

# The strategic role of the sales force: perceptions of senior sales executives

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**Abstract** Current models of sales force strategy imply formidable information processing demands, which leads us to take a cognitive approach to studying the issue of sales force strategy. We focus on how top-level executives use mental models of sales force performance to simplify the issue of sales force strategy. We interviewed 74 senior executives responsible for their firms' selling function using the repertory grid approach, as this methodology has been shown to be particularly effective at uncovering the collective cognitive maps on which executives' decisions and behaviors are based. Executives identified a broad set of 37 strategic concepts that they felt distinguish the sales force efforts of directly competing companies. A second set of sales executives classified the 37 concepts into capabilities, resources, and organizational context concepts. Based on the classification results and feedback from both sets of executives, we developed research propositions for examining sales force strategy and provide directions for future research.

**Keywords** Mental models · Repertory grid technique · Sales force resources and capabilities · Resource-based view · Chief sales officers

Our sales force is one of this company's most important competitive strengths. We are much better than our competitors; indeed, we have the best sales force in this industry. I believe we should take a good, hard look at getting into the diagnostics segment of this market because the sales force will be critical to our success.  
Chairman of the Board, Healthcare Company

As the chairman cited above suggests, the sales force is an integral element in a firm's strategic planning and execution. This company's sales force had been very successful in facilitating and leveraging new product innovation and building and maintaining a strong brand name within the medical equipment market. The chairman wondered whether the sales force would establish a similar competitive advantage in the diagnostics segment of the healthcare market. Would the sales force provide a competitive advantage when the company does not have a strong brand position and dominant market share? Would the sales force be superior to those of a new set of direct competitors? These questions are suggestive of the contingency nature of strategy and the need to understand how decision makers frame the determinants of sales force performance.

Hunter and Perreault (2007) suggest that the strategic value of the sales force may be at an all-time high. Revenue generation and sales effectiveness have long been the top two priorities of senior executives (Dickie 2007). The issue remains, however, as to the means by which the sales force impacts revenue generation. We know, for instance, that spending on the sales force has a greater impact on revenues than spending on advertising (Albers et al. 2010). But is it sufficient for management to conclude that spending more on

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the sales force will lead to greater revenues? Empirical research on sales force performance is overwhelmingly focused on the individual salesperson (Verbeke et al. 2011; Morgan 2012), and it is certainly true that total sales force revenues are a summation of individual salesperson performance. However, this summative approach to sales force performance fails to fully consider, for instance, the impact of sales management (Katsikea et al. 2007; Piercy et al. 2009) or coordination between sales and other functions within the firm (Dewsnap and Jobber 2000; Gruber et al. 2010; Song et al. 2005).

The importance of the sales force in driving revenue and the dearth of sales force level research has led to recent efforts to define the set of strategic sales force decisions top management should address (Zoltners et al. 2008; Panagopoulos and Avlonitis 2010). In this research we focus on top management's decision making with respect to the sales force as a whole. We investigate the social psychological factors influencing how decision makers frame the factors that drive sales force performance. Daft and Weick (1984) have argued that strategic decisions are driven by managers' cognitive structures for making sense of complex situations. Thus, any explanation for strategic responses must, ultimately, take into consideration the mental models of decision makers.

Based on personal construct theory and its focus on dimensions of meaning, the first phase of this study identifies a set of firm-level constructs that senior executives collectively perceive distinguish one sales force from another, e.g., large versus small, dedicated sales force versus sales agents. These distinctions, referred to as "constructs" in personal construct theory, are the essential building blocks of top management's causal mental models of the sales force within which decisions and actions are construed. These models are then employed to guide decisions and actions (Huff and Jenkins 2002). When combined with performance ratings, these mental models can inform us as to how top management believes the sales force impacts revenue generation.

The second phase of our study involves theory development by relating our sales force constructs to the resource-based theory (RBT) of the firm with its perspective that firms are idiosyncratic and heterogeneous (Penrose 1959). As Yadav (2010) notes, theory building is advanced by analogy. A second group of sales executives classified our emergent set of sales-related constructs into a typology of resources, capabilities, and organizing context factors. The RBT conceptual lens provides a useful, analogical approach for identifying and explaining the nature of the constructs executives described in their interviews.

The third phase of this study specifies a set of propositions to guide future research efforts in understanding the role of the sales force in driving firm performance. In particular, it appears that prior sales force strategy research has often been too restrictive in focusing exclusively on sales force actions, while not fully considering broader organizational resources and

capabilities. Hence, we also identify research gaps and offer recommendations for future research.

This study makes two important contributions. First, a set of research propositions is developed for the purpose of advancing theory and guiding empirical research in sales force strategy (Varadarajan 2010). Importantly, the list of constructs identified by senior executives in our study is much broader than has been typically examined in previous sales force performance research. Executives describe their sales forces as interacting with such diverse functional areas as new product development, customer service, marketing, logistics, IT, and operations. They also note that organizational context factors, e.g., geographic scope or the company's financial strength (Newbert 2007), influence the sales force's role in impacting firm revenue generation. Collectively, these results suggest that sales force strategy and firm performance should not be examined in isolation as a specialized function, or even as one element of marketing, but within a larger and more interactive context of sales force resources and capabilities embedded within an organization.

Second, our emergent typology identifies five customer-relating aspects as core sales force capabilities: new customer acquisition, customer relationship development, customer trust building, customer needs responsiveness, and customer retention. These five sales force capabilities were identified based on senior executive descriptions and accepted definitions of capabilities (Lei and Slocum 2013; Hunt and Morgan 1996; Kozlenkova et al. 2013). Customer-relating capabilities have been identified generically in earlier frameworks (Day 1994, 2004; Reinartz and Kumar 2003) and recently as an organizational capability that may drive firm performance (Reimann et al. 2010). However, little attention has been devoted to identifying the functional or intermediate level capabilities, resources, and contextual factors influencing sales force performance (Morgan and Slotegraaf 2012). We will next review the sales force strategy literature.

### Sales force strategy

Research shows that the sales force plays a major role in driving firms' revenue generation (Palmatier et al. 2007; Jap 2001). In their recent meta-analysis Albers et al. (2010) found elasticity estimates for personal selling to have two to three times the impact of advertising on firm revenues. Research on sales force performance, however, has overwhelmingly focused on individual salesperson characteristics (Morgan 2012). In a review of 389 studies of sales performance published between 1982 and 2008, Verbeke et al. (2011) found that the individual salesperson was the unit of analysis in 83% of sales performance studies. Their meta-analysis revealed that five personal factors demonstrated significant relationships to sales performance (selling-related knowledge,

degree of adaptiveness, role ambiguity, cognitive aptitude, and work engagement). Going back to our opening scenario, however, does it necessarily follow that success in a new market will result because individual salespeople feel that they clearly understand their job and are highly motivated?

There has been frequent mention of the need to investigate and understand what sales force strategy is and how it should be developed (Leigh and Marshall 2001; Ingram 2004; LaForge et al. 2009; Blocker et al. 2012). Answering this call to action, Panagopoulos and Avlonitis (2010) developed a conceptualization of sales strategy and empirically substantiated the links between sales strategy and performance. Sales force strategy refers to “the set of strategic decisions that determine the areas on which the sales force will focus its attention and the role of the sales force in creating customer value that is consistent with the overall strategy of the firm and/or business unit” (Cron and Cravens 2010). Consistent with this definition, Panagopoulos and Avlonitis (2010) conceptualized sales force strategy as comprising four customer-focused decisions: customer segmentation, customer prioritization and targeting, relationship objectives and selling model, and sales channels, not including competition, internal interactions with other functions, or firm-level capabilities. While their model acknowledges the influence of management on sales force performance in terms of transformational leadership, it is otherwise silent on the impact of other sales management activities such as territory design, control, and compensation systems. Finally, although acknowledging that in some contexts the sales force operates exclusively as the outside representative of a company, the more recent literature in B2B contexts has focused on solutions selling that requires cooperation with companies, coordination with other departments, and firm capabilities (Tuli et al. 2007). Though expanding the selling function’s role beyond its traditional customer-interaction boundaries, Panagopoulos and Avlonitis (2010) do not capture these changes in their research model.

A recent model proposed to identify the strategic role of the sales force in value creation and appropriation (Blocker et al. 2012) acknowledges the growing role of the sales force in creating value. Hence translating value co-creation opportunities back into the firm is based on the sales force’s unique vantage point resulting from their extensive interactions with customers. The authors assert that for salespeople to be effective, they must engage in cross-functional collaboration within their firms to ensure that customer intelligence is enacted (Esper et al. 2010). Esper et al. (2010) refer to the need for research to “venture outside conventional realms of the selling process” (p. 19) to include understanding how salespeople can communicate customer needs to other functions within their company in an effort to create customer value.

The notion that the sales force should not be examined in isolation from other firm-level activities is also supported by empirical research findings. In the previously mentioned

meta-analysis of sales force performance elasticity (Albers et al. 2010), for instance, it was found that personal selling elasticity is higher when interactions with other marketing variables (e.g., advertising and promotions spending levels) are considered. Organizational context impacting sales force performance is also supported by empirical studies of sales force interaction with marketing (Le Meunier-FitzHugh and Piercy 2011), distribution (Gruber et al. 2010; Song et al. 2005), strategic planning (Slater and Olson 2000), and technology (Hunter and Perrault 2007).

A recent stream of research on the determinants of firm performance (e.g., return on investment and return on assets in addition to revenue growth) based on the RBT has considered the sales function’s role as a marketing capability (Vorhies and Morgan 2005; Song et al. 2005; Morgan et al. 2009; Vorhies et al. 2009; Gruber et al. 2010). Vorhies et al. (2009), for example, consider the selling capability as one of six marketing capabilities, which also include pricing, product, distribution, communications, and planning activities. Consistent with the RBT perspective, these capabilities are evaluated relative to competition, i.e., the extent to which the focal firm is better/worse than competition. Importantly, the authors find that the combination of these capabilities has a greater impact on firm performance than when capabilities are considered individually. Collectively, these capabilities are found to influence sales growth, profitability, return on assets, and investment.

In sum, the apparent performance impact of the sales force signals the importance of focusing on sales strategy. Models of sales strategy offered to date are inconsistent as to scope and boundaries. Without establishing and elaborating on these boundaries, sales strategy research in which the sales force as a whole is the unit of analysis is likely to be piecemeal and inconsistent. Resource-based theory contributes by specifying that firm performance will depend on how well capabilities are performed relative to competition, thus shifting from strictly an internal focus (i.e., what do we do) to an external one stressing how well the sales force performs in providing value for customers relative to competition. Yet, no research of which we are aware has addressed the issue of how top management mentally construes the domain and boundaries of sales strategy. Addressing this limitation in current sales strategy research is the purpose of this study. In the next section, we describe the research design developed to address this issue.

## Research design

As our research focus is on how managers represent and organize their knowledge, personal construct theory is particularly appropriate for developing a taxonomy of top managers’ mental models of sales force strategy. Personal construct theory uses the metaphor of the individual as a *personal*

*scientist* continually testing his or her constructions. People act on their perceptions of the objective world as filtered through their cognitive system, actively assigning meanings that enable understanding, reasoning, and prediction (Markman and Gentner 2001). Personal constructs are continually tested by tracking how well they predict and enable effective actions. Accordingly, the best constructs are retained, while others are extinguished or modified. Constructs therefore form a structured, flexible network that both facilitates and restricts personal actions.

The repertory grid technique, a form of semi-structured interviewing based on Kelly's personal construct theory (1955), was used to develop top management's collective model of selling function constructs. This technique has been found to be particularly useful when the individual constructs are implicit or tacit, and hence are difficult to directly convey (Lemke et al. 2011). Repertory grid technique has been employed in the strategy literature, for instance, to specify the cognitive maps of top executives with respect to emerging competitors (Porac and Thomas 1990), identifying strategic groups (Reger and Huff 1993; McNamara et al. 2002), and establishing dimensions of competitive positioning (Reger and Palmer 1996). Though the repertory grid methodology has not been frequently used in marketing, it has been used to examine some marketing issues such as product decision making (Houston and Walker 1996), competitor identification (Clark and Montgomery 1999), and dimensions of product quality (Lemke et al. 2011).

The repertory grid technique is a very rigorous and structured free-elicitation approach to constructing managers' mental models as opposed to an approach in which the researcher predetermines the dimensions on which managers construe a situation. Specifically, respondents are asked to compare different elements (e.g., competing sales forces) by specifying the constructs on which they differ or are similar.<sup>1</sup> As such, it is based on the natural process of comparison that executives use when considering competitors (Clark and Montgomery 1999). The resulting constructs are not constrained by the researcher's biases. Choices are not seen as being either correct or incorrect against some equation, but as understood and evaluated from a particular perspective or template, and imposed on an information environment in order to give it meaning (Walsh 1995).

## Sample

Since an individual's mental model is developed through trial and error based on the model's success in predicting and

explaining a particular phenomenon, the experience and expertise of the sample on which a collective mental model is constructed are of utmost importance. Our sampling frame includes Swiss senior executives responsible for their firm's selling function at 205 participating organizations engaged in B2B marketing. The sampled companies all have their own dedicated sales force, employ at least 100 people, and sell to businesses or institutions and not directly to consumers. A total of 74, or 36.1%, of the 205 senior executives contacted agreed to participate, a response rate which is in line with the 32% average response rate when executives are the respondents (Cycyota and Harrison 2006). Examining the sampling frame with the sample on characteristics such as industry affiliation and company size, we did not find significant differences and, therefore, concluded that we succeeded in producing a representative sample. All respondents hold top management positions; most were members of their firm's executive board, and all have overall responsibility for their firm's sales force. Eleven respondents hold a CEO title, and the remaining 63 are either chief sales officers (CSO) or chief marketing officers (CMO).<sup>2</sup> All respondents were male, have occupied their current position for at least 6 years, have been with their current company for at least 8 years, and average 47 years of age. Thus, all the executives appear to have the requisite experience required for the personal construct approach. They indicated that they were comfortable making comparisons of competing sales forces and had participated in top-level strategy decisions with respect to the role of the sales force in enhancing the firms' performance.

The sample companies represented a variety of industries, with most affiliated with the machinery building, electronic component, and fine mechanical industries. In all cases, executives indicated that the selling function is the primary customer contact channel, even though some companies utilize wholesalers. On average, 60% of their revenue is generated from product sales and 40% from product-related services.

## Data collection

In-depth interviews were conducted at each executive's office and averaged 49 minutes in length. Executive interviews consisted of four steps. In the first step, executives were asked to identify directly competing sales forces, i.e., elements in repertory grid terminology. A directly competing sales force was defined as one with whom they (a) compete for the same general set of customers, (b) explicitly consider when formulating market and sales strategies, and (c) compare

<sup>1</sup> Constructivist psychologists such as Kelly (1955) developed a discipline specific terminology. In the repertory grid context, the technical terms *elements* and *constructs* are used to denote units of observations and elicited attributes respectively. In this study elements are the company sales forces, while constructs are the sales force attributes.

<sup>2</sup> A comparison of the respondent versus non-respondent demographics indicated no statistical differences in terms of management position, gender, or industry sector. Information on age and tenure with current organization and in current position were not available for non-respondents.

performance outcomes. Executives mentioned an average of 6.6 directly competing sales forces, including their own, which is similar to the number of elements extracted in prior strategy research (e.g., Clark and Montgomery 1999; McNamara et al. 2002). The second step involved soliciting the attributes, referred to as constructs in repertory grid research, on which these competing sales forces differed. Specifically, executives compared two sales forces and were asked, “Think of how one sales force differs from another in ways that impact the performance of these sales forces.” The average number of constructs elicited per interview was 13.9 with a standard deviation of 4.0, suggesting a high level of executive involvement and comfort with the exercise.

In the third step of the repertory grid process, executives were asked to describe each identified construct and how it impacts sales force performance. It is during this step that executives provided a rich description of both the distinctions between constructs and the relationship between constructs. The last step was to develop a numerical score based on executive ratings of the performance impact of the individual repertory grid constructs. As the use of repertory grid is rather novel to marketing, additional specifics regarding how the repertory grid process was executed in this study are provided in [Appendix A](#).

### Data analysis

Based on the repertory grid results, we employed content analysis to identify a valid set of constructs (Miles and Huberman 1994). In the first step, we reviewed the transcripts from the 74 interviews for idiosyncratic language to eliminate redundant constructs (Houston and Walker 1996). This step yielded a set of 971 constructs. Grounded theory process requires the active interpretation of the raw data (Batra et al. 2012). This involves coding the respondent data as parts, aspects, or instances of other coded constructs. The second step of the data coding process therefore involved two sales force experts examining the constructs and independently creating construct lexicons by iteratively sorting the constructs to form lexicon categories consisting of similar constructs. By comparison and discussion, these two experts arrived at a consensus of 37 sales force–related lexicon categories. The number of constructs compares favorably with that of prior repertory grid results: Houston and Walker (1996) identified 36 constructs, Wright (2004) reported 24, and Lemke et al. (2011) found 17.

To assess reliability, we recruited two additional sales experts who independently assigned each of the original 971 constructs to one of the 37 sales force–related lexicon categories. To assess inter-rater reliability, we computed a proportional reduction in loss (PRL) (Rust and Cooil 1994), a measure of the quality of coded judgments based on the proportion

of agreement among judges. Similar to Cronbach alpha, PRL is a reliability measure. The overall PRL in this exercise was 0.91, which greatly exceeds the 0.70 reliability guideline recommended for exploratory studies.

As a final coding step, specific constructs on which the two coders disagreed were discussed and assigned to lexicon categories. To check for validity, we conducted a field check of the sales force–related category system with the interviewed executives. No objections were raised, so no further adaptations were made. The authors wrote preliminary definitions of each construct. These definitions were then presented to a new set of four experienced executives, who were asked to evaluate their clarity. Only seven rather minor revisions were required.

### Sales performance lexicon

The emergent sales force–related lexicon, construct descriptions, perceived performance influence ratings on a seven-point Likert scale, and frequency of executive mention are presented in [Table 1](#). Three observations regarding the lexicon are offered: (1) the breadth of constructs is much broader than is typically found in the sales literature; (2) several elicited constructs not typically associated with the sales force are rated as very important to sales force performance; and (3) executives’ performance importance ratings are generally inversely related to frequency of mention. Each of these points is discussed in this section.

First, the breadth of the 37 constructs is notable. While some have been the focus of considerable sales and sales management research (e.g., sales force knowledge, size, turnover, compensation system, and customer trust building (Verbeke et al. 2011)), others have not generally been associated with the sales force (e.g., organizational ownership structure, financial performance, geographic scope). Executives also indicated a variety of company-level attributes, such as company equity and type, competitive strategy, market share, partnerships and alliances, product quality emphasis and range, company and brand awareness, geographic scope, and ownership structure. Executives’ comments shed light on how these company-related constructs might impact the sales force. Typical of these comments are those from the CEO of a small electronic components manufacturer describing the impact of ownership structure on his sales force:

The fact that we are a family owned firm works in our favor with certain customers. These customers are not enthusiastic about working with big companies because they feel that they will not be valued by the larger company and will get lost in the process. In other words, there is an emotional benefit to being a small, family owned business and this benefit is easy to communicate,

**Table 1** Sales performance drivers

| Rank <sup>a</sup> | Attribute   | Attribute description   | Performance influence | Frequency of mention | PRL reliability |
|-------------------|---|---|-----------------------|----------------------|-----------------|
| 1                 | New customer acquisition                              | Processes for effectively prospecting for new customers, including the systems and processes to support prospecting.  | 6.57                  | 9%                   | 0.75            |
| 2                 | Innovative product development                        | The company's ability to design and produce innovative new products and/or customizing existing products to fit individual customer needs.                              | 6.47                  | 15%                  | 0.74            |
| 3                 | Customer relationship development                     | Processes for expanding supplier-customer economic relationships by establishing personal relationships and networks within a customer's organization.                  | 6.40                  | 20%                  | 0.77            |
| 4                 | Customer trust building                               | Processes for gaining, enhancing, and sustaining customer trust in the promises, honesty, and expertise of the supplier's selling personnel.                            | 6.32                  | 30%                  | 0.93            |
| 5                 | Company/brand awareness                               | The extent to which customers are aware of the company and brand name due to the company's marketing and branding activities and longevity in the business.             | 6.14                  | 19%                  | 0.81            |
| 6                 | Sales/service network density                         | Number of salespeople and sales offices/customer centers a company has located in a defined geography.  | 6.07                  | 20%                  | 0.79            |
| 7                 | Sales force knowledge                                 | The sales force's understanding that has been gained by experience, training, and innate cognitive abilities and can be brought to bear on the selling process.         | 6.04                  | 96%                  | 0.91            |
| 8                 | Delivery services & support                           | The speed, reliability, and flexibility in delivering product and service to the customer.  | 6.00                  | 20%                  | 0.92            |
| 9                 | Customer needs responsiveness                         | Processes for identifying the unique needs of individual customers and developing and implementing unique and effective options and solutions.                          | 5.94                  | 65%                  | 0.89            |
| 10                | Executive-to-executive selling                        | Top level executives can effectively sell to their counterparts at the top levels of customer businesses when the situation requires it.                                | 5.91                  | 15%                  | 1.00            |
| 11                | Product quality emphasis                              | An overall emphasis of achieving the firm's sales objectives by improving product or service quality as opposed to a focus on efficiencies so as to reduce costs.       | 5.90                  | 28%                  | 0.88            |
| 12                | Company equity  | The reputation of the company in the marketplace for such things as quality, honesty, value, and financial stability.   | 5.85                  | 32%                  | 0.89            |
| 13                | Customer service support                              | The quality and breadth of customer service offered by a firm's customer service personnel, including services provided by technical, product, and repair specialists.  | 5.81                  | 36%                  | 0.89            |
| 14                | Technology support                                    | CRM and IT support provided the sales force.  | 5.75                  | 16%                  | 0.81            |
| 15                | Sales force turnover                                  | Rate of annual turnover, e.g., transfers, severance, etc., in the sales force.  | 5.67                  | 20%                  | 1.00            |
| 16                | Customer retention                                    | Processes for maintaining exceptionally long-lasting customer relationships by giving customer retention priority, frequent customer contact, and advanced CRM systems. | 5.62                  | 41%                  | 0.77            |
| 17                | Sales force supervision                               | Closeness of field sales force's supervision by front-line sales management.  | 5.60                  | 20%                  | 0.72            |
| 18                | Sales force compensation system                       | Emphasis of the sales force compensation plan on variable pay for performance.  | 5.55                  | 15%                  | 0.95            |
| 19                | Partnerships & alliances                              | Whether a company regularly engages in partnerships and alliances with other organizations during its selling and/or servicing processes.                               | 5.48                  | 30%                  | 0.73            |
| 20                | Sales force attitude towards the job and organization | The overall attitude of the sales force including enthusiasm, confidence, ethics, entrepreneurship, and identification with the organization.                           | 5.48                  | 30%                  | 0.79            |
| 21                | Selling philosophy                                    | The fundamental philosophy a company's sales force takes towards prospects and customers ranging from transactional to a relationship oriented selling philosophy       | 5.42                  | 49%                  | 0.86            |
| 22                | Price discounting policies                            | A company's policies towards whether to discount prices to individual customers, under what circumstances discounts will be offered, and the nature of the discounts.   | 5.30                  | 41%                  | 0.94            |
| 23                | Market segment focus                                  | Breadth of company's market segment focus   | 5.29                  | 23%                  | 0.59            |
| 24                | Distribution network                                  | Whether the company distributes its products sells direct or through wholesalers.   | 5.23                  | 68%                  | 0.80            |
| 25                | Competitive strategy                                  | Overall organization's focus on low-price versus exceptional quality.   | 5.21                  | 46%                  | 0.82            |
| 26                | Product range of company                              | The breadth of a company's product line from which the sales force can draw to address customer needs.  | 5.17                  | 81%                  | 0.91            |
| 27                | Sales force support                                   | Quality of back-office support for sales force.   | 5.06                  | 24%                  | 0.60            |

**Table 1** (continued)

| Rank <sup>a</sup> | Attribute                             | Attribute description   | Performance influence | Frequency of mention | PRL reliability |
|-------------------|---------------------------------------|---|-----------------------|----------------------|-----------------|
| 28                | Marketing expertise                   | The marketing department’s influences on a company’s decisions based on its expertise in creating and differentiating a positive company image.   | 5.00                  | 35%                  | 0.84            |
| 29                | Operations-sales force interface      | The degree of interaction and cooperation between a company’s external sales force and internal operations.   | 5.00                  | 18%                  | 0.89            |
| 30                | Size of sales force                   | Number of salespeople in a company’s sales force.   | 4.96                  | 70%                  | 1.00            |
| 31                | Company type                          | A manufacturing company versus a trading company sourcing products from others.   | 4.93                  | 41%                  | 0.79            |
| 32                | Financial reputation                  | The profitability and financial stability of the organization.  | 4.90                  | 14%                  | 0.88            |
| 33                | Sales force scope of responsibilities | Whether the sales force is strictly responsible for outside, customer facing sales versus also being responsible for inside sales; purchasing; office work; delivery; merchandising; and/or customer service. | 4.86                  | 58%                  | 0.70            |
| 34                | Geographic scope                      | Whether a company is national or international in its scope of operations   | 4.85                  | 76%                  | 0.89            |
| 35                | Dominant market share                 | The extent to which a competitor has a dominant share of total sales within a targeted competitive marketplace.   | 4.74                  | 23%                  | 0.85            |
| 36                | Ownership structure                   | An organization’s legal status, including privately held; family owned; publicly traded; or a division of a larger corporation.   | 4.54                  | 18%                  | 0.93            |
| 37                | Customer base                         | Both the number of customers and the major customers to which the sales force can reference and from whom they can receive referrals.   | 4.47                  | 20%                  | 0.78            |

<sup>a</sup> Rank is based on importance rating from highest to lowest

especially when a customer has had a bad experience with a large competitor.

This suggests that ownership structure, i.e., being a family owned business, does not necessarily lead to higher sales, but it impacts prospecting processes and success. This broadened sales force scope is also consistent with recent research that considers the sales force as part of a larger corporate effort (e.g., Vorhies et al. 2009; Gruber et al. 2010; Arnold et al. 2011) and a firm’s overall strategy and processes (Slater and Olson 2000).

A second observation is that some of these non-selling constructs have a very important influence on sales force performance. Two of the top five sales force performance influencers are company/brand awareness and innovative product development. The importance of the non-selling constructs is clarified in executive comments. A good example of these comments are those from a machine manufacturing company’s CSO describing the sales performance impact of his company’s high awareness, a facet usually considered a marketing, not a sales force, capability:

[Company] is well known, even famous, in our industry. I think it comes from the fact that we’ve done a lot of advertising and promotions, and have been very active at regional trade shows. At these shows, we bring quite a few of our salespeople to reinforce our presence and to impact how we’re perceived. Because of our company’s reputation, our sales people are invited to get involved in trade show activities such as presenting at seminars and to special interest groups. Additionally, our sales force

spends a lot of time prospecting. Our high company awareness is important to how they are initially received by prospects. Because of this favorable reception, we attempt to take advantage of our high awareness at all times.

While company awareness is not a primary responsibility of the sales force, it is clear that company awareness is something that both impacts the activities of the sales force and is synergistic with the sales force’s operating priorities, prospecting for this company. This is consistent with the interdependency of marketing capabilities observed by Vorhies and Morgan (2005).

Third, there is generally an inverse relationship between construct performance importance rating and frequency of mention. The five constructs executives rated as most important and their frequency of mention (in parentheses) are: new customer acquisition (9%), innovative product development (15%), customer relationship development (20%), customer trust building (30%), and company/brand awareness (19%). None of these constructs were mentioned by more than 30% of executives. By contrast, the most frequently mentioned constructs are notably concrete and available to external observers (Gutman 1982): company product range (81%), company geographic scope (76%), sales force size (70%), and product distribution network (68%).

An explanation for these results may be that most of the highly influential constructs are deeply rooted in intra-firm relationships (Kogut and Zander 1992) and embedded in the structural and sociocultural fabric of the firm (Grewal and Slotegraaf 2007). As a result, these constructs may be

relatively less common across firms, or obtuse to many external managers. Once identified, however, executives rate them as highly influential.

Consider the comments of a senior executive with a large electrical equipment supplier when describing his company's customer acquisition capability, which is the construct rated most influential on sales force performance:

We are very well known and have a dominant market share in Switzerland. We have a long history with most of the major construction firms, so we are usually invited to participate in most new, large construction projects. But this is not the sole or even main reason we are so successful in landing a major share of new construction projects. ...

We work directly with the company that commissions the building project, whether that is a bank, insurance company, or airport. We have built an information system that captures the nuances and preferences of these firms according to type of firm. This helps us to organize the project – including engineers, electricians, and construction planning – to fit the specific customer's needs. ...

One of the key factors in our success in landing new projects is that we put this well-organized information into the hands of the sales force. Every aspect of a project above a certain cost is documented. Our salespeople are trained on this system and know how to use it. ...

We end up in a position to offer the construction firm higher customer value and better service because we help them work with their customer. Our success is due to their success.

It is interesting to list the number of sales force performance drivers mentioned by this executive when describing his company's customer acquisition capability, including dominant market share, company awareness, large customer base, technology support, and sales force knowledge. Put together, the customer acquisition capability utilizes interconnected resources, deeply rooted intra-firm knowledge and relationships, and spans multiple functions within this firm. In other words, customer acquisition for this firm is likely to be a source of competitive advantage. At the same time, however, executives are not expected to know all or even many of another company's deeply rooted core capabilities, even those of a direct competitor. Note that this executive was talking about his own firm and not the capabilities of a competing firm. This suggests that it may be quite important that a large number of executives with 74 different firms were included in this study, as opposed to the 20 or 30 respondents in earlier

repertory grid studies (e.g., Houston and Walker 1996; Lemke et al. 2011). The quality of descriptions and breadth of constructs was likely affected.

In summary, executives identify a wide range of drivers associated with sales force performance. Only a little over half of the drivers of sales performance are associated with the sales force or sales management. Executives include a number of functional and firm-level capabilities and resources constructs that will influence sales force performance. The next phase of this study is to organize the rich and broad set of constructs identified in the first stage into a set of research propositions to facilitate and guide future sales strategy research.

### Sales force performance propositions

In the repertory grid process executives described how the constructs they identified influence sales force performance. As mentioned in the previous section, executives describe a process in which sales force performance is influenced by the interaction between the constructs, as opposed to a main effects model. This interactive model led us to investigate the possibility that the RBT might provide an appropriate theoretical logic for organizing the 37 constructs and guiding the formation of research propositions.

Based on both the identified constructs and executive comments, the RBT seems to be a suitable theoretical logic for classifying the 37 constructs. To test the appropriateness of RBT as an organizing framework, a second set of U.S.-based executives were asked to classify the 37 constructs into the RBT-based categories of capabilities, resources, and organizing contexts. We describe this phase of the study in this section.

Research based on RBT, and its more recent developments such as dynamic capabilities, has been very influential within the strategy and management literature (e.g., Barney et al. 2011). There has been growing interest in RBT in the marketing literature (e.g., Srivastava et al. 2001; Vorhies et al. 2009; Wernerfelt 2013), with Kozlenkova et al. (2013) providing a comprehensive review of RBT in the marketing discipline. Reinforcing the application of RBT to sales force strategy, Morgan and Slotegraaf (2012) argue that while RBT has been largely applied at the firm level, it is also appropriate for analyzing sales force capabilities at an intermediate level in the organization.

We tested the appropriateness of RBT as a guiding logic for organizing the 37 constructs by having executives sort each of them into Newbert's (2007) RBT categories of resources, capabilities, and organizational contexts. An additional distinction was made between constructs primarily residing within the prevue of the sales force versus other functional areas, resulting in a total of six categories.

As recommended by Rust and Cooil (1994) for collecting qualitative data involving sorting exercises, a pre-test was conducted. Four U.S.-based senior executives were recruited to participate in the pre-test. One reason for the pre-test was to determine how many judges are required to ensure reliable qualitative data (Rust and Cooil 1994). The generalizability of the constructs and typology was also tested by having four U.S.-based executives participate in this phase of the research since the repertory grid research was conducted in Switzerland. Two of the executives are CEOs, one is a division director, and the other a regional sales manager. The sorting exercise is described in detail in Appendix B, along with the definitions of resources, capabilities, and organizational contexts. Reliability of executive judgments was evaluated by calculating an overall PRL (proportional reduction in loss). The PRL for the pre-test is 0.99, indicating that the sorting of constructs was highly reliable.

Based on the calculations provided by Rust and Cooil (1994) and the high PRL in the pre-test, it was determined that a small number of judges would be needed to produce reliable sorts, given the high PRL in the pre-test. Six U.S.-based executives who have regular interaction with their firm’s sales force were recruited to participate in the construct sorting exercise.<sup>3</sup> Four of the executives are female. Three executives hold the title of CEO, two are vice presidents, and one is a director. All executives were with firms selling services and/or products to other businesses or institutions.

Again, the sorts by the six judges were found to be highly reliable with a PRL of 0.99. This greatly exceeds the rule of thumb of .70 that Rust and Cooil (1994) recommend for academic studies, indicating that the data are of high reliability. The results of this exercise are presented in Table 2. We therefore concluded that referring to RBT is appropriate for organizing the 37 constructs. The next step was to examine the executive descriptions within each RBT category to determine if there is commonality in the descriptions of the constructs within each category and to specify research propositions with respect to overall sales performance.

### Sales force capabilities

Five sales force capabilities were identified: new customer acquisition, customer trust building, customer needs responsiveness, customer relationship development, and customer retention. These five constructs are complex, knowledge-

<sup>3</sup> Given the high PRL, six judges were determined to be sufficient to provide reliable judgments for six categories based on calculations provided by Rust and Cooil (1994). An interesting question is whether mid-level managers would arrive at similar construct sorts. To address this issue, an additional six mid-level managers (five were directors and one a program manager) with significant sales force interaction were recruited for a second sort. All constructs were sorted into the same categories as reported here and the PRL was a very strong .92.

**Table 2** Sales force constructs sorting: resource-based theory categories

| Element                           | Performance influence ranking |
|-----------------------------------|-------------------------------|
| Capabilities:                     |                               |
| Sales force:                      |                               |
| New customer acquisition          | 1                             |
| Customer relationship development | 3                             |
| Customer trust building           | 4                             |
| Customer needs responsiveness     | 9                             |
| Customer retention                | 16                            |
| Non-sales:                        |                               |
| Innovative product development    | 2                             |
| Delivery service & support        | 8                             |
| Customer service support          | 13                            |
| Technology support                | 14                            |
| Partnerships & alliance           | 20                            |
| Marketing expertise               | 28                            |
| Resources:                        |                               |
| Sales force:                      |                               |
| Sales/service network density     | 6                             |
| Sales force knowledge             | 7                             |
| Executive-to-executive selling    | 10                            |
| Sales force attitude              | 19                            |
| Product range                     | 26                            |
| Customer base                     | 37                            |
| Non-sales:                        |                               |
| Company/brand awareness           | 5                             |
| Company equity                    | 12                            |
| Financial reputation              | 32                            |
| Dominant market share             | 35                            |
| Organizing contexts:              |                               |
| Sales force:                      |                               |
| Sales force turnover              | 15                            |
| Sales force supervision           | 17                            |
| Compensation system               | 18                            |
| Selling philosophy                | 21                            |
| Market segment focus              | 23                            |
| Inside organization interface     | 29                            |
| Size of sales force               | 30                            |
| Scope of responsibilities         | 33                            |
| Organizational:                   |                               |
| Product quality emphasis          | 11                            |
| Price discounting policies        | 22                            |
| Distribution network              | 24                            |
| Company competitive strategy      | 25                            |
| Quality of sales force support    | 27                            |
| Company type                      | 31                            |
| Geographic scope                  | 34                            |
| Ownership structure               | 36                            |

based processes whose execution (1) is primarily the responsibility of the sales force; (2) likely utilizes and integrates sales force and company resources; (3) focuses on customer-facing processes and customer desired outcomes, and (4) represents three of the top four most important drivers of sales force performance. As such, they are distinct from other sales constructs executives mentioned, such as sales force size or customer base, which are resources and not capabilities; or sales force compensation systems, supervision, and the quality of sales force support, which are not directly customer focused, but rather are intended to support the five core sales force capabilities. It is striking that these five sales force capabilities explicate the critical processes of the higher-level organizational capability of customer relationship management (Srivastava et al. 1999). This may result because the sample involves B2B firms for which the sales force is primarily responsible for customer engagement (Morgan and Slotegraaf 2012).

Executives' descriptions of these competencies were much more complex than the traditional selling steps of prospecting, selling, and closing. Instead, descriptions focused on customer relationship development and value creating contexts (Dixon and Tanner 2012). Typical is a senior electrical supply executive's description of his sales force's customer needs responsiveness capability:

We have product oriented salespeople who are capable of going very deep in their problem analysis when working with our customers because they are all engineers. They work well with our customers and understand our customers' problems very well and can help bring the customer's perspective into our organization. They work well with our technical people to offer special solutions because of both their knowledge and their close working relationship with our technical division. Many other companies in our industry are, by comparison, not very technically adept and so cannot quickly and deeply address specific customer needs.

The selling process this executive describes is consistent with the "selling transformation" notion of Dixon and Tanner (2012). It is neither linear nor sequential and is focused on customer value creation rather than strictly promotional or one-way message delivery.

The sales force capabilities our executives provided are also complex, opaque routines that likely possess the rarity, value, and inimitable RBT qualities that drive a sustainable superior performance advantage over time. Such complexity was noted by one executive in describing his sales force's customer relationship building capability:

A sale can take place at either the project manager/technical specialist level or the executive level. The

key to success, however, is having a close working relationship with key decision makers and influencers within the customer's organization so as to know for any opportunity and situation whether it is best to engage a customer top-down or the bottom-up. Additionally, it is most important to have an efficient process for preparing and engaging our executives when they are needed. It is important that we do this better than our competitors.

Notice that both executives refer to the importance of performing these capabilities better than competition. So, performance is likely to not just be a matter of performing the capability well, but will depend on how well the capability is performed vis-à-vis competition. It is also important that the customer relationship capability is described not only as a process, but also as playing a mobilizing role in marshalling and directing other resources and capabilities, such as sales force knowledge and executive-to-executive selling. Based on our repertory grid results and executive descriptions, we offer the following sales force capability propositions:

- P1: Possessing superior sales force capabilities vis-à-vis direct competitors will have a direct, positive effect on sales force performance.
- P2: Sales force capabilities that are rare, value-creating, and inimitable will result in sustainably superior sales force performance.

It is important to note that executives did not present homogeneous descriptions when discussing each sales force capability. In other words, some descriptions were quite rich and complex similar to the provided quotes, but not all descriptions were of this nature. Referring to customer retention, for instance, some executives described complex processes involving executive-to-executive selling, customer service support, product modification, IT, and delivery services. Typical of these descriptions is that of one executive, who stated:

Our first priority is not to acquire new customers, but to make sure our existing customers are satisfied. We feel that our customer review processes give us a competitive advantage here because of the quality of our data capture software, our top-management commitment to formal customer performance review processes conducted with each client, and the sales force decision-support systems we have developed in-house.

But not all executives expressed this degree of commitment and investment in customer retention. Statements such as "I think we visit our customers more than any of our competitors," "we have guidelines in terms of the quantity of customer visits," and "it is primarily important that the sales force is on-site with the customer" were also mentioned, suggesting that some executives viewed customer retention in primarily a

physical sense. It seems reasonable to suggest, therefore, that conceptualization and execution of individual sales force capabilities varies between firms. This is consistent with the RBT view that firms are heterogeneous (idiosyncratic) in their capabilities (Penrose 1959). Given the noted heterogeneity in the repertory grid and qualitative executive descriptions, as well as the richness and complexity in employing non-sales resources and capabilities in describing sales force capabilities, we offer an additional RBT-relevant proposition:

- P3: Heterogeneity will exist in executives' mental representations of sales capabilities, including the perceived influence of capabilities on sales force performance.

### Sales force resources

Executives classified six constructs as sales force resources: sales/service network density, sales force knowledge, executive-to-executive selling, sales force attitude, product range, and customer base. This diverse set of constructs includes both individual-level characteristics (e.g., knowledge and attitude) and company-level attributes (e.g., product range, sales/service network density, and executive-to-executive selling). What distinguishes these constructs is that they are closely associated with the sales force's customer value creation efforts and are resources in the sense that the sales force can leverage them when needed to successfully execute sales force capabilities.

Consider service network density resource, ranked sixth in perceived performance influence. Sales/service network density is defined as the number of sales offices and customer centers located in a defined geography. The notion of this resource being leveraged by sales force capabilities is illustrated by the statement of a CSO of a manufacturing firm:

We have 40 customer centers in Switzerland. Each center has a direct online connection to our production facilities in Thalwil and Schönenberg. We have about five times as many as our competitor in a geographic area ten times smaller than the total German-speaking market. As a result, we are better able to achieve a closeness with our customers that allows us to build very close, long-lasting customer relationships, anticipate customer needs, and thereby expand our sales with existing customers. Very little of our sales force's time is spent recovering from service failures.

For this company, sales force network density relative to competitors operates jointly with the sales force capability of customer relationship development to drive sales performance. Note that, according to this statement, sales/service network density does not directly influence sales force

performance. Rather, a complementary relationship is indicated between sales force resources and capabilities. The process nature of capabilities, that is the patterns of interaction, coordination, and communication salespeople use to transform resources into customer value, was frequently noted by executives when describing the interaction between sales force capabilities and resources.

Consider a very different sales force resource, sales force knowledge. Sales force knowledge is personal and therefore can be viewed as specialized in nature. It may require years of implicit "on the job" learning (Kunc and Morecroft 2010). The accumulation and retention of this specialized human capital resource in the sales force is likely to be critical. When discussing sales force knowledge, executives brought up a wide number of facets of knowledge, including knowledge about products, customers, competitors, product development, and technical information. They likewise described company efforts to enhance sales force knowledge including initial training, on-going training, and salesperson selection criteria. When discussing how knowledge impacts sales force performance, however, it was clear that knowledge came to bear on performance in conjunction with sales force capabilities. The interaction between sales force knowledge and one company's new customer acquisition capability was expressed as follows:

With us, the product development department is intimately involved in the selling process when we are pursuing a new customer. In our selling process, the customer can have his or her own idea of our product's capabilities. We will develop the product as they have specified. Knowledge of product development therefore has a high priority and significance in our pitch to new prospects. This is why the sales force must be very well technically trained. Technical skills are also high in our selection criteria.

Prior empirical research in RBT (Newbert 2007) supports the likely existence of a joint, complimentary relationship of sales force resources and capabilities on performance. Several studies have explored the relationship between sales force knowledge, ranked highly as a performance driver, and performance (e.g., Smith and Barclay 1997; Menguc and Barker 2005). Menguc and Barker (2005), for instance, examined selling skills as a knowledge-based resource and evaluated its impact on sales unit performance. No direct relationship on the skills and performance relationship was found, but interestingly, the study did find that the interaction of collaborative capability and knowledge of the selling process influenced performance.

While executives in the repertory grid exercise were all from Switzerland, the complementary relationship between sales force resources and capabilities is not culturally bound.

Pfizer, for instance, is known for its sales force's expertise and professionalism, but it is the trust that physicians have in their Pfizer rep that leverages this knowledge. The nature and quality of Pfizer's customer-relating practices is not fully articulated in industry narratives, perhaps due to their complexity and ambiguity, or the lack of a clear understanding of these complementarities.

Prior research in RBT offers the general proposition that the organizational performance effects of superior resources, including resources such as those identified in our empirical sales force research above, will be enhanced (or ameliorated) through the joint effects of superior (or inferior) sales force capabilities. Hence the following specific research propositions are offered based on the repertory grid results, executive quotes, and the discussion above:

- P4a: The positive effect of superior sales/service network density on sales force performance will be enhanced (or ameliorated) by a firm's relative superiority (or inferiority) in its sales force's capability of customer relationship development.
- P4b: The positive effect of superior sales force technical knowledge of new product development procedures on sales force performance will be enhanced (or ameliorated) by the firm's superior (or inferiority) capability of new customer acquisition.

#### Non-sales capabilities

Some of the repertory grid constructs identified by executives, such as innovative product development, delivery service and support, customer service support, technical support, partnership and alliances, and marketing expertise, represent complex organizational processes and are important to customer value creation and sales performance. The sales force, while often involved to varying degrees in these processes, does not explicitly lead or guide them. Yet these non-sales capabilities interact with the sales activities and efforts in such an intimate manner so as to be important to the performance of the sales function.

A particularly notable non-sales capability is innovative product development. This capability is ranked second in perceived sales performance influence even though it is not classified as a sales force capability. Innovative product development is the degree to which the company is able to design innovative new products and/or customize existing products/services to fit individual customer needs. The intersection of this capability with sales force capabilities exemplifies the notion of cross-functional coordination enhancing a firm's ability to build a competitive advantage (Morgan and Slotegraaf 2012). As one executive commented on his company's innovative product development capability:

We are capable of both bringing new products on the market and changing products based on the wishes of our customers. Indeed, this is the primary sales proposition of our salespeople when growing the relationship with an existing customer. Our salespeople must be able to identify and communicate the possibilities for change to the customer. This is not a strictly financial sale. Likewise, they must know our internal capabilities to design and produce customized solutions. They must also understand what this involves and whether it makes sense from a financial standpoint for us. Then, they must be able to work with our design people. This is asking a lot of the sales force. Competitors have been unable to duplicate this capability or even persuade our customers that this is the case.

This same outside-in involvement of the sales force in product innovation is eloquently expressed by another CEO when describing his company's processes:

Based on the sales force's ability to identify customer desires (customer needs responsiveness capability) and then communicate customer desires to our development people (new product development). It doesn't stop there however. Our salespeople continue to interact with the development people throughout the process to make sure that the final product meets market needs. The final product is truly a collaborative effort. Eventually, these new product innovations in turn present an excellent opportunity for successful sales force prospecting [new customer acquisition capability].

The above clarifies executives' thoughts on the role of product development processes impacting sales performance. Executives are not focusing on the internal and technical aspects of the product development process. Rather, they are emphasizing the interactive role that the sales force's customer-relating capabilities play in bringing external customer issues and considerations into operation at various phases in the product innovation process. This seems to be an application of a firm's market sensing capability at the functional sales level.

Delivery services and support was also ranked high by executives (8th) in its influence on sales force performance. While it is understandable that speedy and reliable product delivery is important in driving sales force performance, it is clear that executives were encompassing more than logistical performance within their descriptions of this non-sales capability. The CEO of a machine tooling firm provides a representative description of his company's delivery capability as:

We place a great deal of emphasis on delivery speed and reliability. To be honest, there are actually no differences in our delivery performance and that of our competitors.

Nowadays, one has always to deliver reliably. In our surveys, our customers rate us as having very good delivery speed and react quicker to customer delivery requests. The reason for this is that our delivery performance is seen as one aspect of our overall partnership arrangement with the customer. Delivery is simply one dimension of the partnership that has been established by the sales force. I think we do a better job in delivering on special requests or in emergency situations. But that too reinforces the partnership relationship.

Delivery service and support capability is a complex process and capability in its own right. Its impact on sales force performance, however, is based on its interaction with the sales force's customer-relating capabilities to determine whether: (1) customers fully realize the promised value and (2) the company achieves customer loyalty and cost benefits.

As with sales force resources, the interaction of sales and non-sales capabilities seems to apply in many different situations. At Stihl, for instance, the lawn tool manufacturer has developed a reputation for innovative product qualities, a strong customer service orientation through its two-step distribution system, and a distinctive image among do-it-yourself end-users as the elite tools that the professionals use. These reputational assets have been leveraged by its direct sales organization to dominate the high end and profitable tool segment. Similarly, the Dewalt "professional" tool brand with its distinctive yellow color was acquired by Black & Decker in order to complement its large field sales force and close customer relationships with the "big box" stores. On the other hand, business practices in the mortgage business have led to negative press and forced BankAmerica to invest heavily in rebranding in order to recapture the value of its widely recognized new customer acquisition capability.

Hence, based on the RBT suggestion that superior non-sales functional capabilities, including those such as innovative product development and delivery services and support identified in our empirical sales force repertory grid research and executive discussions, will be enhanced (or ameliorated) through the joint, complementary effects of superior (or inferior) sales force capabilities, we offer two representative research propositions:

- P5a: The positive effect of superior innovative new product development capability on sales force performance will be enhanced (or ameliorated) by a firm's relative superiority (or inferiority) in its sales customer relationship capability.
- P5b: The positive effect of a superior delivery service and support capability on sales force performance will be enhanced (or ameliorated) by a firm's relative superiority (or inferiority) in its sales customer relationship capability.

## Non-sales resources

Executives identified four resources generally associated with non-sales functional areas, but on which a sales force nevertheless may "draw" to achieve its objectives: company/brand awareness (ranked 5th), company equity (12th), financial strength (28th), and a dominant market share (35th). Similar to non-sales capabilities, the sales force may utilize these resources when executing its capabilities. On the one hand, these non-sales force resources, acting as reputation assets, can be expected to interact in a complementary fashion with sales force capabilities to enhance sales force performance. On the other hand, these reputational effects may be ameliorated by inferior sales force capabilities. As one executive noted when describing the sales force performance impact of his competition's relative strength in brand awareness:

[Competitor] is one of the most important and widely known providers of envelopes in Switzerland and enjoys a very good image with respect to creative products. However, its sales force is perceived as being rather arrogant and presumptuous when dealing with customers. Perhaps as a result, they do not have the systems in place for a deep and broad customer relationship. They do not have the close relationships our salespeople have and as a result we are able to compete very well against them, despite their very positive product reputation.

Thus, the potential advantage of a competitor's strong brand awareness was compromised by its sales force's inability to develop customer trust and relationship development capabilities.

A similar description was offered by a CMO when describing the tendency of Swiss companies to emphasize doing business with firms with solid prospects for financial strength:

When a company has a good reputation, then the customer feels safe in doing business with them. This is especially the case when large volume opportunities are being considered. It is very important to companies in Switzerland that they can depend on a supplier being there for them into the foreseeable future. Yet, even then, it serves to give the sales force a chance to establish a successful relationship with the customer. A poor initial meeting with the customer can entirely undercut a good reputation.

In these cases, the positive and direct performance effect of company awareness and reputation for financial strength appears to be normatively expected, especially when financial risk and long-term relationships are involved. However, this reputational advantage may be undercut by limitations or

inferior skills in customer acquisition and relationship development capabilities.

In light of the above, it is apparent that the four non-sales resources identified in our empirical study all operate as reputational resources in that favorable external or internal perceptions may influence customer behaviors and decisions. However, the mere possession of such resources does not result in competitive advantages or the creation of value (Priem and Butler 2001). To realize competitive advantages, firms must develop and utilize appropriate capabilities to combine and leverage these resources (Sirmon et al. 2007). On the basis of our repertory grid and executive insights, it is apparent that the five sales force capabilities are likely to play a critical role in combining and leveraging these non-sales reputational resources. Hence the following proposition concerning the impact of non-sales reputational resources is offered:

P6: The positive effect of superior non-sales reputational resources on sales force performance will be enhanced (or ameliorated) by a firm's relative superiority (or inferiority) in its sales force capabilities.

#### Organizing contexts

Executives identified 16 organizing context constructs. A distinction again was made between sales force and organizational context constructs, consistent with the hierarchical focus on sales force capabilities and resources. Executives identified eight sales force organizing context constructs, including many elements classified as sales management systems, processes, structures, and practices (Morgan 2012). Notably executives did not rate any of these context factors very highly in terms of their perceived influence on sales force performance, although sales force turnover (ranked 15th), supervision (17th), and compensation system (18th) ranked above the midpoint.

Sales force organizing context constructs have been the primary focus of prior micro-level sales research stressing the salesperson as the unit of analysis (Verbeke et al. 2011). However, our research indicates that these sales force organizing context constructs can be reframed in terms of the contingency fit model of RBT with the unit of analysis being the selling function of the firm. A representative example of the necessity of consistency and fit between sales force compensation plans and sales force capabilities and resources was noted by a chief sales officer when discussing the reason his sales force does not have a product-focused compensation plan:

In our sales department, growing the relationship is most important. Product knowledge is crucial. It is not about

generating volume with discounts and special offers, but rather about being able to provide good advice. This is the reason why our sales force does not receive product focused sales incentives.

This statement suggests that one compensation system is not inherently superior to an alternative plan. Rather, the sales force performance impact of a compensation system will depend on how the plan complements the sales force resources and capabilities that the plan is intended to encourage, leverage, and reinforce. In the case of this company, product-related sales incentives would be inconsistent with their emphasis on superior product knowledge and the sales force's role in providing suitable customer advice. Given this view, a representative proposition can be offered:

P7: The positive effect of a superior customer needs responsiveness capability on sales force performance will be moderated by the sales force context factor of compensation systems such that: sales force performance will be enhanced when there is a fit between the customer needs responsiveness capability and sales compensation system, but this positive effect will be mitigated by a lack of fit.

Seven firm-level organizing contexts are also noted. Some of these, such as product quality and the nature of the distribution network define or delimit the organizing choices available to sales management. The nature and implications of the distribution network distinction was articulated by a CSO with a plastics raw material supplier, when describing the differences between firms that sell direct to customers versus selling through wholesalers:

Some of our competitors have a direct delivery system, while others have a delivery system through wholesalers. This has implications for how the sales force is organized, their customer knowledge, span of control, and even sales force size. We have had a close relationship with all of our wholesalers having worked with them for many years. We know each other well.

This CSO points to the importance of the contingent fit between the nature of the distribution system as an organizing context with the other sales force organizing contexts (e.g., sales force structure, sales supervision, size and span of control), sales force capabilities (e.g., customer relationship development), and sales force resources (e.g., sales force knowledge) This CSO notes the importance of close relationships with wholesalers in the event this system is employed. Hence, though not explicitly stated by the CSO, selling directly to customers, as opposed to wholesalers, may provide an inherent advantage of closer end-customer relationship development and needs responsiveness. Thus, the use of distributors seemingly implies the need to develop unique and

compensating sales force and non-sales force capabilities. Given this view, a representative proposition would be:

P8: The positive effect of a superior customer relationship development capability on sales force performance will be moderated by the organizational context factor of distribution network type such that: sales force performance will be enhanced when there is a fit between the customer relationship development capability and the distribution network type, but this positive effect will be mitigated by a lack of fit.

The remaining firm-level context constructs are relatively strategic or structural in nature (e.g., company competitive strategy, geographic scope, back-office support, company type, geographic scope, and ownership structure) with respect to defining the strategic role of the sales force. While these constructs are ranked relatively low (25th or lower) in perceived influence on sales force performance, these broad organizing context characteristics may nevertheless impact the execution and effectiveness of sales force resources and capabilities. Recall, for instance, the earlier CEO who mentioned that some customers prefer to deal with a family owned supplier.

This suggests that ownership structure, company type, and geographic scope may operate as reputational assets in the sense that the positive (or negative) impact of sales capabilities, or the joint resource-capability combination, on sales force performance may be further magnified (or mitigated) by the degree to which there is a proper fit with reputational context factors. This perspective suggests that the role of the sales force should be broadened in scope to examine how sales force capabilities interact with more firm-level organizing contexts and strategic choices. This is consistent with recent research that considers the sales force as part of a larger corporate effort (e.g., Vorhies et al. 2009; Gruber et al. 2010; Arnold et al. 2011).

The necessity for complementarity fit of sales resources and capabilities likely applies quite strongly to a firm's generic competitive strategy and processes (Slater and Olson 2000). Whether a firm has a prospector, analyzer, or defender strategy, for instance, frames the value and appropriateness of sales force resources, capabilities, and their complementarities. All firms in an industry do not compete on the same basis. Apple competes most distinctly in terms of new product innovation, smart marketing, high margin pricing, and retail store expertise; Samsung competes on at least comparable product quality at a lower cost garnered through customer demand generation and supply chain capabilities and efficiencies. Hence, it appears critical that empirical studies examine the contingent fit of the firm's sales force resources and capabilities

with its generic competitive strategy. Two representative propositions are:

P9a: The positive effect of superior sales force capabilities on sales force performance will be moderated by organizational reputational contexts such that: sales force performance will be enhanced when there is a fit between reputational context factors and sales force capabilities, but this positive effect will be mitigated by a lack of fit.

P9b: The positive effect of superior sales force capabilities on sales force performance will be moderated by the firm-level generic competitive strategy context such that: sales force performance will be enhanced when there is a fit between the generic competitive strategy context and sales force capabilities, but this positive effect will be mitigated by a lack of fit.

### Future research directions

This study was undertaken to facilitate research on how the sales force as a unit impacts sales force performance. A theory in practice approach was taken to identifying the 37 constructs impacting sales force performance. Repertory grid was used to elaborate a sales force performance taxonomy, the perceived importance of a set of constructs, and the synergistic relationship between these constructs in driving sales performance. A second set of senior executives were asked to assign the 37 constructs into the categories of resources, capabilities, and organizational context. A distinction was made between constructs that were primarily sales and non-sales force related. The executives were able to reliably make these distinctions.

Beyond the traditional focus on the individual salesperson, it is proposed that there are a set of sales force capabilities that will influence sales force performance. Specifically, executives referenced five sales force capabilities: new customer acquisition, customer relationship development, customer trust building, customer needs responsiveness, and customer retention. These capabilities are customer facing and exchange-level resources. They serve to facilitate customer value creation by orchestrating and coordinating resources within the selling organization. It is clear from executive comments that they perceive that these resources vary in quality and value across directly competing firms. However, no empirical research of which we are aware has demonstrated this heterogeneity of resources at the sales force level.

The 37 constructs also suggests that a much broader lens is needed when examining sales force performance. Relevant resources are not limited to those directly under the control of the sales force, but they include other functional resources and capabilities such as product development, logistics, customer service, marketing, and IT among others.

The broadened perspective undertaken here should prove useful to future research in three ways. First, it should promote progress in understanding the role and processes by which the sales force may drive firm performance. It has already been established that spending more on a firm's sales force leads to greater revenues (Albers et al. 2010). Our study builds on their research by identifying a broader set of sales force performance drivers along with some notions as to their relative importance and relationship in driving sales force performance.

Second, the developed research propositions recognize the potentially synergistic influence of the sales force in coordinating and working with other functional areas. Our propositions seem to most closely fit the intermediate level of capability hierarchy within the Morgan and Slotegraaf (2012) taxonomy of B2B marketing capabilities. Intermediate level capabilities occur at the individual, group, organizational, and inter-organizational levels. Further, intermediate level of capabilities focus on the orchestration of multiple activities, often across functional levels in an organization, in which in addition to working independently, individuals “work within and across groups, departments, and subunits that collectively represent the firm.” (p. 93). Consistent with this description of intermediate level capabilities, the five sales force capabilities identified in our study appear to orchestrate other specialized resources, e.g., executive-to-executive selling, brand awareness, etc., into a coherent customer facing effort. This broader coordinating and orchestrating aspect of a firm's selling effort has not previously been modeled into sales force performance studies.

It has been established that the sales force plays a role in the success of other functional areas, such as new product development and marketing (Harmanocioglu et al. 2009; Homburg and Jensen 2007). There has been little attempt to demonstrate how sales involvement in new product development, for instance, might facilitate sales force performance. This may result from the dominant focus within the sales literature on individual salesperson performance (Verbeke et al. 2011).

A highly useful next step may be mapping sales force capabilities to reveal where and how the performance of each of these activities is performed and located within a firm. As Day (1994) noted, mapping would also serve to identify disconnects at the hand-off points in these capabilities (i.e., where the information, questions, and decisions are transferred within and between individuals, groups, and departments). One important consideration might be the locus of responsibility for each of the activities involved in the process, as this might reveal that dispersed ownership, and conflicting priorities might lead to a lack of focus or consistency. Mapping is difficult, but may be most revealing with respect to differences in sales force strategy and execution.

Third, our study suggests that sales researchers should broaden their focus beyond the focal organization to include

direct competitors when examining sales performance. Sales performance research has traditionally focused on either the individual or firm (Verbeke et al. 2011). We argue that sales force performance is not simply a function of engaging in certain activities, possessing a set of resources, or utilizing a set of management policies and procedures. To achieve superior sales force performance, these activities and resources must be superior to those of direct competitors. This suggests that the metrics used for measuring resources must take into consideration relative superiority in a firm's ability to execute a set of processes as well as superiority in relevant resources. As noted by Kozlenkova et al. (2013), if firms possess valuable resources that few other firms have, and if these resources are too costly or difficult for other firms to imitate, then the firm controlling the resources will likely generate superior results.

## Conclusion

The increasing emphasis on customer centricity, account relationships, and loyalty (Day 2004; Ryals 2005) in B2B markets suggests that the sales force has de facto responsibility for the customer-facing efforts of many firms. Marketing in these contexts plays a supporting role. Based on executives' statements, it is apparent that the role of the sales force may need to be examined at a variety of strategic levels, as a specialized function, a cross-functional player, an aspect of the firm-level strategic planning and implementation process, and an aspect of a firm's dynamic learning and adaptation capabilities (Morgan 2012). This study provides a set of research propositions for investigating strategic sales force processes and policies in order to stimulate and guide research in this area.

## Appendix A

### Steps in the repertory grid process

1. *Company sales force elicitation*: Executives were asked to think of the sales forces of directly competing firms, which was described as a firm with whom their firm (a) competes for the same general set of customers, (b) considers when formulating their market and sales strategies, and (c) compares their performance outcomes. Each firm's name was written on a card, including the name of the executive's firm.
2. *Sales force-related construct elicitation*: The *dyadic opposite method* was used to elicit sales force attributes termed constructs. This involved presenting two randomly chosen company sales force cards and asking: “In

which ways that impact the performance of the sales force are these two company sales forces alike or different?” If a difference was reported, these differences specified the two poles of the sales force attribute (e.g., strong vs. weak customer acquisition effort). If a similarity was reported the executive was asked: “What is the opposite of the stated similarity?” to specify the opposite pole. The questioning continued with the same company-competitor dyad until the respondent could not identify any more similarities or differences. Then, one company card was discarded and a second company card was presented; respondents were asked to compare the new company-competitor dyad in a manner similar to the first company pairing.

3. *Construct explication.* In most cases, executives naturally went into an explanation of why they mentioned a construct and how this construct impacted sales force performance. If an executive did not provide this description during the interviews, then they were asked for this explanation following listing the constructs for each compare of competitors.
4. *Construct importance rating:* After making all dyadic comparisons, the last step of the process was to have executives rate each construct with respect to its perceived influence on overall sales force performance utilizing a Likert scale ranging from 1 (very low influence) to 7 (very high influence).

## Appendix B

### Typology methodology

Conceptual definitions of sales force specific capabilities, resources, and organizing contexts were developed based on the RBT literature (Barney 1991; Grant 2007; Srivastava et al. 1999). Definitions were pretested with two experienced sales managers and accordingly adjusted:

**Resources:** A resource refers to assets or factor inputs that an organization can acquire, own, control, or has access on a semi-permanent basis. Resources may be tangible (e.g., factories), intangible (e.g., company reputation), or human (e.g., employee expertise). Resources may reside primarily within the sales force or other functional areas.

**Capabilities:** Capabilities refer to the performing a coordinated set of processes, utilizing and leveraging resources. Sales force capabilities, specifically, consist of processes focused directly on the customer and generally executed by the sales force. Non-sales capabilities are executed by other functional areas,

though they may be important in executing sales force capabilities and achieving customer-related outcomes.

**Organizing Context:** An organizing context consists of management’s structures and systems. Organizing context is hierarchical in nature. A sales force management context consisting of systems and structures focused on sales force, while organizational context focuses on the broader internal context within which the sales force operates.

The above definitions and the 37 sales force element definitions were pretested with two additional sales managers. Based on their sorting results and feedback, adjustments were made to better reflect the concept definitions. These definitions were utilized in a subsequent sorting exercise involving four additional managers. Two of the sales managers were regional sales managers with large B2B firms. The other two senior-level executives, a CEO of a mid-sized aerospace firm who oversees the firm’s selling efforts and a CSO with a large manufacturing company selling their products through distributors.

The sorting exercise consisted of three steps. The executives made an initial sort of the 37 constructs into one of three piles: resources, capabilities, organizing contexts. After reviewing each pile for internal consistency, adjustments were made as necessary. Next, the managers examined each pile to determine if the constructs primarily resided with the sales force or with another functional area, resulting in six element categories.

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