

SALES MANAGEMENT KEY SUCCESS FACTORS IN A COMPLEX ENVIRONMENT

Jörg Bothe*

Abstract

The article focuses on evaluation of the needs and the structures of sustainable sales management key success factors (KSF) in a complex sales environment. The first part of this research is to discuss the difficulties to define KSF generally and specifically for a sales organisation in complex situations. Another purpose of this paper is to discuss the contrast between requested specific success factors in relation to the complex environment of sales activities. The aim of the article is to determine the three overall valid factors for all kind of decisions affecting the success of sales organisations.

Increasing international competition, higher expectations regarding shareholder values, getting a higher market share, increasing or stabilizing prices and last but not least, just surviving in between all the market forces. All this put the necessity of productive sales organisations into the spotlight for the top management and the international research. At the same time products in the B2B Sector became more and more comparable and prices are under strong competition pressure. So Sales Organisations are one of the top key performance enablers in successful companies worldwide. That is the reason why the key success factors in a complex sales environment must be investigated.

Keywords: *Key Success Factors, Complexity, Sales Management, Sales Success, Sustainability*

JEL Classification: M10, M16, M19

1. Introduction

The purpose of this article is to identify the three overall valid Key Success Factors for sales organisations performance. Furthermore it has to be investigated how to receive the right information without disturbing the sales force in their important work and how the organisational structure supports or undermines the main subject of a sales control system.

The role and perception of sales controlling systems has grown dramatically in the past decades. Increasing international competition, higher expectations regarding shareholder values, getting a higher market share, increasing or stabilizing prices and last but not least, just surviving in between all the market forces. All this put the necessity of productive sales organisations into the spotlight for the top management and the international research. At the same time products in the B2B Sector became more and more comparable and prices are under strong competition pressure. So Sales Organisations are

* Jörg Bothe, M.Sc., Bucharest University of Economic Studies. E-mail: joerg.bothe@gmx.de

one of the top key performance enablers in successful companies worldwide. That is the reason why the sales controlling instrument systems must be investigated.

In Sales, time, motivation and information are a limiting success factors. This creates a triangle with interrelated and interdependent limited factors. In the same time organisations are fighting for the attention of their sales forces. Fast changing product life time's create the need for technical product trainings, the needs of the market and customer information have to be transferred and channelled by the sales force. Furthermore higher demands on compliance and anti-trust systems, financial and contract information and negotiations, accurate budget planning seasons reduce the active sales time, dramatically. (Huckemann/ Schmitz 2014)

Furthermore, sales managements demand a high accuracy in real time of a high number of key performance indicators. On the other hand they are reducing the quality of the required information or reducing the active sales time further. Nevertheless, sales people are not very much interested in giving greater insight into their own sales pipeline for the management. They feel observed, over-controlled and limited in their freedom towards their own activities. Last but not least, companies are working together with independent sales dealer or sales agents in export markets. These independent sales organisations are normally not interested in giving any insight into their own sales pipeline or further information. So, the new challenge for the sales management is to define the right key performance indicators without damaging the motivation of the sales force or reducing the active sales time to zero and receiving the right information in the same time to control and manage company's success.

2. Research Methodology

In order to attain the foreseen objectives, relevant research articles and literature from renowned publishers as well as globally recognized research entities and professional organizations were studied. The focus was on a desk study comprising the analysis of publications to provide an overview of short and long-term sales controlling instruments for a productive sales organisation and defining approved actions within a short reaction time after perception.

3. Short Literature overview

Although sales is an important part for companies success, the research is mainly related to the performance factors of sales people. (Jaramilio, et. al.), (Miao, et. al.), (Verbecke et. al.) The role of the Sales Management is viewed in respect to detailed Management proceedings. (Binckebanck, et. Al. 2013), (Homburger, et. al.)

Sales complexity has been discussed in detailed views. (Schmitz/ Rader), (Binckbanck et. al.). Recently the combination of complexity and a sustainable management approach has been discussed. (Bothe/ Nachhaltigkeitsmanagement). The complexity of setting Key Success Factors is described in detail by Grunert and Ellegard (Grunert, Ellegard) and Chamberlain (Chamberlain)

4. Key Success Factors

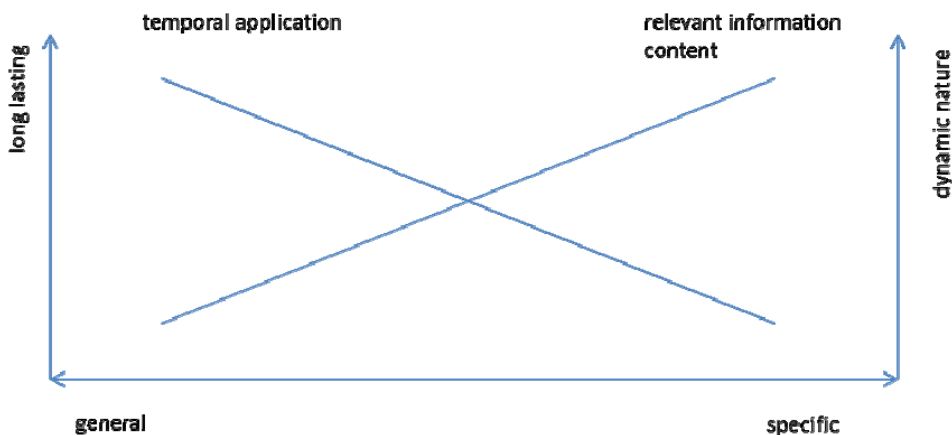
First subject is the discussion of the validity of Key success factors by strong interdependencies between being general and concrete enough in the same time. This is

necessary for operating within a wide range of application scenarios and giving sufficient insides and guidelines for the managers in the same time.

Grunert and Ellegard are discussing possible definitions of key success factors and choose it “as a description of the major skills and resources required to be successful in a given market”. Furthermore they discuss how key success factors can be described in general or in concrete. The general description gives a long lasting version, but with little information content. The concrete formulated key success factors will be more transient, because dynamic nature of causes of success in particular market. (Chamberlain)

For the definition of the key success factors for a turnaround process it seems to be necessary to predefine the subject surroundings, e.g. size of companies, industries, markets. In addition there is a need of a minimum group size and a defined management level of the market evaluated, which has to be defined in the research project. (Grunert/ Ellergard) Futhermore the business model can be taken as a group definition, e.g. business to business in need of an explanation.

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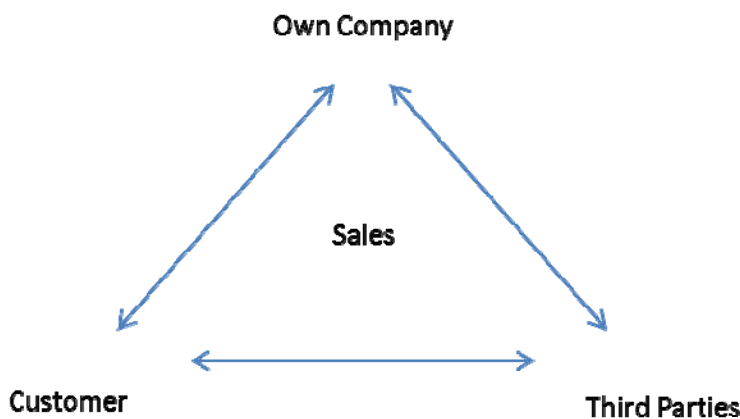


Picture 1: Interdependency of Key Success Factors (Own chart combining Grunert/ Ellegard and Chamberlain theories)

Companies have to earn money and the Management is responsible to deliver results. Key Success Factors with the focus on resources and major skills are totally different to Key performance indicators. KPI's are sophisticated and systematically built controlling instruments showing results for each and every detail in a company. Key success factors, as described before, are the basement of the results.

5. Complex Environment of Sales Organisations

Sales organisations are in the role of information dealer between the own company, the customers and different third parties. (Belz, Schmitz 2011), (Verbeke, Dietz, Verwaal 2010) Each of it is a complex system and so the situation of sales organisations is complex in several perspectives. The complexity on the individual level of the sales or account manager can be divided into two main drivers, the external and the internal drivers. Each of it contains six complexity dimensions. The external driver contains customer complexity, competitive complexity and technological complexity. The internal driver contains incentive system complexity, role complexity and sales technology complexity. (Schmitz/ Rader 2010)



Picture 2: Information flow in a Complex Environment of Sales Organisations
(own chart, according to Beltz/ Schmitz)

External complexity

The history of market conditions are built and characterized by actual and former parties like, companies, research and development agencies, politics and customer needs, as well as a non-linear market development of sales organisations. Market development resources are limited by market principles. Optimum market services are always a compromise between a maximum sales power and the expected results. (Bothe/ Nachhaltigkeitsmanagement)

More and more frequent and fast changing customer needs are increasing the costs and requirements, especially in international and multinational markets. Out of this, the complexity rises extraordinary to find customer satisfying solutions. (Bothe/ Nachhaltigkeitsmanagement) Furthermore, the complexity will rise in combination with delays in communication because of multilingualism, cultural differences and special interests of almost independent sales representatives and internal decision-making structures (Binckebanck/ Lange 2013). Unpredictable and uncontrollable competitor activities, market driven technical developments and political decisions are always possible. The opportunities to influence these market drivers are limited for companies or sales organisations.

The external system with its dimensions of complexity, their fast changing speed and the limited influence of the sales organisations leads to an almost uncontrollable process. (Bothe/ Nachhaltigkeitsmanagement)

Internal complexity

International competition requires highly efficient organisations. Internal processes are driven by a high degree of division of labour and specialization and create a complex system. Resulting interface problems are limiting the capability and the speed of information flow. Sales organisations have a high impact on these interface problems by the information quality degree. As better the given information and the need of the required decisions are, the more efficient the internal organisation will push information back. Out of its own market actions and the complex communication in the company, sales increase the complexity. (Hutt/ Speh 1992)

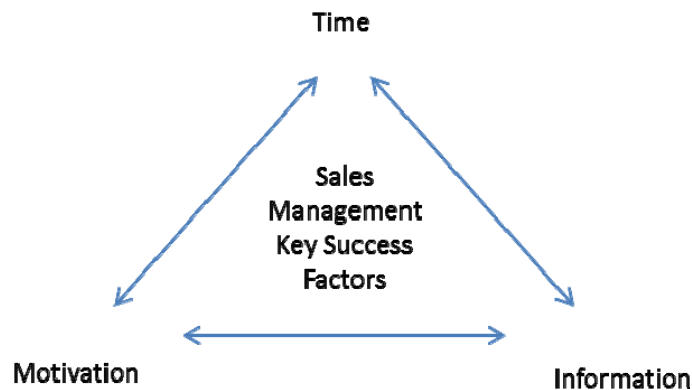
Complexity can be reduced and information speed can be increased by a higher competence in sales organisation. As less information has to be created or transformed in the company as higher is the speed in the communication with the customer, which leads to a higher order probability. Sales Organisations can increase their own skills by a better prequalified information flow on technical, application, legal or commercial issues. (Bothe/ Nachhaltigkeitsmanagement)

As an information dealer between the own company, customers and potential third parties the sales organisation are trapped timewise in complexity. (Cespedes) On one hand information procurement possibilities are limited and on the other hand company resources to deal with several projects parallel are limited. The coordination of projects between internal organisational units and the decision taking level increases the opportunity costs by lost sales opportunities. Main reason is that sales organisations have strongly limited decision taking opportunities, because of close hierarchies. (Bothe/ Nachhaltigkeitsmanagement) Time is a competitive advantage, when decisions are taken in market speed and not in company speed. (Cespedes)

6. Definition of Sales Management Key Success Factors

Sales Organisations are an important part for the company's success. As an information or knowledge broker (Schmitz, Rader 2010), the fast information flow to the customer and back to the company is an essential prerequisite for this success. Processes and information processing capability of the sales people (internal, external and connected companies) are crucial important. Work with customers in dynamic markets needs time and a high speed operating system to fulfil high demands for own success. Last but not least, the motivation of sales people shown in higher commitment is the driver for success, being ready to go beyond the call of duty. (Jaramilo et. al. 2003)

Sales organisations are acting in complex environments. Sales management functions are support the operational sales people to perform on the highest level and to transform market and sales information for the internal company to operate as lean as possible. Key success factors for the sales management are:



Picture 3: Sales Management Key Success Factors (own chart)
(according to Bothe, Sales Controlling)

Time. On the one hand time is needed to train the sales people and to enable them to contact the right customers and to understand the buying centre composition and characters. Just to do the work they need to do to be successful. On the other time is important in terms of speed. Market speed in decision taking time (Cespedes 2014) as well as the availability of information from all necessary sources, internal and external is fundamental. Furthermore to be the supplier of the best solutions to market needs.

Information. Firstly the information processes flow from sales organisations into the company and out of the company into the sales organisations. Especially, for companies with a worldwide sales organisation it is difficult to ensure a fast information flow in and from all countries. Secondly, the ability to transform information to selling related knowledge, the cognitive aptitude to convert information to necessary adaptiveness in behaviour. (Verbeke, Dietz, Verwaal 2010)

Motivation. Surely, the high personal intrinsic self-motivation and effort a sales person is able to show, is one of the basic performance driver. Intrinsic factors are challenge, enjoyment (Jaramillo, Mulki, Marshall, 2003). Furthermore the extrinsic motivation in terms of organisational commitment is important (Miao, Evans, Zou). The extrinsic motivation is related to several factors as compensation and recognition (Jaramillo, Mulki, Marshall,). Goal orientation and role perceptions are further categories. (Verbeke, Dietz, Verwaal), (Singh)

7. Conclusion

Key Success Factors has to be defined general and specific enough in combination with long lasting and on the today's dynamic markets needed information content. Sales people performance is related to organisational commitment. Motivational factors and information processing capabilities on the one hand and the speed of information flow on the other are the keys for success. Sales Management has support functions for the sales people and the internal company. Their main tasks are to ensure information availability,

information processing capability and to support sales people motivation. Furthermore Sales Management has to ensure the needed time to work with customers and to gain knowledge as well as a high speed in information transportation and decision taking. Combining this demands the Key Success Factors time – information – motivation, covers them.

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