadership styles of path-goal theory represent task-oriented and person-oriented views of leadership behavior (House, 1996). These views are consistent with most leadership theories in which leader behavior can be classified as being “task-oriented” or “person-oriented” (Yukl, 2012). The decision to adopt a task or person oriented leadership style often depends on the situation or the environment (Polston-Murdoch, 2013). Prior research suggests that a failure to use a leadership style that is appropriate for a particular situation or environment can impact employee productivity and performance (Negron, 2008).

Sales Leadership

Sales leadership is defined as “activities performed by those in a sales organization to influence others to achieve common goals for the collective good of the sales organization and company” (Ingram *et al*., 2005, p. 137). Sales leadership activities are performed by both top management in sales organizations and sales managers who supervise salespeople. One of the main goals of research on sales leadership is to identify the characteristics of sales leaders that can influence salespeople towards higher performance (Ingram *et al*., 2005). Sales leadership has been found to have positive effects on salesperson customer orientation behaviors (Schwepker and Ingram, 2016), organizational commitment (Panagopoulos and Dimitriadis, 2009), empowerment (Martin and Bush, 2006), intrinsic motivation and sales effort (Jaramillo and Mulki, 2008). Although these previous studies have enhanced our understanding of how sales leadership leads to beneficial outcomes, the literature has not really addressed how the efficacy of a particular leadership style can vary depending on situational factors.

In research on sales leadership, the two most researched leadership styles are transactional leadership and transformational leadership (Jaramillo *et al*., 2009). Transactional leadership has been characterized as an exchange relationship in which leaders provide rewards to subordinates in return for their performance of required tasks, and the use of punishments to ensure their compliance (Bass, 1991). Transactional leaders instruct salespeople on the tasks they are expected to perform, clarifies to employees what constitutes effective and ineffective performance, and monitors subordinates to ensure job tasks are being performed adequately (Bass *et al*., 2003). Transactional leadership consists of two behaviors: contingent reward and contingent punishment (Mackenzie *et al*., 2001). Sales leaders using a transactional leadership style use contingent reward by giving salespeople verbal praise, recognition, and rewards when they achieve performance targets, and use contingent punishment by giving negative feedback to salespeople or withholding rewards when their performance is not *up to par* (Mackenzie *et al*., 2001). Transactional leadership is a task-oriented leadership style similar to the descriptive leadership style in path-goal theory and emphasizes goal accomplishment through successful execution of the activities associated with the role.

On the other end of the spectrum is transformational leadership which in contrast to transactional leadership motivates employee performance by inspiring them to adopt organizational goals as their own and to consider the interests of the organization ahead of their own interests (Bass, 1991). Sales managers adopting a transformational leadership style inspire salespeople towards performance by aligning salespeople with the strategic objectives of the firm. To ensure alignment of salespeople with the goals of the organization, transformational sales leaders share a vision of an ideal future state, using mentoring and coaching to motivate employees to work towards that future state (Boerner *et al*., 2007). Transformational sales managers also act as role models, behave in a manner consistent with the articulated vision, and encourage salespeople to go above and beyond expected behaviors (Panagopoulos and Dimitriadis, 2009). Finally, transformational sales leaders are enthusiastic, inspire confidence in subordinates in that they can achieve the goals set for them, and challenge followers to find new ways of doing things and solving problems (Martin and Bush, 2006).

Transformational leadership is a "person-oriented" leadership style in contrast to transactional leadership which is "task-oriented" (Yukl, 2012). Since both leadership styles have a different focus (extrinsic vs. intrinsic), the processes through which each leadership style influences subordinate behavior differs. Hence, transformational leadership is not a replacement for transactional leadership but rather a complement (Dubinsky *et al*., 1995). It has been suggested that transformational leadership augments the effects of transactional leadership in motivating employees (Bass, 1997), and empirical evidence for the augmenting effects of transformational leadership was provided in the study by MacKenzie *et al*. (2001).

Sales Strategy

Strategy has been defined as "a set of guiding principles that, when communicated and adopted in the organization, generates a desired pattern of decision making" (Watkins, September 10, 2007). Hence, strategy is concerned with how individuals in an organization make decisions and allocate resources to achieve organizational goals (Watkins, 2007). Strategy operates at different levels in an organization beginning with overall firm strategy, which is further delineated into strategy for the various functional units in the organization. Strategy in an organization's functional units is focused on ensuring the resources in the department are efficiently allocated towards achieving the organizational objectives of the firm. Traditionally, strategy for the sales function was subsumed under marketing strategy, with the sales force implementing strategy formulated in the marketing department (Lane, 2009). However, with the sales force playing an important role in strategic customer management, the sales force is increasingly being considered a strategic role in organizations (Geiger and Guenzi, 2009; Piercy, 2010).

In their development of a measure of sales strategy, Panagopoulos and Avlonitis (2010) defined sales strategy as “the extent to which a firm engages in a set of activities and decisions regarding the allocation of scarce sales resources (i.e., people, selling effort, money) to manager customer relationships on the basis of the value of each customer for the firm” (p. 48). The authors conceptualized sales strategy as consisting of four dimensions: customer segmentation, customer prioritization, selling models, and the use of multiple sales channels.

Although sales strategy and its dimensions were conceptualized at the functional level of the sales force in organizations (Panagopoulos and Avlonitis, 2010), the dimensions of sales strategy should also be beneficial for salespeople when practiced in their day-to-day activities. Salespeople implement customer segmentation by developing a granular taxonomy of groups of potential customers, and determining which groups of customers are a good match for their firm’s offerings. Salespeople practice customer prioritization by focusing on customers based on the potential value they represent to the firm, and allocating their time and effort towards building relationships with these types of customers. Finally, salespeople can practice selling models by adapting their selling approaches and efforts to meet the relationship expectations of customers, which can range from transactional relationships to more collaborative relationships (Panagopoulos and Avlonitis, 2010). The fourth dimension of sales strategy, the use of multiple sales channels, is not an activity that is performed by salespeople and therefore is omitted from further consideration in this study.

Transactional Leadership on Salesperson Implementation of Sales Strategy

Transactional sales leaders provide guidance to their salespeople by articulating the activities that the salespeople should engage in to achieve performance targets (Schmitz *et al*., 2014). When sales managers use rewards and punishments to incentivize salesperson behaviors, they clarify role expectations for salespeople thereby reducing role ambiguity and uncertainty (Schmitz and Ganesan, 2014). When salespeople have clarity on tasks they are supposed to perform and an understanding of what is required for success, it has a positive effect on their performance (Joshi and Randall, 2001).

Sales managers adopting a transactional leadership style closely monitor employees to ensure adherence to assigned tasks, give positive feedback when salespeople perform assigned tasks well, and negative feedback when salespeople deviate from prescribed activities (MacKenzie *et al*., 2001). Therefore, in the context of implementation of sales strategy, sales managers can inform salespeople which types of customers are the "right" types of customers' that salespeople should target, and specify the criteria salespeople should use for selecting prospective customers. Also, based on feedback salespeople receive from managers, salespeople can ascertain which types of customers they should prioritize and what selling approaches to use with different customer segments. Previous research has found that transactional leaders encourage employees to adopt specified behaviors (Schmitz and Ganesan, 2014) and has positive effects on employee task performance (Wang *et al*., 2011). Since, salesperson implementation of sales strategy are tasks that can be performed by salespeople, sales managers' transactional leadership style should influence salesperson implementation of sales strategy. Hence,

H1: Sales Managers' transactional leadership style has a positive effect on salesperson implementation of sales strategy.

Transformational Leadership on Salesperson Implementation of Sales Strategy

Transformational sales leaders inspire their salespeople towards performance by getting them to internalize organizational goals, and salespeople become motivated to achieve these goals not because of expectations of reward such as in transactional leadership, but because the goals are consistent with their values (Panagopoulos and Dimitriadis, 2009). Sales managers practice a transformational leadership style by articulating a vision, acting as role models, and fostering commitment towards group goals (MacKenzie *et al*., 2001). When transformational sales managers model the behaviors that they want salespeople to emulate, salespeople are likely to consider these behaviors as an exemplar of what they should practice. Also, through transformational leadership behaviors, sales managers can enhance salespeople's intrinsic motivation and help them to develop an understanding of how their day-to-day activities can have an impact on organizational performance (Dubinsky *et al*., 1995).

Since the transformational leadership behaviors of sales managers influence the commitment of salespeople to organizational goals (Panagoupoulos and Dimitriadis, 2009), salespeople will be motivated to learn which types of customers are a best “fit” for the firm’s products and services, and help the firm realize its revenue objectives. When sales managers share their vision of where they see the sales organization in the future, salespeople will become inspired to see the realization of the future state of the organization, and are likely to focus their efforts on potential customers that represent the greatest sources of potential value to their firm. Therefore, they will prioritize their selling efforts towards these types of customers.

Transformational sales leaders are also effective sales coaches who help their salespeople improve their knowledge, skills, and abilities (Shannahan *et al*., 2013). One important skill to the effective implementation of sales strategy is the ability to know how to adapt selling approaches to meet the relationship expectations of customers (Panagopoulos and Avlonitis, 2010). Hence, when sales managers utilize transformational leadership behaviors, it should influence the practice of the selling models dimension of sales strategy by salespeople. Based on our theorizing above, we hypothesize that:

H2: Sales Managers' transformational leadership style has a positive effect on salesperson implementation of sales strategy.

Salesperson implementation of sales strategy on salesperson performance

Salespeople implement sales strategy by practicing three of the dimensions of sales strategy: customer segmentation, customer prioritization, and the use of selling models (relationship objectives). When salespeople segment potential customers, they can develop a better understanding of the firms within those segments or industries, and know which customer groups will derive the greatest value from the firms' products and services. Although, it may seem customer segmentation should be intuitive, salespeople often do not know which customer types are ideally suited to their firm's offerings (Edinger, 2016).

Although, customers in the same segment or industry may have similar needs, firms often vary in how they assess the perceived value of supplier offerings. Some customers may highly value a selling firm's products and services and are willing to pay a premium, while others may place less of a premium on the same firm's products. Therefore, for salespeople to be truly effective in their selling efforts, they should prioritize among customers based on their assessment of customer's perceived value of the salesperson's offerings as well as the revenue potential of various potential customers. Salespeople are likely to improve their selling performance when they practice customer prioritization by effectively allocating their sales efforts towards customers with the highest revenue potential and greatest need.

Industrial buyers often have different relationship expectations from their suppliers' sales force, which can range from transactional relationships to collaborative relationships (Rackham and DeVincentis, 1999). So, when salespeople match their selling models to match the relationship expectations of customers, they are better able to satisfy customers' needs which should improve their performance. Therefore, when salespeople implement sales strategy by practicing customer segmentation, customer prioritization, and selling models, they are likely to see improved selling outcomes. Consequently,

H3: Salesperson implementation of sales strategy has a positive effect on salesperson performance.

The moderating role of competitive intensity

Competitive intensity is one of the environmental factors faced by many firms and has been defined as the level of competition that firms face in their markets (Jaworski and Kohli, 1993). The degree of competitive intensity that firms face depends on the actions of competing firms, and therefore the outcomes of the strategic actions of a given firm in a competitive market is not deterministic, but rather probabilistic (Auh and Menguc, 2005). In markets with less competition, the actions and strategies of firms are likely to have predictable outcomes and firms do not necessarily have to change their managerial processes to achieve organizational performance targets. On the other hand, in highly competitive market environments, firms must find ways to communicate the superior value of their offerings, and become innovative to differentiate themselves from the competition (Auh and Menguc, 2005). Previous studies have found the effectiveness of managerial orientations often depend on the competitive intensity of the market environment (Martin and Javalgi, 2016; Auh and Menguc, 2005). Similarly, in a sales force context, increases in competition can change the effectiveness of certain leadership behaviors on salesperson performance (Ingram *et al*., 2005). Increased competition can lead to salespeople being uncertain on how to win deals as competitors engage in price cutting and customers become increasingly sensitive to price. In such environments, leadership becomes critical to ensure salespeople stay motivated.

Transformational sales leaders have a long-term focus, and encourage their salespeople to find new ways of doing things (Dubinsky *et al*., 1995). Thus, in a highly competitive environment, salespeople under transformational leadership may try new approaches to selling that can deviate from sales strategy espoused by management. Since implementing new approaches involve trial and error, not all approaches will be effective and could lead to suboptimal results (MacKenzie *et al*., 2001).

Alternatively, salespeople managed by transactional sales leaders are likely to be encouraged to "stick to the plan" despite a highly competitive environment. Sales managers using a transactional leadership style are also apt to increase their monitoring of salespeople and use rewards and punishment to ensure adherence to sales strategy. This should reduce the uncertainty faced by salespeople due to the competitive environment and give them task clarity. Prior research has suggested that leadership styles that focus on providing task clarity and that set clear objectives for employees are likely to be more effective in competitive market environments (Chorn, 1991). As transactional leadership style is a task-oriented leadership style (Yukl, 2012), and a meta-analysis has shown transactional leadership behaviors have stronger effects on task performance than transformational leadership (Wang *et al*., 2011), salespeople are less likely to deviate from sales strategy in a highly competitive environment and may even practice at a higher level. Hence it is proposed that:

H4: The positive effect of transactional leadership on salesperson implementation of sales strategy will be stronger the higher the level of competitive intensity.

H5: The positive effect of transformational leadership on salesperson implementation of sales strategy will be weaker the higher the level of competitive intensity.

Method

Sample

This study was conducted using a sample of B2B salespeople from various industries, firms, and firm sizes. This sampling frame was chosen to increase the generalizability of the results. To obtain a diverse sample of salespeople, a B2B data provider supplied a randomly selected list of B2B salespeople located in the United States who met the aforementioned criteria. An e-mail invitation requesting participation in the research study was sent to 3000 salespeople. To encourage participation, salespeople were offered the chance to win one of ten $25 restaurant gift certificates as well as the summary of the study's findings. 322 salespeople accessed the online survey site, and 207 salespeople started the survey for an effective response rate of 6.9%. Of the 207 salespeople who started the survey, 17 did not complete all survey items and were dropped, leaving a final sample size of 190 salespeople. The demographic makeup of the salespeople in the sample were as follows: 68% were men, ages ranged from 18-25 years up to over 65 years with a mean age of approximately 49 years (*SD* = 9.4). Most of the salespeople in the sample (76%) had a bachelor's degree or higher. The average number of years of sales experience was 12.5 years (*SD* = 3.2). Salespeople in the sample came from various industries:

business/professional services (19.9%), financial services (5.3%), computer/information technology/software (27.9%), healthcare/pharmaceutical (3.7%), publishing/media (13.7%), manufacturing (6.8%), telecommunications (5.8%), and other (16.9%).

Measures

The scales used to measure the constructs in this study were adapted from existing scales in the literature. Panagopoulos and Avlonitis's (2010) sales strategy scale was used to measure salesperson implementation of sales strategy. The scale consists of four dimensions: customer segmentation, customer prioritization, selling models, and the use of multiple sales channels. The use of multiple sales channels was omitted as it does not apply to activities performed by individual salespeople. Thirteen items from the sales strategy scale were adapted and reworded to reflect practices performed by salespeople. Salesperson perceptions of their sales managers' transactional leadership style was measured using six items adapted from MacKenzie *et al*., (2001). The transactional leadership measure of MacKenzie *et al*. (2001) consists of two dimensions: contingent reward and contingent punishment. To measure salesperson perceptions of their sales managers' transformational leadership style, five items from Miao and Wang (2016) were used. Salesperson performance was measured using five items adapted from Terho *et al*. (2015) and competitive intensity was measured using three items adapted from Jaworski and Kohli (1993). Finally, to control for the possibility of common method bias, three items from the resistance to change scale (Oreg 2003) were used as a marker variable. Sales experience, age, gender, and firm size were used as control variables. All constructs were measured on a 7-point Likert-type scale. T-tests were conducted to determine if there were significant differences in the key variables between early respondents and late respondents and found no significant difference ($p > .10$). Because late respondents are more like non-respondents, the lack of significant difference between late and early respondents is an indication that non-response bias is unlikely to be a concern (Armstrong and Overton, 1977).

Measurement Model

Indicator analysis was conducted to assess the reliability and validity of the constructs used in this study. As the constructs used in this study includes both reflective and formative measures, indicator analysis was conducted separately for the reflective and formative measures. To assess convergent validity of the reflective measures, indicator analysis showed the outer loadings for all reflective indicators were above the recommended 0.70 level (Hair *et al*., 2014), providing evidence of convergent validity. Reliability of the reflective measures were assessed using Cronbach's alpha and composite reliability. Cronbach's alpha and composite reliability scores for all of the reflective measures exceeded the recommended threshold level of 0.70 (Hair *et al*., 2014). Indicators and their loadings, Cronbach's Alpha, and composite reliability for all measures are shown in Table 4-1. Discriminant validity was assessed using the Fornell and Larcker (1981) criterion. The square root of each construct's AVE scores for each construct exceeded its correlation with any other construct (Fornell and Larcker, 1981), thereby demonstrating discriminant validity. The intercorrelations between constructs and the results of the validity checks are shown in Table 4-2.

The reliability and validity of the formative measure used in this research study (salesperson implementation of sales strategy), was evaluated using indicator collinearity and relevance (Hair *et al*., 2014). To assess the existence of collinearity, variance inflation factor (VIF) scores were calculated by regressing each indicator against other indicators in the same dimension. All indicators examined had VIF scores that were below the recommended level of 5, indicating collinearity is not an issue (Hair *et al*., 2014). The relevance of the indicators in the formative measure was examined by evaluating their outer loadings. Indicators are relevant and should be retained if their outer loadings exceed 0.70 (Hair *et al*., 2014). Of the thirteen indicators examined, four indicators had outer loadings that were below the recommended level of 0.70 and were dropped (Hair *et al*., 2014).

Structural Model and Results

Partial least squares structural equation modeling (PLS-SEM) was used to test the hypotheses in this study. PLS-SEM was chosen as the method of analysis for three reasons. First, PLS-SEM easily obtains parameter estimates in models that include both reflective and formative measures. In covariance-based structural equation modeling (CB-SEM), model identification can be an issue for models that include both formative and reflective measures (Hair *et al*., 2014). Second, the goal of this study is focused on prediction for which PLS-SEM is well suited. Finally, most of the constructs measured in this study had non-normal distributions based on Gel and Gastwirth's (2008) test of normality. Hence, PLS-SEM is an appropriate methodology as it is a nonparametric method and does not make distributional assumptions (Hair *et al*., 2014).

To account for the possibility of common method bias, the marker variable approach was used to remove any variance attributable to the common method of measurement (Rönkkö and Ylitalo, 2011). Two models were assessed, one model with the marker variable and another model without the marker variable. In both models, salesperson implementation of sales strategy and transactional leadership were modeled as second-order factors. The latent variable scores of the dimensions of each construct were used as indicators in the structural model (Becker *et al*., 2012). PLS path analysis showed the path coefficients in both models are similar, providing evidence the model is not affected by common method bias.

PLS path analysis was conducted using WarpPLS 5.0 software (Kock, 2015). The PLS analysis results shows that transactional leadership has a positive effect on salesperson implementation of sales strategy ($\beta = 0.13$, $p < 0.05$) in support of H1. Also, transformational leadership has a positive effect on salesperson implementation of sales strategy ($\beta = 0.19$, $p = 0.004$), providing support for H2. In H3, it was hypothesized that when salespeople implement sales strategy, it has a positive effect on salesperson performance. The path analysis found a positive effect ($\beta = 0.30$, $p < 0.001$), therefore, H3 was supported.

As hypothesized, competitive intensity strengthens the positive effects of transactional leadership on salesperson implementation of sales strategy ($\beta = 0.12$, $p < 0.05$), which is in support of H4. However, competitive intensity did not weaken the positive effects of transformational leadership on salesperson implementation of sales strategy ($\beta = -0.02$, $p = 0.39$), therefore, H5 was not supported. As shown in Figure 2, the positive effects of transactional leadership on salesperson implementation of sales strategy is stronger when the level of competitive intensity is high rather than low. The complete PLS results are shown in Table 4-3.

Discussion

The sales force and the activities of salespeople are becoming increasingly important to the realization of the strategic goals of many organizations, especially firms in the B2B market. Although, the importance of the sales force to strategy implementation has been acknowledged in both the practitioner (Cespedes & Thompson, 2015) and the academic literature (Terho *et al*., 2015), research on the drivers of strategy implementation by salespeople has been sorely lacking in the extant literature. When the sales force departs from organizational strategy, salespeople are likely to target customers indiscriminately, and will tend to focus on selling on price (Cespedes and Thompson, 2015). To ensure the activities of salespeople are aligned with organizational sales strategy, sales leaders play an important role. Strategy and its effective implementation is so important to organizations, that issues related to strategy and its implementation are considered two of the top six required skills of sales managers (Powers *et al*., 2014). As, salespeople do not always follow organizational directives, this study shows the leadership styles of managers can influence salesperson implementation of sales strategy. Our research offers a few contributions to the literature. First, this study shows that the leadership style of managers is a driver of salesperson implementation of sales strategy. We show that both transactional and transformational leadership styles have positive effects on sales strategy implementation by salespeople. Although transactional and transformational leadership has been found to have beneficial effects on many salesperson behaviors (McKenzie *et al*., 2001; Schmitz and Ganesan, 2014; Shannahan *et al*., 2013), this is one of the first studies to show these leadership styles can also have an impact on the strategy implementation behaviors of salespeople. With an increasingly competitive market environment and salespeople facing challenges in identifying the right type of prospective customers (Richardson, 2016), sales managers through their leadership behaviors can help salespeople improve their knowledge and abilities in customer segmentation, customer prioritization, and the appropriate use of selling models.

Second, this study evaluates the effectiveness of leadership behaviors in the context of the competitive environment. Most firms do not operate in monopolistic environments and have at least some competition. Yet, most prior research on the effects of leadership behaviors on follower performance has neglected to account for the nature of the competitive environment. Although the consensus in the literature is transformational leadership is more effective than transactional leadership, our study shows this is not always the case. In a stable market environment characterized by a lower level of competition, we confirm prior findings in the literature that transformational leadership has stronger effects on subordinate behaviors than transactional leadership. However, transactional leadership with its task focus can help salespeople “stay the course” despite an external environment that is very competitive. Therefore, in a highly competitive environment, salespeople under transactional leadership are more likely to adopt the sales strategy advocated by management, and focus on prospective customers in which the selling firm can offer the most value. In highly competitive markets, where selling firms try to move beyond a focus on price and sell on value (Schwepker and Ingram, 2016), sales managers using transactional leadership behaviors can ensure their salespeople consistently use customer segmentation, customer prioritization, and selling models. This will put them in a better position to offer and deliver value as their selling efforts will be focused on customers whose needs are ideally suited to their offerings.

Finally, our findings demonstrate that when salespeople implement strategy by practicing customer segmentation, prioritizing among customers based on their potential value, and matching the selling approaches to meet the relationship expectations of customers, it has a positive impact on their sales performance. This extends previous research which found sales strategy implementation at the functional level of the sales force has a positive impact on firm performance (Panagopoulos and Avlonitis, 2010). By examining implementation at the salesperson level, we show strategy should be understood and implemented at all levels in an organization.

Managerial Implications

The findings from our study give managers some actionable insights on ways to reduce the strategy to performance gap. It is vital for organizations to ensure their go-to-market strategy is aligned with the activities of the sales force. With the activities of salespeople divorced from organizational strategy in many organizations (Cespedes, 2014), and recent industry research by *CSO Insights* showing a major challenge facing sales managers is improving the strategic capabilities of their sales teams (CSO Insights, 2015), it is crucial that sales managers practice a leadership style that enhances the ability of their salespeople to understand and implement sales strategy. Our research shows that when sales managers practice transformational and transactional leadership behaviors, they can ensure their salespeople are not randomly practicing various selling activities, but are using their selling time effectively by calling on the right prospects, differentially allocating their sales efforts towards prospects representing the most potential value, and adopting an appropriate selling approach based on the needs of customers.

Sales managers should focus part of the mentoring and coaching time they spend with their sales representatives in ensuring they understand the firm's strategy and how to execute it. As sales strategy implementation involves the practice of sales tasks relating to strategy, managers should remind their salespeople that performance is not just the result of their selling efforts and being a "good closer", but it's a *combination* of selling effort and a strategic approach. When salespeople are strategic, they develop a good understanding of the value drivers of their prospective customers, and use that knowledge as a basis for distinguishing themselves from the competition. Hence, they will be in a better position to win deals on value rather than competing on price.

Sales managers should also understand that leadership is situational, and they may need to adapt their leadership style based on the competitive environment. In a stable market environment where there is not much competition, a transformational leadership style is an appropriate leadership approach to inspire their sales force to implement sales strategy. In this environment, where salespeople are likely to experiment due to transformational sales leaders who encourage salespeople to try new approaches (MacKenzie *et al*., 2001), the impact of failure may not be as high. However, in a highly competitive market environment, a focus on the strategic positioning of the firm may be more important as a source of competitive advantage. In such situations, any deviations from strategy can lead to suboptimal performance outcomes. Sales managers using transactional leadership behaviors in competitive markets can ensure salespeople continue to implement sales strategy and focus on value selling. When there is intense competition and many firms resort to price discounting to win or maintain market share, salespeople who focus on value are likely to avoid the "commodity trap" being faced by many selling firms. Since transactional leadership and transformational leadership styles are not mutually exclusive, managers should change and adapt their leadership behaviors as their individual circumstances dictate.

Finally, our research shows that when salespeople implement sales strategy, it improves their sales performance. When salespeople are not strategic in their selling efforts, they will tend to sell on price and resort to discounting to win deals (Edinger, 2016). Also, customer loyalty may be reduced as customers who purchase based on price instead of value may switch to the next provider offering a better deal. Consequently, sales managers should encourage their sales teams to implement sales strategy which will help the sales organization improve selling outcomes and have more loyal customers.

Limitations and Future Research

The findings in this study should be viewed in light of some of its limitations. First, the data collected from salespeople was cross-sectional in nature, which prohibits the ability to draw causal inferences. Future researchers should use longitudinal data to examine the effects of sales strategy implementation over time, and determine if their effects on performance are consistent over an extended period. Second, this study examined the sales strategy implementation behaviors only from the perspectives of salespeople. Although, prior research has studied strategy implementation only using a sample of salespeople (Johnson and Sohi, 2016), a dyadic examination of sales strategy and its implementation incorporating the views of salespeople and sales managers can enhance the results found in this study. Future research on sales strategy implementation should include sales managers, which will provide a richer picture of how strategy implementation leads to performance and other beneficial organizational outcomes. Finally, in this study, salesperson implementation of sales strategy was operationalized as a second order factor consisting of customer segmentation, customer prioritization, and selling models. Although aggregating the dimensions of sales strategy into a single measure has been used in the literature (Panagopoulos and Avlonitis, 2010), how the various dimension of sales strategy affects salesperson performance has not been fully explicated. Future research on sales strategy and its implementation should examine how salesperson implementation of customer segmentation, customer prioritization, and the use of selling models, impacts performance separately.

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TABLES AND FIGURES

Table 4-1 – Construct Items and Loadings

Construct Name and Indicators	Indicator loadings
Salesperson Implementation of Sales Strategy (adapted from Panagopoulos and Avlonitis, 2010) **(formative measure)**	
To what extent do the following statements describe what you practice as part of your sales activities (1= not at all; 7 = to a very great extent)	
Customer Segmentation	
I identify prospective customer groups based on the expected lifetime value/profitability of each customer to the firm. **(dropped)**	0.20
I identify specific customer groups based on the customers' demographic characteristics (firm size, location, industry etc.) **(dropped)**	0.18
I identify specific customer groups based on their buying behavior **(dropped)**	0.52
I identify specific customer groups based on the customers' uses/applications of our products/services.	0.86
I identify specific customer groups based on the benefits that they expect from buying our products/services.	0.68
I identify specific customer groups based on the value that they expect to receive from buying our products/services.	0.89
Customer Prioritization	
I prioritize customers that I have identified based on their expected importance to the firm. **(dropped)**	0.43
I target my selling efforts to different customers.	0.78
I develop specific selling strategies for each targeted customer.	0.78
Selling Models	
I set different relationship objectives for different customers.	0.76
I use different selling models (approach towards selling) when selling to different customers.	0.79
When I set relationship objectives and develop selling models (approach toward selling), for a customer, I consider the customer's preferences.	0.79
When I set relationship objectives and develop selling models (approach toward selling), I consider the costs and value associated with each customer.	0.80
Transactional Leadership	
Contingent Reward (adapted from MacKenzie, Podaskoff and Rich 2001)	
Cronbach's Alpha = 0.93, Composite Reliability = 0.95	
My manager always gives me positive feedback when I perform well.	0.73
My manager gives me special recognition when I produce at a high level.	0.75
My manager readjusts my sales activities when necessary.	0.73
Contingent Punishment (adapted from Mackenzie, Podaskoff and Rich 2001)	
Cronbach's Alpha = 0.91, Composite Reliability = 0.94	
My manager would indicate his or her disapproval if I performed at a low level.	0.84
My manager lets me know about it when I perform poorly.	0.80

My manager points it out to me when my productivity is not up to par.	0.74
Transformational Leadership (adapted from Miao and Evans 2016)	
Cronbach's Alpha = 0.93, Composite Reliability = 0.95	
My manager is able to salespeople to commit to his/her dream.	0.73
My manager does not settle for anything other than the best.	0.72
My manager inspires others with his/her vision for the future.	0.78
My manager shows what he/she expects from the salespeople.	0.73
My manager stimulates his/her salespeople to rethink the way they do things.	0.75
Competitive Intensity (adapted from Jaworski and Kohli 1993)	
Cronbach's Alpha = 0.73, CR = 0.85 (1 = strongly disagree, 7 = strongly agree)	
Competition in our industry is cutthroat.	0.82
Anything that one competitor can offer, others can match easily.	0.93
Price competition is a hallmark of our industry.	0.81
Sales Performance (adapted from Terho et. al., 2015)	
Cronbach's Alpha = 0.96, CR = 0.97 (1 = much worse, 7 = much better)	
Compared with other salespeople working in your company, how would you evaluate your overall performance with regard to the following:	
Achieved sales in the last 12 months?	0.89
Achieved orders in the last 12 months?	0.89
Achieved closing ratio in the last 12 months?	0.90
Achieved total contribution margin in the last 12 months?	0.89
Met or exceeded the sales quota assigned to me.	0.91
Resistance to Change – Routine Seeking (adapted from Oreg, 2003)	
Cronbach's Alpha = 0.77, CR = 0.82 (1 = strongly disagree, 7 = strongly agree)	
I generally consider change to be a negative thing.	0.82
I'll take a routine day over a day full of unexpected events any time.	0.93
I like to do the same old things rather than try new and different ones.	0.98

CR = Composite Reliability

Table 4-2 – Correlation Matrix

	1	2	3	4	5	6	7	8	9	10
1. Transactional Leadership	**.82**									
2. Transformational Leadership	.75**	**.88**								
3. Salesperson Implementation of Sales Strategy	.22**	.28**	**-**							
4. Competitive Intensity	.16*	.24**	.04	**.81**						
5. Sales Performance	.20**	.15*	.34**	-.07	**.93**					
6. Sales Experience	-.08	-.04	.15*	.09	0.13	1				
7. Age	-.06	-.09	.08	.09	-.02	.56**	1			
8. Gender	-.06	-.03	.16*	.04	.15*	-.17*	-.02	1		
9. Firm Size	.23**	.22**	.02	.06	.04	.17*	-.06	-.15*	1	
10. Resistance to Change	.03	.01	-.04	.08	.04	.09	-.04	-.20*	.13	**.78**
Mean	5.23	4.73	5.32	5.25	5.42	12.5	49.21	-	4.16	2.92
Standard Deviation	1.08	1.31	0.82	1.10	1.23	3.2	9.4	-	1.90	1.13

**Correlations significant at $p \leq 0.05$, ** Correlations significant at $p \leq 0.01$. Square roots of average variance extracted (AVE) shown on diagonal for reflective constructs.*

Table 4-3 – PLS Results

Hypothesis	Independent	Dependent	Hypothesized Model	CMB Corrected Model	Results
HI (+)	Transactional Leadership	Salesperson Implementation of Sales Strategy	.13*	.13*	Supported
H2 (+)	Transformational Leadership	Salesperson Implementation of Sales Strategy	.20**	.19**	Supported
H3 (+)	Salesperson Implementation of Sales Strategy	Sales Performance	.30**	.30**	Supported
H4 (+)	Transactional Leadership X Competitive Intensity	Salesperson Implementation of Sales Strategy	.13*	.12*	Supported
H5 (+)	Transformational Leadership X Competitive Intensity	Salesperson Implementation of Sales Strategy	-.01	-.02	Not Supported

*CMB Corrected Model includes marker variable. * Paths significant at $p \leq 0.05$, ** Paths significant at $p \leq 0.001$.*

Figure 4--1

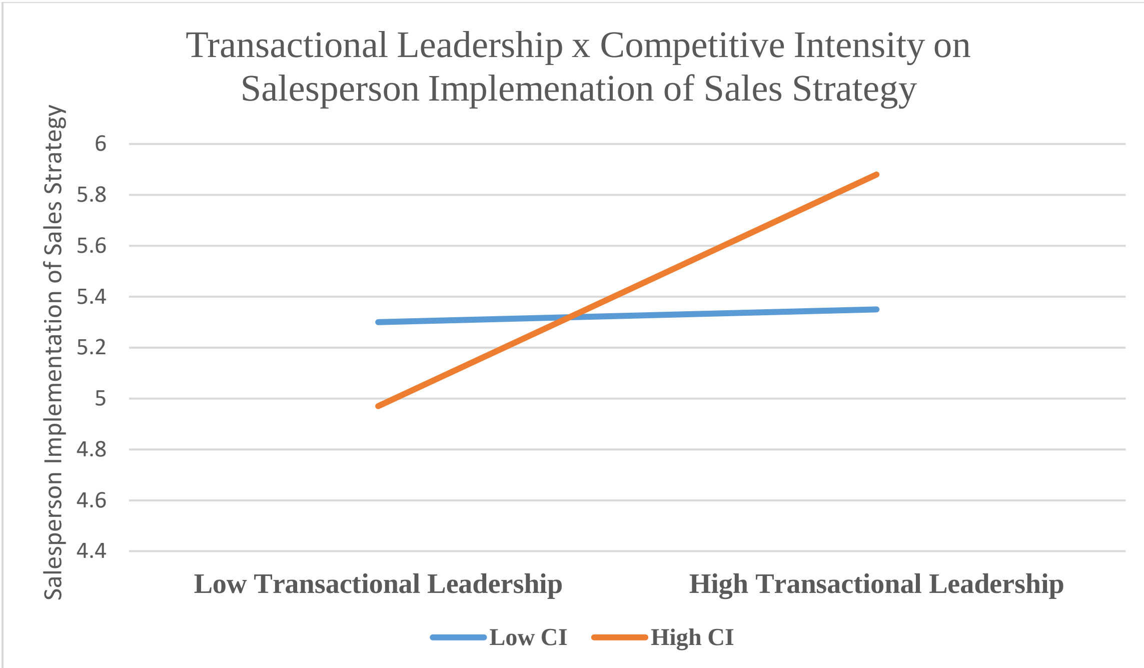
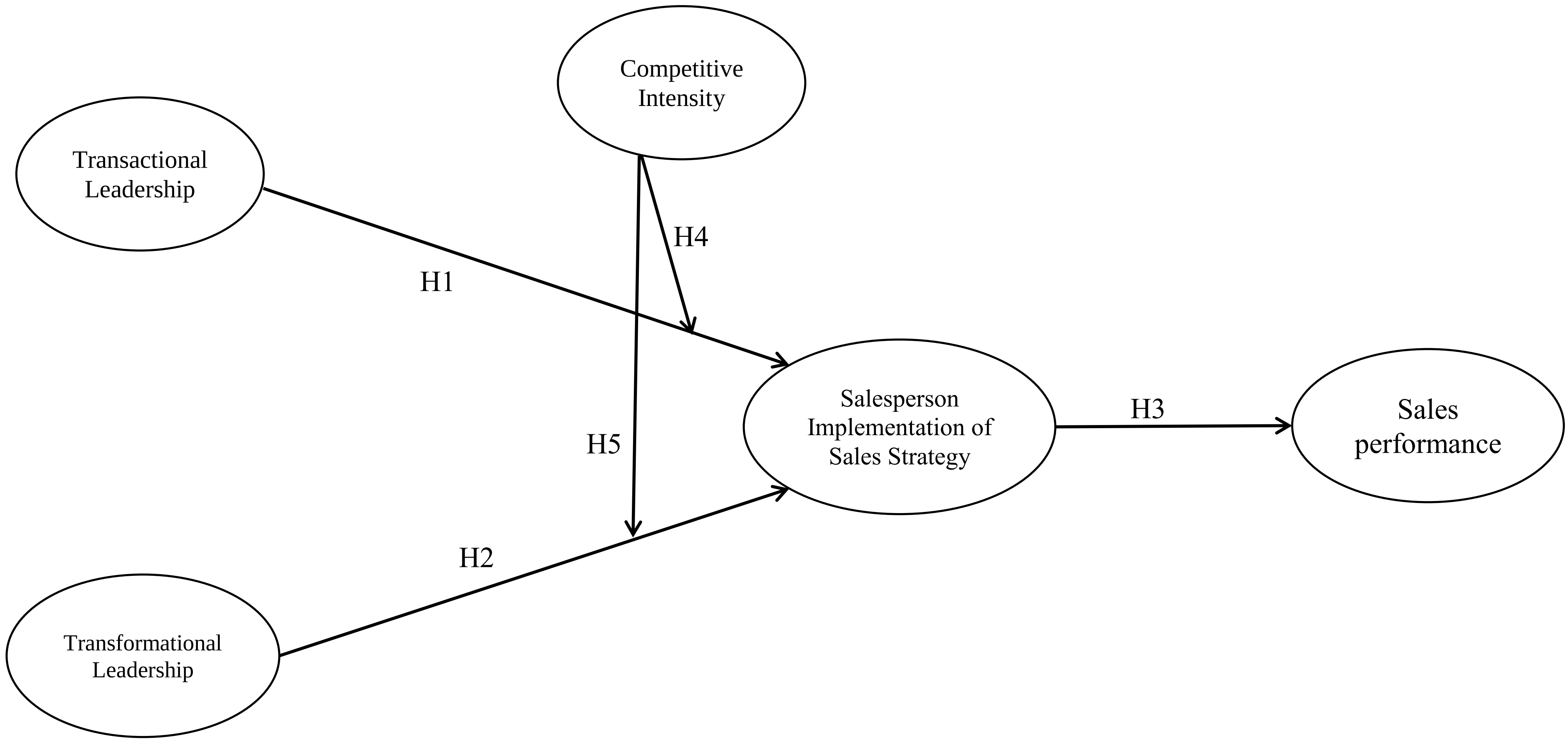

Transactional Leadership x Competitive Intensity on Salesperson Implemenation of Sales Strategy
Salesperson Implementation of Sales Strategy
6
5.8
5.6
5.4
5.2
5
4.8
4.6
4.4
Low Transactional Leadership
High Transactional Leadership
Low CI
High CI

Figure 4-2 – Conceptual Model



Chapter 5

Conclusion

The objective of this dissertation was to examine the role of salespeople in implementing organizational strategy, specifically sales strategy, and the effects of salesperson implementation of strategy on salesperson performance. In three essays, this issue is examined from different perspectives. The three essays are empirically tested using data from salespeople in various industries, firm sizes, and salespeople with varying levels of experience. The data is analyzed using qualitative as well quantitative techniques. Overall, this dissertation extends the literature on the role of the salesperson in strategy implementation by examining the antecedents of salesperson implementation of strategy and provides novel insights into organizational and managerial drivers of strategy implementation by the sales force. This dissertation also shows that when the sales force is aligned with firm strategy, it leads to improved selling outcomes at the salesperson level, which will ultimately have a positive impact on firm performance.

In the first essay, using a qualitative research approach, I explore if salespeople have an understanding of their organization's strategy, and how they are using their knowledge of firm strategy as part of their daily activities. Additionally, the roles that sales managers and compensation play in aligning the activities of the sales force with firm strategy is explored. The results of the qualitative study using thematic analysis shows most salespeople do not fully understand their firm's strategic positioning in the marketplace which hampers their ability to implement strategy as part of the sales process. The results from the semi-structured interviews of salespeople also demonstrate the important role that sales managers play in aligning the activities of the sales force with organizational strategy. When asked to describe their managers' approach to strategy, most of the salespeople interviewed described a managerial process that is inconsistent with an approach towards aligning the sales force with firm strategy. Many salespeople described their managers as being focused on a strategic approach much later in the sales cycle, particularly when sales opportunities were at risk of being lost. The lack of an emphasis on strategy by sales managers, is mirrored in the results that show most salespeople do not regularly implement sales strategy as part of their sales process. Another area that was revealed to be a factor in the lack of alignment between the sales force and organizational sales strategy is compensation. A majority of the sales representatives interviewed, indicated their incentive compensation was not aligned with implementing strategy. If organizations want ensure their salespeople are implementing strategy, they should have a compensation plan that rewards salespeople who engage in strategic behaviors, and doesn't just reward salespeople for meeting performance targets**.** When there is a lack of alignment between incentive compensation plan and the firm's strategic objectives, salespeople will focus on closing as many deals as possible, regardless if they are ideal customers, or are profitable customers.

In the second essay, using the *motivation-opportunity-ability* (MOA) framework as a theoretical base, I develop a model that shows how MOA variables at the managerial and individual level can jointly influence a salesperson's implementation of sales strategy. The results show that sales strategy implementation at the salesperson level has a positive effect on salesperson performance. Additonally, the results show that outcome control and behavior control, have differential effects on salesperson implementation of strategy, with behavior control have a direct positive effect, and outcome control have an indirect effect through salesperson market and technical knowledge. The findings highlight the importance of a blended approach towards sales force control, as outcome control and behavioral control have differential effects on a salesperson's market and technical knowledge, with outcome control having a positive effect and behavioral control a negative effect. The effectiveness of both sales force control types can also vary depending on the level of a salesperosn's experience. Overall, this essay makes a contribution to the literature by identifying "drivers" of salesperson implementation of sales strategy, that can provide managers with actionable insights on how to align their sales force with organizational sales strategy.

In the third essay, the findings in the previous two essays are extended by evaluating a model that incorporates managerial leadership style and the effects of the external environment on salesperson implementation of sales strategy. Using path-goal theory, as a theoretical anchor, a model was developed and tested comparing the efficacy of a transformational leadership style, with a transactional leadership style on salesperson implementation of sales strategy, taking into account, the intensity of the competitive environment. The results of this third essay shows that unlike most previous studies in the extant literature that show transformational leadership to be more effective than transactional leadership, in highly competitive environments, transactional leadership can be more effective in influencing behaviors. This suggests that managers should adopt a situational leadership approach, varying their leadership behaviors based on the environment they are operating in. The findings of this essay also makes a contribution to the literature by identifying leadership behavior as an antecedent to effective strategy implementation, and the external environments should be factored into determining managerial approach towards motivating employee behaviors.

In conclusion, strategy and its effective implementation has been an important topic for scholars and practitioners. With the increased importance of the sales force to strategy implementation, identifying ways to increase alignment between the sales force and firm strategy has become a major concern of managers. This dissertation has shed some light on how that alignment can be achieved, which can help managers improve the performance of their sales organizations in an increasingly competitive and complex environment.