THE IMPACT OF RELATIONSHIP SELLING

ON THE SALES FORCE CONTROL FUNCTION.

REGIS LEMMENS MBA, MSc

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RÉGIS LEMMENS, MBA, MSc

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Sales management control and sales force performance has received substantial attention by researchers in the past decades. Researchers have been investigating the construct of sales control, its antecedents and its consequences on both the individual sales person and on sales force performance.

This research project analyses how and why the sales control systems are implemented the way they are. The basis for this approach is drawn from the organisational or management control literature which treats behaviour and outcome approaches as dimensions rather than categories. Organisational control also treats the control system as a process which consists of a set of stages or sub processes being objective setting, planning, monitoring, feedback and correcting. With the growing importance of relationship selling and key account management it can no longer be assumed that all the sales people will operate at the same hierarchical level within an organisation nor that they will be subject to one and the same control system. Therefore an in depth analysis of how sales force control processes are implemented for different types of sales functions, ranging from customer acquisition, small to medium account management to strategic and global account management, is needed.

The research project included 17 preliminary interviews across different organisations, from which one organisation was selected on the basis that it contains a large international sales force of about 2.500 people consisting of a very wide range of sales functions. The analysis of this organisation included 100 plus interviews of 66 sales managers and sales people across all types of sales functions over a two year period.

The findings show that the inability to measure certain inputs and outputs does not deter a sales organisation to adopt their sales control strategy within a functional sales team. When some measures are not available or are unreliable, sales managers find other ways to measure them being it through some locally developed tools or through more qualitative approaches. The method used to obtain certain measures does impact the level of the sophistication of the actual control process or strategy. When there is a need to control sales people who operate as a team of employees from different departments the sales managers can no longer individually develop some local tools to measure inputs and outputs. The findings show that team based selling requires accurate data but also globally agreed rules and procedures in order to operate successfully. This enables us to conclude that the inability to measure certain inputs and outputs is a determining variable for the implementation of client sales teams.

With regard to sales force control strategies the research uncovered that within the category of the hybrid sales control approach there are four types of sales control sub approaches. The choice of which control to use is dependent on the size of the customers or opportunities the sales people work with and the selling approach which is either hunting or farming. This shows that while farming can be relabelled as key account management, hunting remains a major sales activity requiring not only different selling approaches it also requires different types of sales control processes than for farming.

All of these findings indicate that several types of sales control systems can operate across one single organisation and that the main determining variables are the sales approach and the type of accounts the sales person is managing. This challenges current beliefs or assumptions that all sales people operate at the same hierarchical level within an organisation and that they all operate under one single sales control approach. Future research on sales force control will need to take these findings into account when designing their approach to study control systems within organisations.

1 Introduction

1.1 What is the research project about?

Relationship selling has many different definitions but within the context of research project is understood to be the process of managing key accounts. Key account management is the term used when referring to the management of an organisation's customers. This study focuses specially on the sales management control activities within a key account management setting. Sales force control typically comprises organisational processes such as, objective setting, sales planning, monitoring and performance reviews. Objective setting processes are those activities an organisation performs to assign individual objectives to their sales people. Sales planning processes are those activities needed to identify how the sales people are going to achieve their objectives. Monitoring processes comprises all the activities needed to monitor sales people's activities as well as their results. Performance reviews processes comprise all activities which are related to evaluating and discussing sales performance between the sales manager and his or her sales people.

Researchers have been investigating the constructs of sales control, their antecedents and their consequences on both the individual sales person and on sales force performance. While researchers focus on the antecedents and consequences of adopting a particular form of control little attention is given to how a sales control system is implemented in terms of organisational processes. Two similar sales organisations might implement a behaviour sales control system but they both may differ greatly in the way they apply such a system. In their research Challagalla and Shervani (1996) showed that the amount and quality of the communication and feedback provided between the sales person and their manager has been linked with sales performance. It is therefore reasonable to assume that this communication can be greatly enhanced with the availability of adequate sales performance information. This leads to the conclusion that while it is important to understand antecedents and consequences of implementing a particular sales control approach it is equally, if not more important, to understand how such a sales control process should be implemented. Jaworski (1988) found that there are differences between the implementation control strategies based on the degree of formality and informality. This leads us to conclude that how the sales control approach is implemented strongly influences its outcome and performance. For that reason it is believed that further research is needed to understand the constructs of sales control. This is particularly true in the light of all the changes selling and sales force management have been through with the introduction of relationship selling.

1.2 Why is this research study being done?

Having worked in several companies exercising different sales roles, from sales product specialists, business development manager and sales manager firsthand experience was obtained in the differences in selling approach and the need for different sales control approaches. Later as a sales and marketing consultant there has been exposure to the question of how to control and evaluate the sales force. In contrast with marketing there is a great lack of practical and applicable frameworks regarding sales and sales management. The current literature on sales control is dominated by empirical research on general broad themes which are very theoretical and lack usable insight for practitioners. The danger is that the current sales control related research becomes completely irrelevant to practitioners. For this there is a need for qualitative in-depth research on topics such as sales control but also sales force design, performance and effectiveness to bridge the knowledge gap between practitioners and academics leading to a new research agenda which is relevant to practitioners and academics alike.

1.3 How was this research study approached?

The adopted research approach was based on a case study strategy combined with a grounded theory approach. The phases of the research are shown in the table 1.1. The research project focuses on the business to business sales forces of one single international financial organisation called Fortis. The focus on one single organisation was less led by design than by opportunity.

Table 1-1: Research phases of this study

Source: Original

As opposed to being one organisation with a single large sales force, Fortis is a conglomerate of several different financial organisations which have been acquired over the past 10 years and

Seq.	Phase	Description	Coding Approach	Sampling Approach	Outcome	Date
1	Pilot Study	Semi structured interviews, taped and transcribed in the Atlas.ti.	Open Coding	Open Sampling	Learning about the organisation. Develop the research approach and methodology. Identify the preliminary research categories and themes.	April to July 2004
2	Commercial Banking	Semi structured interviews, taped and transcribed in the Atlas.ti.	Open, Axial and Process Coding	Open Sampling	Identify and develop the main categories part of this research	October to April 2005
3	Merchant Banking	Semi structured interviews, meeting notes were transcribed into Atlas.ti	Axial and Selective Coding	Rational and Variational Sampling	Further develop the category dimensions.	October 2005 to March 2006
4	Product Specialists	Semi structured interviews, meeting notes were transcribed into Atlas.ti	Axial and Selective Coding	Discriminate Sampling	Further develop the category dimensions.	May 2006 until July 2006

which operate loosely from one another. The group comprises about **600** legal entities worldwide and about **5.000** business to business sales people operating in **250** distinct sales teams organised into **16** business units. Initially in April 2004 access was gained to interview 8 sales managers within the commercial banking organisation. The results of these interviews caught the attention of several managers within the organisation which provided access progressively to the whole of the Fortis organisation leading to a total of **66** people, who were interviewed over a period of **2** years with several people being interviewed several times leading to approximate **100** individual interviews. Fortis' willingness to participate was fuelled by their need to understand the different sales management approaches existing within the organisation in order to design a new world wide sales force automation system. The outcome of the study for Fortis was not only a detailed process description of their sales management processes but the realization that they needed to define clear coaching and sales management rules and procedure and that a change management project was needed to implement them across the organisation worldwide.

While the aim of Fortis was to use this research project to implement a large scale organisational change project it is important to note that the researcher was not involved in the actual implementation of the change itself. This is an important aspect to the project as it differentiates this research approach from a participative action research project.

At the outset this research project was never intended to focus on a single case study. During the design of the research project it was not expected to find a single large organisation with such a diversity of sales force approaches that would allow and support a research project across all its sales forces around the world. So far research projects assumed one organisation equals one sales force and one single sales control strategy. The Fortis case study showed us that one single organisation can, in itself, represent a large sample of different types of sales forces each adopting a different sales control strategy to suit their own local needs. This strengthens the findings in that while Fortis is only one single organisation from a research perspective it represents the equivalent of a multiple case study strategy.

1.4 What is so important about the research study?

This research is important because it:

- adds to the existing knowledge on sales control approaches.
- demonstrates that one organisation can implement different control strategies which at worse questions the validity of previous research and at best calls for a review of how to construct a valid research method on the topic of sales control for further research.

- provides a list of testable propositions for further research
- provides an organisational / process based perspective on the sales control function as opposed to a behavioural perspective which has tended to dominate current research projects.

1.5 How this thesis is structured

Consistent with the guidelines for qualitative research developed by Creswell (1998), a seven-step theory-building process was employed in this research:

1. Overview of Literature. A comprehensive and extensive review of the existing academic and trade literature was conducted.
2. Development of the objective of the research and research questions. The central research questions were clearly identified based on the existing literature.
3. Case studies and research plan. In order to expand our understanding of the type of sales control activities sales managers perform and in order to gain insight into why they perform these activities, in-depth analyses of a single case study was conducted.
4. Identify the sales control activities and factors and develop propositions. Based on the development and evaluation of the sub-factors and the knowledge and insights gained in the case studies, a proposition for each sales control activity and factor will be developed and presented. These new propositions represent the advancement in theory in sales control.
5. State the insights gained. The insights and perspectives gained as a result of developing the revised propositions and case studies will be presented. Review Insights gained with available literature.
6. Literature Review, Review the newly stated propositions in comparison with existing theory.

7. Conclusions, Assessment, and Managerial Implications of the Results. This section includes the discussion regarding assessment and guidelines, managerial implications, the implementation issues of a sales control function, and future research directions.

2 Literature Review

2.1 Literature Review Process

Strauss and Corbin (1998) argue that there is no need to review **all** the literature when using grounded theory. Before beginning the project the researcher can turn to the literature to formulate questions that act as a stepping off point during the initial observations and interviews. Suddaby (2006) argues that Strauss and Corbin never meant to encourage research that ignored existing empirical knowledge. The use of grounded theory as a research methodology is not a justification for ignoring a long and credible history of research on the subject area. The wording used by Strauss and Corbin is therefore important "… no need to review **all** the literature..." This means that we cannot ignore existing knowledge but we should also not rely on existing literature to the extent that it may contaminate our perspective and force us unconsciously into testing hypotheses rather than direct observation.

The literature review for this project was used as follows:

a) Defining the rationale for a grounded theory study.

While a literature review is included its scope is limited to identifying gaps or bias in existing knowledge, thus providing a rationale for a grounded theory study. The objective is to provide a theoretical framework in this review in as much as the intent of grounded theory is to generate or develop a theory (Creswell 1998).

b) To gain basic academic knowledge on the topic.

As opposed to most business topics, sales and sales management if often not included in any of the curriculum of bachelor or masters studies. Common sense therefore suggests that prior to embarking on a research project the researcher must familiarize him or herself with the general knowledge and literature on the topic.

c) **<u>Gaining sufficient credibility to obtain collaboration to the study.</u>**

Based on personal knowledge as a business consultant it was realised that credibility would be a key aspect in obtaining access and collaboration from different organisations. This credibility is obtained by demonstrating a vast amount of knowledge on the topic making it worthwhile for the other party to participate in the research.

There are two important points to be made about the literature. The first is that, in an emergent study, one does not know at the beginning which literature will later turn out to be relevant. This has implications both for the place of reading in the research process and for the report. The second is that the literature is not given a position of privilege when compared to the data. It is treated as data, with the same status as other data. Further, literature is addressed in the last chapter of this document as a form of comparison between the literature and the developed propositions.

2.2 Information Sources

The main purpose of the literature review is to construct a sales management control framework enabling the identification of all the relevant components and how they relate to each other. Such a framework facilitates a structure for the research design and later on the interviews. The "literature review" process is organised around two main sources of information:

1. Text Books. A combination of commercial and academic text books were used in order to provide a global understanding on the topic as a whole. As most academic

text books provided reference to research articles they form, in many cases, the first source of information whereby afterwards the research articles are read in more detail.

2. Research Articles. In almost all the cases the first reference to a research article came from one of the text books. Once the first article was found the reference list of that article was used to find further references. Searches for articles, based on key words were also used but they often required having some knowledge already about the terminology that is used within a specific topic of interest.

Research articles formed the main source of knowledge on the core subject areas, management control and sales control, whereas for relationship selling and sales management as whole a combination of text books and articles and articles were consulted. The rationale was that at the start of the research project it was not clear which aspects of relationship selling and sales management would be most relevant. For that reason the project was started based on an in-depth knowledge of management control and sales control and a more general knowledge of relationship selling and sales management. As the research progressed the areas of relationship selling and sales management that were relevant to the research became more and more apparent. The articles on these topics are therefore included in the chapter "Literature Comparison Phase". This approach developed the middle ground between theory-loaded view of the world and unbiased empiricism.

It is very easy to lose oneself completely in the literature. For that reason the following process was applied to this research process (see figure 2.1):

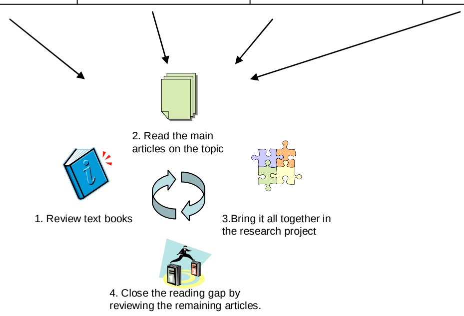
1. Read on the topic in the text books to make sure we understand the topic as a whole.
2. Read the research articles and follow the references only towards the main contributors on this topic.

3. Start working on the research project only with the information read so far.
4. Read the research articles to verify and validate current understanding and to check that no new ideas on the topic are missed.

While sequential the process is an interactive one whereby depending on the stage in the research project the information we are looking for differs.

Figure 2-1: Literature Review Process

	Initial Stage: Literature Review	Bringing the literature Together Stage	Develop Methodology	Developing the Final Conclusions
Objectives	Read all main text books and related articles that are directly related to research field.	Classify the articles based on their level of appropriateness. Critically appraise the articles. Identify the research gap.	Review past and current research methodologies applied to similar work. Review available research instruments.	Review the literature available and see how the results link into the other research and where future research is needed.



Source: Original

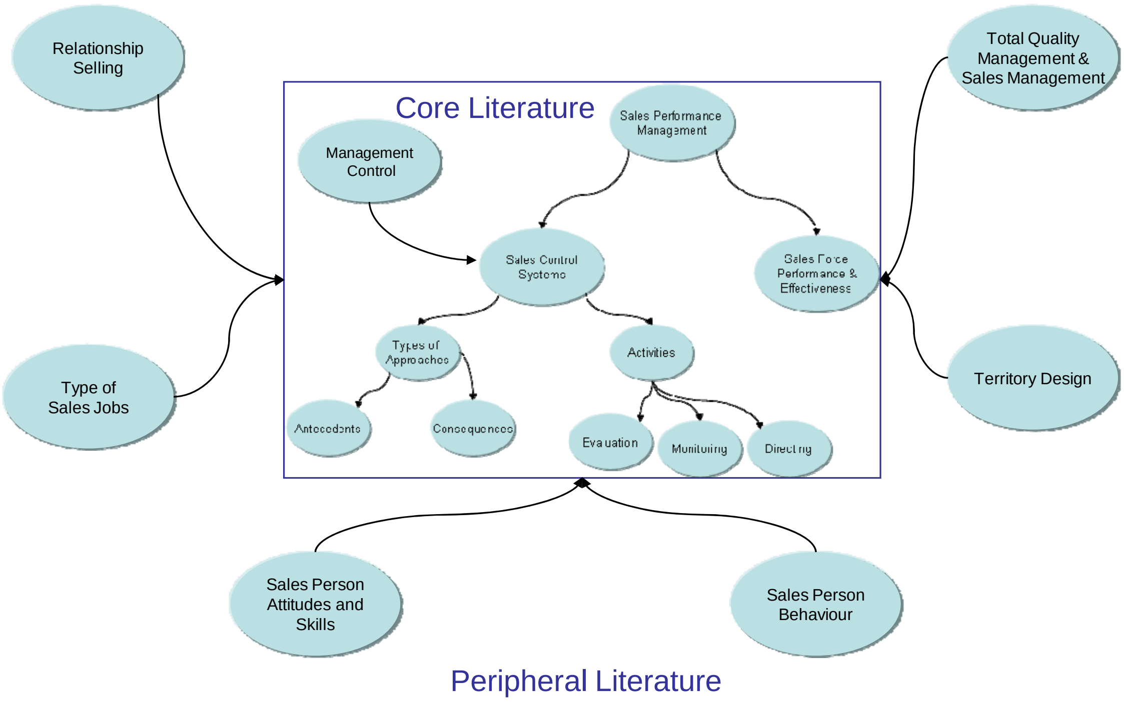
2.2.1 *Categorising the Information Sources*

The initial literature review started in January 2003 and lasted until April 2004 at the start of the first phase of the research project at Fortis. Such an extensive time for a literature review seems inappropriate for a grounded approach. However this was mainly due to:

1. Personal interest in the topic made almost every book and published article if not relevant at least interesting.
2. The lack of any prior academic knowledge on the topic making the distinction between what is considered relevant and not relevant a very difficult exercise.
3. Having previously been exposed to sales and sales management without any previous theoretical knowledge on the subject led to the development of specialised models and understanding of the subject. Consolidating personal knowledge and experience with the information and models found in the literature proved to be a very difficult and time consuming exercise.

When reviewing articles a decision is made whether or not to include it in the scope of the literature review and when it is in scope whether it is a core or peripheral type of article. Most research within the context of sales performance management falls within the framework as defined by Churchill et al (1977, 1979). For this reason the framework was used as a boundary to determine which research literature was in or out of scope. A further categorisation is done based on if the components of the framework are core to the research and those which are related but not core i.e. on the periphery. The difference between core and non core components impacts the degree of detail and completeness in which the relevant literature was reviewed prior to the start of the research. This categorization was only relevant at the start of the project in order to make sense of all the available literature and to focus on the main topic. Once the fieldwork started the literature review was guided by the findings in each project phase.

Figure 2-2 : Categories of Research Articles



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2.3 Literature review on Relationship Selling

There are many different views in today's sales literature about the difference between the old transactional selling and the new relationship selling. The differences between these views are mainly based on each author's perspective. These perspectives are considered in six categories: sales activity, relationships, value added, sales approach, team leading roles and organisational programs.

2.3.1 From a sales activity perspective

Several authors have provided classifications of selling types based on the actual activities performed by the sales person (Newton 1969; McMurry, 1961; Moncrief 1986; Moncrief at al, 1999). Moncrief's (1986, 1999) typology of sales functions provides us with a classification of selling functions based on the type and the amount of activities a sales person performs. The list of activities can be categorised into selling and non-selling activities. With the exception of some activities that are purely administrative many of the non-selling activities relate to servicing customers, enhancing product and market knowledge and managing the relationship with customers. How a sales person balances their activities between selling and non-selling tasks is a topic that is referred to by many authors as working hard and working smart (Sujan et al, 1988; Weitz et al, 1986; Sujan et al, 1994; Keilor et al, 2000). Sujan et al, (1989) conceptualised smart working as the ability of the sales person to change his or her sales approach based on the nature of the customer they are selling to. With the growing importance of relationship selling the concept of working smart was extended to include knowledge development and the ability to use that knowledge during the sales process (Sujan et al, 1994). Further conceptualisation of working smart includes customer orientation of the sales person. Keiler et al (2000) argue that adaptive selling is geared towards a single interaction with the buyer while customer oriented selling looks beyond the single interaction and aims at providing long term benefit to the customer. Provided the buyer is convinced the vendor is concerned with satisfying their long term wants and needs adapting the sales process may have no significant additional impact (Keiler et al, 2000). Customer orientation requires a sales person to engage in both selling and non-selling activities aiming at satisfying the customer and developing the relationship. Non-selling activities therefore are aimed at generating future opportunities and selling activities are aimed at closing each of these opportunities. Hence smart selling refers to the ability to find the best mix between selling and non-selling activities in order to optimise the amount of opportunities a sales person can close over a relatively long period of time. At the beginning of a new customer relationship, selling is the most important activity. However as the relationship evolves the non-selling activities become more important to the stage that there is no longer a sales process as such (McDonald and Rogers, 1999, Wilson et al, 2003). This suggests that the non-selling activities represent the sales person's added value in the relationship. The comparison between the two studies of Moncrief in 1986 and 1999 showed the evolution towards relationship selling through the addition of some new non-selling activities such as building relationships with customers, networking inside customer operations and managing team interactions with customers.

2.3.2 From a value added perspective

The difference between the old and new sales approach can also be looked at based on the amount of added value the sales person brings to the transaction (Rackham and DeVincentis, 1998; Hanan, 1999; Heiman et al, 1998). In a transactional selling approach the added value a sales person can bring is limited to communicating the existence of the product and demonstrating its features. These functions however may be disappearing as customers become more and more aware, through other means of communication, of the existence of products and their features. Rackham and DeVincentis (1998) argue that there are now three types of selling, transaction, consultative and enterprise selling. Transaction selling is a sales process that matches the needs of intrinsic value buyers who treat suppliers as a commodity and are exclusively interested in price and convenience. Consultative selling is a sales process which matches the need of extrinsic value buyers who are willing to pay for a selling effort that adds value by providing additional benefits to their product or service. Enterprise selling is a sales process that works most effectively with strategically important customers who demand an extraordinary level of value creation from a single supplier (Rackham and DeVincentis, 1998).

2.3.3 From a selling approach perspective

The sales approach in transactional selling is based on a fixed or canned presentation that is aimed at moving a customer through a series of stages that will eventually lead to them buying the product (Futrell, 1999; Ingram et al 2001). The approach is based on either the stimulus response or the mental state sales method. The sales approach in relationship selling is based on the needs of the customers (Ingram et al 2001). The terms customer oriented selling and adaptive selling are often used to describe relationship selling stressing the fact that the sales person must focus on the customer situation and adapt his or her presentation to this situation (Saxe and Weitz, 1982; Spiro and Weitz, 1990). According to Ingram el al (2001) the sales method used in relationship selling varies according to the stage the customer is at in his or her purchasing process. If a customer is looking for help on how to achieve their strategy the consultative selling method is appropriate. If a customer knows how to achieve their strategy and is looking to solve some of their problems then the problem solving method is more appropriate showing how different solutions may be appropriate. If a customer knows what solution he or she needs then the need satisfaction method is appropriate showing how the vendor’s product or services meet those needs.

2.3.4 *From a relationship perspective*

Over time the relationship between a supplier and its customer evolves whereby some customers are lost, others remain small and some grow into large customers and become key for the supplier's success. Key account management is the term used when referring to the management of an organisation's customers. Millmans and Willson (1994, p9) define key accounts and key account management as follows:

"*Key accounts are customers within a business to business market identified by selling companies as of strategic importance.*

Account Management is an approach adopted by the selling companies aimed at building a portfolio of loyal key accounts by offering them on a continuing basis, a product/service package tailored to their individual needs"

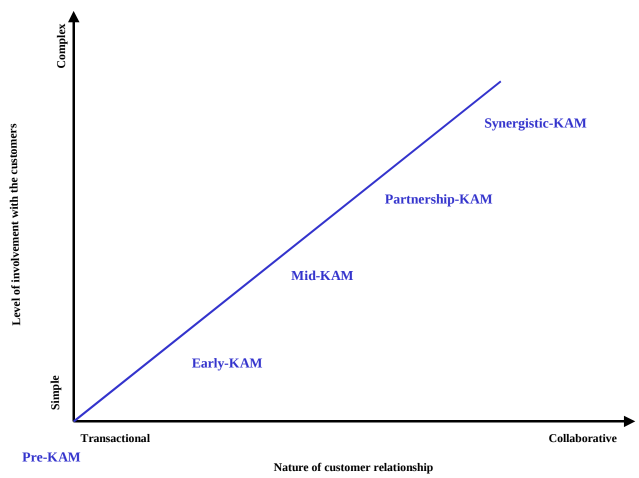
Cespedes (1991) emphasizes that account management is a process. Therefore, it is appropriate to consider account management as the process of building and maintaining relationships over an extended period, which cuts across multiple levels, functions, and operating units in both the selling organisation and in carefully selected customers (accounts) that contribute to the company's objectives now or in the future. This development is traceable to two key factors:

(1) customers are placing ever-increasing demands on suppliers (Cardozo, Shipp, and Roering 1987; Homburg, Workman, and Jensen 2000, 2002; 1994; Webster 1992; Wotruba 1991)

(2) many organisations competing in business-to-business markets are embracing relationship marketing and its emphasis on customers (Homburg, Workman, and Jensen 2000; McDonald, Millman, and Rogers 1997; Morgan and Hunt 1994).

Key account management is a process consisting of consecutive stages representing the further development of the relationship in terms of degrees of collaboration between a company and its customers. Millman and Wilson (1994) recognises fives stages of key account management; Pre-KAM, Early KAM, Mid KAM, Partnership KAM and Synergetic KAM, that match the transition from transaction to collaboration and which are determined by the share of wallet obtained from an account. This is called the account relationship development model and is shown in figure 2.3.

Figure 2-3:Account Relationship Development Model



Source: Millman and Wilson (1994)

Pre-KAM corresponds to the prospecting phase where the selling company has identified the organisation as having key account potential. During this stage information is exchanged between the organisations building up the relationship until the moment when the purchase opportunity emerges. Early-KAM is the stage the selling company received a limited order probably for a trial period expecting the selling company to prove itself. The objective of the Mid-KAM phase is to become the preferred supplier. The key account manager must seek out the areas within the buyer's company where the competitors are active. During the Partnership-KAM the key account manager works together with the buying company to develop long term plans. Plans for new products that are under development are shared with the customers. This is part of normal business as all departments from the supplier and customer are now directly communicating with each other. The ultimate stage of the relationship, labelled Synergetic-KAM, is where both the buying and the selling company work together almost in complete integration. At this stage both companies develop jointly new business plans, strategies and market research. The focus of both companies is to further improve all aspects of them doing business together. Table 2.1 shows an overview of how the supplier and the customer view the relationship during each of the relationship stages.

Table 2-1: Buying company and selling company relationship views

	PRE-KAM	EARLY-KAM	MID-KAM	PARTNERSHIP-KAM	SYNERGISTIC-KAM
Buying company View	Product knowledge-technical	Product knowledge-technical	Authority of the key account manager	Performance monitoring	Supplier as an integral strategic resource
	Product knowledge-application	Integrity	Key account management team assure importance	Long term planning	
	Communication			Process Review	
Selling Company View	Selling and negotiation	Internal negotiation	Account penetration	Quality improvement and cost reduction	Process integration
Key account managers activities	Research and planning	Administration Attention to details	Social skills and networking	Thinking skills	Exception handling
		Getting things done	Learning more about the customer	Research	Prepare for market testing

Source: McDonald and Rogers (1998)

Not all customer supplier relationships develop all the way through to synergetic relationships nor is the ambition for the supplier or the customer to do so. The nature of the relationship is dependent not only on an organisation's will to develop a relationship but also on the account potential.

2.3.5 From an Team Leader role perspective

An important component of many KAM strategies is the core selling (CS) team, or “enterprise team” (Dixon, Gassenheimer, and Barr 2003; Macy, forthcoming; Rangarajan et al. 2004). “The core selling team consists of selling organisation members assigned to a particular customer who are actively involved in the development or implementation of the sales strategy for that customer” (Moon and Armstrong 1994, p. 21). Therefore, it is becoming increasingly common in selling companies to find that the key account manager is in charge of a "dotted line", semi-formal team. Members of teams tend to have different line managers, but meet regularly with the key account manager and the key account and have objectives relating to customer requirements. In most cases of "dotted lines", operational staff was required to report to the key account manager as well as their line manager about contacts with buying companies. The key account manager must be able to plan and monitor who is talking to whom and at what level. (Mc Donald et al, 1997).

The properties that describe a sales centre are described by Moon and Armstrong (1994) as its size and its lateral and\or vertical involvement within the organisation. The size of the core selling team (CS) is defined by the number of individuals who participate and are defined by the complexity of the sales job. The lateral involvement is defined as the number of different departments that are represented in the selling centre (Johnston and Bonoma 1981; Moon and Armstrong 1994). The selling centre’s vertical involvement is defined as the number of levels of the organisation's authority hierarchy that are represented in the selling centre. Using those three dimensions of a CS, Moon and Armstrong (1994) developed the following propositions:

P1: As the technical complexity of the seller's products or services increases, core teams will be larger.

P2: As purchase situations become more novel to buyers, selling centres will exhibit greater degrees of vertical and horizontal involvement, will be more extensive, and will be more connected.

P3: As sales situations become more novel to sellers, selling centres will exhibit a greater degree of vertical and horizontal involvement, will be more extensive, and will be more connected.

P4: As the importance of the sales opportunity to the selling organisation increases, selling centres will exhibit a greater degree of vertical and horizontal involvement, will be more extensive, and more connected.

P5: As the importance of the sales opportunity to the buying organisation increases, selling centres will exhibit a greater degree of vertical and horizontal involvement, and they will be more extensive and more connected.

P6: Selling centre members who have low levels of experience will be more highly central than will high-experience members.

P7: Selling centres whose members have high levels of experience will be less vertically integrated than will selling centres whose members have low levels of experience

Moon and Armstrong's (1994) propositions are very much focused on the CS as a team which comes together for a particular opportunity. The approach is based on the research performed by Johnston and Bonoma (1981) who researched roles and processes involved in a buying centre. The research on which they base their proposition does show that there are two types of core sales teams; one which is customer oriented and one which is opportunity or deal oriented as shown in the table below.

Table 2-2 Organisational Framework of Selling Teams

Core Selling Team or Customer Selling Team	Selling Centre
Relatively permanent, customer focused group	Relatively temporary, transaction-focused group
Membership determined by assignment to a specific buying organisation	Membership determined by involvement in sales transaction for a particular good or service
One team per buying unit	One selling per sales opportunity
Membership relatively stable	Membership very fluid
Characteristics of team depend on characteristics of buying organisation	Characteristics of team depend on the characteristics of sales opportunity
Mission is strategic with respect to the buying organisation	Mission is tactical with respect to the sales opportunity

SOURCE INGRAM (2001)

Key to the success of the CS team is the degree of collaboration between the members. According to Cespedes, (1992) the factors that have the greatest impact to encourage collaboration is sales force control and more specifically:

1. the type of compensation,
2. how conflicts are managed,
3. how performance feedback is conveyed,
4. the extent to which sales goals are set with input from the sales people,
5. the amount and quality of information given to the sales people about the company's strategy.

Cespedes (1992) research also revealed that the emphasis placed on each of these control elements depends on the following:

Table 2-3: Factors affecting the type of control

	Large Accounts, Complex Products, Long Sales Cycles	**Small Accounts, Simple Products, Short Sales Cycles**
Formal Controls	Important	Less Important
Method of Coordination of activities between sales team members	Through Planning	Through feedback and information sharing
Conflict Resolution and other personnel issues	Very Important	Less Important
Compensation	Less important – Fixed Salary	Very Important - Incentive

Source: Original

McDonald et al (1997) mentioned that key account managers must coordinate and monitor the activities of their account teams in a "dotted line" organisation structure. This is further supported by Cespedes (1992) who argued that depending on the type of key account the member of the selling team must coordinate their activities either via common planning activities for large customers, or by sharing information and providing each other with feedback.

2.3.6 From a program perspective

Key account management (KAM), which involves targeting the largest and most important customers and providing them with special treatment in the areas of marketing, administration, and service, is an important component of many organisations' marketing strategies (Homburg, Workman, and Jensen 2000; Jap 1999; Ojasalo 2002; Shoemaker 2001). While transactional selling strategies are defined from an intuitive approach "Just go out and do it" relationship-selling strategies are performed by answering the following key questions "Who to sell to?" and "How to sell to them?" (Zoltners et al, 2001). Answering those questions is performed by a process of segmenting customers and developing appropriate account strategies taking into account the sales effort versus the sales potential (Zoltners et al, 2001; McDonald and Rogers, 1999).

The classification of accounts into individual segments can be based on a number of factors such as the account's potential, referred to as ``major'' or ``key'' accounts, and\or be geography, such as ``national'' account or ``corporate'' account (Homburg, Workman, and Jensen 2000; Piercy and Lane, 2006). The actual segmentation and implementation of a differentiated approach towards an organisation's customers is referred to as the account management system. Kempeners and Van den Hart (1999) researched the process of implementing an account management system (AMS) and developed a framework consisting of 15 decisions that need to be taken in order to define an AMS or program:

1. Should we implementing a separate AMS: yes / no?
2. Should the AMS be integrated into the existing sales organisation or a stand alone function along side the existing sales organisation?
3. At what level in the organisation should we implement the AMS (Business unit, corporate)?
4. What will be the position of the account managers (sales, new levels, only account managers)?
5. Will all the account managers be at the same level within the organisation or at different level?
6. How many account managers do we need by level?
7. How many accounts do we assign per account manager?
8. How do we classify the account managers?
9. Will we classify our account managers and accounts by industry or geography?
10. Will we have account teams?
11. If we have account teams what functions or roles do we need in each team?
12. Will the people be assigned to account team on a part-time or full time basis?

13. Who will lead the account team: one account manager or several account managers?

14. To whom will the members of an account team report to: account managers or other managers?

15. Where will the account team be located: close to account or centrally?

Kempeners and van den Hart (1999) argued that there is no right or wrong answer to each of these questions but they simply reflect the type of program an organisation wishes to implement.

Shapiro and Moriarty (1984) analysed and categorised the different types of account management systems organisations have implemented into 5 categories. Their research was further developed by Homburg et al (2002) which further detailed it into 8 separate categories; No KAM, Country Club KAM, Isolated KAM, Unstructured KAM, Cross-Functional KAM, Operating Level KAM, Middle Management KAM and top Management KAM. These categories represent the level of commitment of an organisation to adopt the key account management as new way of selling and organizing its sales force.

2.3.7 Summary of the Relationship Selling Literature

The literature review suggests little differences between the term relationship selling or key account management. While the term relationship selling focuses on the actual selling activities and key account management focuses on how this selling activity is organised there is actually no real difference between the two. Managing key accounts means developing relationships with those accounts which requires the sales person to add value. So, it is only normal that if an organisation is changing its approach towards its market by implementing a key account management system that the selling approaches also change. Table 2.4 shows a summary of the different views on relationship selling and key account management.

Table 2-4: Relationship Selling and Key Account Management

SELLING APPROACH VIEW		PROCESS VIEW	PROGRAM VIEW		ACCOUNT VIEW	
Activities and Approach	**Added Value Approach**	**Evolutionary path of the Account Relationship**	**Taxonomy based on the types of KAM programs**	**Type of KAM program**	**Categorisation by Account Importance**	**Geographical scope of the KAM program**
Hard Selling	Transactional Selling	PRE-KAM	No KAM	No Program	Small Account	Local Key Account Management
Smart Selling	Consultative Selling	EARLY – KAM	Country Club KAM	Part Time Program	Medium to Large Account	Global Key Account Management
	Enterprise Selling	MID – KAM	ISOLATED KAM	Full Time Program	Major Account	
		PARTNERSHIP – KAM	Unstructured KAM	Corporate Level Program	Strategic or Key Accounts	
		SYNERGETIC-KAM	Cross Functional KAM	National Account Division		
			Operating Level KAM			
			Middle Management KAM			
			TOP Management KAM			
Sujan et al (1989)	*Rackham and DeVincentis (1998)*	*Millman and Wilson (1994)*	*Homburg et all (2002)*	*Shapiro and Moriarty (1984)*	*Nigel F. Piercy and Nikala Lane (2006)*	*Shi et all (2004)*

Source: Orginal

2.4 Literature Review on Organisational Control

Ouchi (1979) defines organisational control as a mechanism through which an organisation can be managed so that it moves towards its objectives. Central to most management control systems is setting behavioural or output standards and employing mechanisms to ensure that these standards are achieved (Merchant, 1985). Most of these mechanisms are diagnostic in nature; meaning that they require assessment of how current performance is compared to the objectives and the analysis of where problems may exist (Otley and Berry, 1980). Corrective action flowing from diagnosis is aimed at revising behaviour, goals, or both in order to sufficiently reduce a perceived performance gap. Many information systems can be employed in a diagnostic control capacity, including profit plans, budgets, project management systems, human resource processes, and systems that measure strategic performance (Simons, 2000).

2.4.1 Forms of Organisational Control

According to Ouchi (1979) there are three control mechanisms:

(a) **Bureaucratic Mechanism**: This mechanism relies on close supervision of the employees and requires an atmosphere which allows this close supervision. This mechanism focuses on establishing procedural compliance in controlling participant behaviour. Such models under closed-rational systems, often emphasise bureaucracy, hierarchical levels, centralised planning, formal structures, rules and regulations and optimal resource allocation (Woodward, 1965; Webber, 1947; Anthony, 1965; Drucker, 1964; Burns and Stalker, 1961). Centralised planning and rational decision-making are regarded as the means of management control and they focus both on process control and on outcome control. Thus, continuous comparison of the actual and expected outcomes of the system play a vital role in the control system. The models under this approach always tend to “find one best way” to control organisations and their participants. Further, they attempt to limit the effects of external influence on organisational components and to redirect activities towards planned activities. Efficiency, conformity, and technical competence are the rationale of the control system. Extrinsic rewards for conformity and loyalty play a vital role in motivating employee (Herath, 2007).

(b) **Market Mechanism**: This mechanism relies on being able to quantify all activities in terms of their market price. Competition is essential to market control, ensuring that prices reflect the true value of outputs; hence, profits represent an accurate assessment of performance. Market control is often used to control strategic business units and profit centres since they are financially self-contained. This mechanism often focuses on changing participant behaviour through the systems of budgeting and performance measurement. They operate as a set of feedback mechanisms that involve planning, implementing, monitoring and reinforcing. The focus of the control system is mainly on outputs. Greater emphasis is placed on motivating employees through systems of reinforcing rewards and punishments. The reinforcements may be either intrinsic or extrinsic. Information, both feedback and feed-forward, on system requirements and actual performance is of profound importance in the control system (Ouchi, 1979).

(c) **Clan mechanisms**: This mechanism is based on an informal social system that insures people will operate towards the objective. It is based on the principle that the more you know the employees are trying to move in the right direction the less supervision you need. These models develop behavioural standards for both individuals and groups of individuals within the organisation. The principles of the models under this perspective often incorporate broader social beliefs and norms based on the conformance by organisational participants with the common values and attitudes of the organisation as a group. Incorporating complex political and social relations, control systems under this model attempt to establish and maintain group activity norms in achieving negotiated levels of goals and objectives. In the attempt to deal with complex social and political conflicts, the control system develops techniques such as teamwork and employee participation in decision-making. These models emphasise the notion of quality of working life in the accomplishment of the set goals and objectives. Some control systems reverse the process of division of labour and rely on de-specialization. The values and beliefs of the organisational culture play a vital role in the operation of these control systems.

The prerequisites for each form of organisational control are:

Table 2-5: Prerequisites for organisational control

Type of control	Social Requirement	Information Requirements
Market	Norm of Reciprocity	Prices
Bureaucracy	Norm of Reciprocity Legitimate Authority	Rules
Clan	Norm of Reciprocity Legitimate Authority Shared Value and Beliefs	Traditions

Source: Ouchi (1979)

A norm of reciprocity assures that, should one party in a market transaction attempt to cheat another, that the cheater, if discovered, will be punished by all members of the social system, not only by the victim and his or her partners. The severity of the punishment will typically far exceed the crime, thus effectively deterring potential future opportunists. The norm of reciprocity is critical in a market system. However if honesty cannot be taken for granted, then each party must take on the cripplingly high costs of surveillance, complete contracting, and enforcement in order not to be cheated. These costs can quickly become so high that they will cause a market to fail (Ouchi, 1979).

In a bureaucratic control system, the norm of reciprocity is reflected in the notion of "an honest day's work for an honest day's pay", and it particularly contains the idea that, in exchange for pay, an employee gives up autonomy in certain areas to their organisational superiors, thus permitting them to direct his work activities and to monitor performance. These steps are possible only if the organisation members accept the idea that higher office holders have the legitimate right to command and to audit or monitor the lower persons, within some range.

A clan requires not only a norm *of* reciprocity and the idea of legitimate authority but also social agreement on a broad range of values and beliefs. Because the clan does not have the explicit price mechanism of the market and the explicit rules of the bureaucracy, it relies for its control upon a deep level of common agreement between members on what constitutes preferred behaviour, and it require a high level of commitment on the part of each individual to those socially prescribed behaviours.

2.4.2 Hierarchical levels within an organisation and organisational control

In the literature of management, the term "control" is often used in a comparative sense. Control means a comparison between the planned and actual performance together with identifying possible corrective actions. For example, according to Stoner and Wankei (1986, p. 17), the process of control consists of:

- defining desired results;
- establishing predictors of results;
- establishing standards for predictors and results;
- establishing information and feedback network; and
- evaluating information and taking corrective action.

Such a control process requires the listing of steps consisting of very specific goals and objectives and the measure of how well those goals and objectives are achieved. Many academics and researchers have argued in favor of such a control process while others argue that this is a too narrow view of control which focuses only on how the organisation's strategy is implemented (Merchant 1982; Stoner and Wankei, 1986; Herath et al 2007). Strategy is often the work of top management and less the concern of middle and lower management. According to Daft and Macintosh (1984) control issues differ according to hierarchical level. Top managers are concerned with institutional control, mid level managers with managerial control, and lower level managers and supervisors with operational control.

The nature of control itself has varied with the social class of workers as much as with the dominant structure of work. In a study of department stores, Ouchi and Maguire (1975) found that people at lower hierarchical levels experience more personal surveillance, or "behaviour control," whereas people at higher hierarchical levels experience more measurement of outputs, or "output control." Moreover, the overall amount of control ("behaviour" and "output" control combined) people experience decreases as they move up the hierarchy. One can also safely assume that increased work hours are expected of those higher in the hierarchy. While people at the bottom of organisational hierarchies are more closely monitored at work, their time is reckoned by the clock rather than by their activities (Thompson, 1967; Clark, 1985); the length of their work day is fixed rather than driven by the demands of the job. As a result, people at the bottom of the hierarchy surrender control over when they work and what they do at work, exchanging control for predictability in their work lives.

In accounting research control issues depend upon hierarchical level. Drawing upon the three organisational levels defined by Parsons (1960), Anthony (1965) proposed that organisations need three forms of control: operational, managerial and strategic control.

a) <u>Operational Control</u>

Operational control occurs at the bottom of the organisation and ensures that specific tasks are carried out efficiently. Some of the control systems identified by Khandwalla (1972), including operational auditing, statistical quality control, and inventory control, would be considered operational controls. At the bottom, operational level of organisational control can be accomplished through personal leadership and surveillance or through output data and records (Ouchi and Maguire, 1975).

b) Managerial Control

Managerial control occurs at the middle management level and is the process by which middle managers ensure that the departmental activities carry out organisational strategy.

c) Strategic Control

At the top of the organisation, control is exercised through strategic planning: the process of deciding goals and selecting strategies to attain those goals. Market control, for example, is often used by top management to evaluate the performance of the entire organisation. Market control and bureaucratic control, for example, explain how top managers can control the entire firm.

The literature suggests that an organisation consists of three forms of control each experiencing a different amount of control and a different combination of behaviour and outcome control as shown in table 2.6.

Table 2-6: Hierarchical Levels and Organisational control

Organisation Level	Behavioural Control	Outcome Control	Amount of Control
Top Management	**Low**	**High**	**Low**
Middle Management	**Medium**	**Medium**	**Medium**
Operations	**High**	**Low**	**High**

Source: Original

2.4.3 Theoretical Foundation of Organisational Control

Within one single organisation several types of management control types operate alongside each other being, strategic, managerial and operational control. Each of these management control types consists of specific control approach which can be either one or a combination of clan, behavioural and outcome based control approaches. The question of how to select the appropriate approach for each management control type if one which is addressed by several major theories which are: agency theory, organisation theory, transaction cost analysis, cognitive evaluation theory and contingency theory. The first three theories are relevant to this research project because they suggest that employee's behaviour and performance are encouraged or discouraged by the adopted control system. The contingency theory addresses the issue of the circumstances under which each system is appropriate. The cognitive evaluation theory concerns how management philosophy may affect the individual's cognition, affect, and motivation. It adds a very important dimension to the analysis suggesting that how a specific control approach is implemented is perhaps equally important as choosing the right type of control approach. This particular point will be addressed further in chapter 3 when determining the research question.

How each of these theories addresses the problem of selected the appropriate control approach is discussed in this section. A comparison is made of the assumptions upon which they are based together with the different variables each uses. Their strengths and weaknesses are discussed and a case is made for using these theories in combination with each other. In chapter three the application of these theories with regards to sales force control is further discussed in order to determine this project's research questions.

2.4.3.1 *Agency theory*

Agency theory is an analytical, normative accounting approach to the question of how principals can control the activities of agents to whom they delegate the power of decision making. Agency theory is concerned with the design of a control system that realigns the incentives of both principal and agent so that they both desire the same outcome.

This theory provides the principal with guidelines for controlling the agent whom the principal has authorized to act on his behalf. In this situation, the principal's welfare is affected by the decisions of the agent (Wright et al., 2001). Therefore, the theory is aimed at designing the optimal control contract to maximize profits for the organisation (Eisenhardt, 1985). The theory has been used in manufacturing settings, cooperation and competition situations, managerial accounting and sales force management issues and in allocating optimal incentives schemes in a two-facility production outfit (Natarajan et al., 2005). Specifically in past sales force management studies, the theory has been used mostly by scholars to determine what percentage of the sales person's compensation should consist of salary (Basu et al., 1985; Coughlan and Narasimhan, 1992**;** Krafft *et al.*, 2004). The theory was also used to design the appropriate control system in light of sales manager and sales person characteristics (Anderson and Oliver, 1987**;** Krafft, 1999).

Agency theory is based on two main premises: the agency issue and risk sharing (Anderson and Oliver, 1987; Stathakopoulos, 1996). The agency issue arises because the agent and the principal are believed to have divergent goals and because it is difficult for the principal to verify the agent's behaviour. For example, the principal's goal may be to maximize benefits for the organisation, while the agent's goal may lean more toward maximizing his personal benefit. In some situations, the agent may therefore prefer shirking, and organisational performance may be affected (Wright et al., 2001). The risk sharing issue arises because the principal and the agent have different attitudes towards risk. In this theory, the principal is believed to be risk-neutral, whereas the agent is believed to be risk-averse.

With an efficient control contract in mind, the theory calls for realigning diverging goals, while considering the risk preference of both parties. The type of contract depends on two characteristics: measuring cost and environmental risk (Anderson and Oliver, 1987; Eisenhardt, 1989). If it costs less to measure behaviour than to measure outcome or if uncertainty is strong, the control system should be more behaviour-based because the principal can inculcate desired behaviours in the agent and risk is shifted to the risk-neutral principal. Otherwise, a system that is more outcome-oriented is preferable.

Eisenhardt (1989) identifies two schools of thought with regards to the agency theory. One is the positivist stream which accepts that the agency problem exists and that various contract alternatives are available. Most of this research demonstrates that share holders and management interest diverge and that through combinations of behavioural controls and outcome based incentives this problem can be solved. Much of the current research on agency theory focuses on the role and the relationship between of board of directors and the managers of organisations in relation to the definition, control and evaluation of the organisation's strategy (Hendry and Kiel, 2004; Conger et al, 2001; Johnson et al 1996). Strategic control is the term often used for behavioural control and by drawing on the existing research on organisational strategy several forms of strategic control have been identified each containing degrees of importance to behavioural versus outcome controls Hendy and Kiel (2004).

The other stream of research is labelled as the Principal-Agent stream is more directly focussed on the contract between the principal and the agent (Eisenhardt, 1989). This school of thought assumes that the agency problem can be avoided by adopting the right type of contract in the right situation. This is in contrast with the positivist stream which assumes that the agency problem cannot be avoided but that various contract alternatives exist.

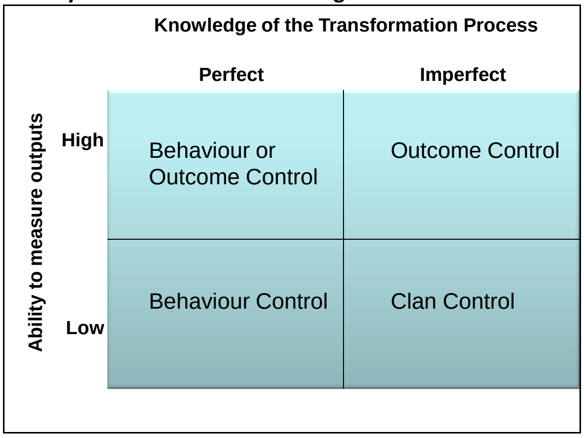
2.4.3.2 Organisational Theory

Ouchi's (1979) organisational approach states that goal conflicts between agents and principals can also be overcome by socialization. The measurement of behaviour, outcome, or both may be impossible (see Eisenhardt 1985). In the latter case, neither outcome nor behaviour control may be appropriate, but "clan control" by socialization, a third type of control system, may be used.

Ouchi's approach acknowledges that behaviour control becomes more appropriate when outcome measures are costly or inaccurate. Specific to this approach is Ouchi's recommendation to use behaviour control systems if the transformation process between sales people's inputs and the outcome of the selling process is known. However, if the firm does not know what it takes to create a successful sales person, it must rely on output measures, because it cannot establish a set of rules or selling techniques that would ensure success (see Ouchi 1979; Ouchi and Maguire 1975). The only conflicting hypothesis is the impact of size; Ouchi and Maguire (1975) expect an increase in outcome-based control as the company gets larger. This is due to the manager's increasing need to provide legitimate evidence of performance with increasing company size. In a personal selling setting, this means that it is easier for a sales manager to use output measures as a sales force becomes larger.

According to Ouchi (1979) the essential element which underlies any bureaucratic or market form of control is the assumption that it is feasible to measure, with reasonable precision, the performance that is desired. Whether or not perfect measurement is possible is contingent upon the organisation's knowledge of the transformation process and the organisation's ability to measure the specific output and behaviour as represented in figure 2.4.

Figure 4: Ability to Measure and Knowledge of the Transformation Process



Source: Ouchi (1979)

2.4.3.3 Transaction Cost Theory

The central question of transaction cost theory is whether a transaction is more efficiently performed within a firm (vertical integration) or outside it, by autonomous contractors (market governance). The basic premise of transaction cost theory has its origins in Coase's (1937) in which he described markets and hierarchies as alternative governance structures. Coase (1937) argued that the choice between markets and hierarchies was determined principally by differences in transaction costs. Transactors are assumed to be "boundedly rational" and "risk neutral," and at least some actors are assumed to be "opportunistic." The a priori transaction cost theory assumption is that market governance is more efficient than vertical integration owing to the benefits of competition. Transactions within integrated companies may be insulated from competitive pressure and subject to bureaucratic phenomena. However, certain dimensions of transactions raise transaction costs and combine to create "market failure," making vertical integration more efficient than market governance. These dimensions are asset specificity, uncertainty, and transaction frequency (Williamson, 1975, 1985). According to transaction cost theory, economic organisation is an effort to “align transactions, which differ in their attributes, with governance structures, which differ in their costs and competencies, in a discriminating (mainly, transaction cost economizing) way” (Williamson, 1991: 79).

Transaction-specific assets are assets that are tailored to a particular transaction and cannot be easily redeployed outside the relationship of the parties to the transaction. Their idiosyncratic nature gives rise to a safeguarding problem, because market competition will not restrain opportunistic exploitation. The solution to the safeguarding problem identified in transaction cost theory is vertical integration. In contrast to markets, the authority relationships and hierarchical control procedures available through vertical integration are assumed to embody greater safeguarding capabilities (Geyskens et al, 2006).

The second dimension, uncertainty, arises either when the relevant contingencies surrounding an exchange are too unpredictable to be specified ex ante in a contract (there is environmental uncertainty) or performance cannot be easily verified ex post (there is behavioural uncertainty) (Geyskens et al, 2006). The primary consequence of environmental uncertainty is an adaptation problem; that is, difficulties with adjusting agreements raise transaction costs, a problem that can be addressed through hierarchical governance. However, a number of authors have argued that high environmental uncertainty also encourages firms to maintain flexibility, which would argue against hierarchical governance.

“Volume uncertainty” is the inability to accurately forecast the volume requirements in a relationship (Walker & Weber, 1984). When volume uncertainty is high, suppliers experience unexpected production costs or excess capacity, and buyers experience “stock-outs” or excess inventory. Since a firm should be able to coordinate variations in a hierarchically organised production stream more efficiently than variations occurring with market suppliers, volume uncertainty should increase the likelihood of hierarchical over market governance.

"Technological uncertainty" is the inability to accurately forecast the technical requirements in a relationship (Walker & Weber, 1984). Such uncertainty may follow from unpredictable changes in the standards or specifications of components or end product or from general technological developments. Unlike volume uncertainty, which motivates hierarchical governance to facilitate adaptation, technological uncertainty is managed more efficiently through market governance. By using market governance, firms retain the flexibility to terminate relationships and switch to partners with more appropriate technological capabilities (Balakrishnan & Wernerfelt, 1986), and they avoid being locked into a technology that may become obsolete (Heide & John, 1990).

The effect of "behavioural uncertainty" is a performance evaluation problem—that is, difficulty in ascertaining ex post whether contractual compliance has taken place. According to transaction cost theory, the general response to the performance evaluation problem is vertical integration. The greater degree of control available through vertical integration is assumed to embody greater evaluation capabilities.

Transaction frequency refers to the extent to which transactions recur. Williamson (1985) argued that transaction frequency provides an incentive for firms to employ hierarchical governance because the overhead cost of hierarchical governance will be easier to recover for recurring transactions.

2.4.3.4 Cognitive Evaluation Theory

Cognitive Evaluation theory addresses the motivational characteristics of outcome–contingent and behaviour contingent reward structures. According to Deci and Ryan (1985) individuals prefer their activities to be self determined rather than determined for them. It is therefore argued that behaviour control systems allow for a greater range of intrinsically motivated attributes on the part of the employee. The success of an outcome or behaviour based control system depends on the employee's perception about his or her success or failure. The perception is based on three dimensions, internal/external locus of causality, stability and controllability. The content of the reward feedback should enable the employee to rectify performance deficits. This requirement is not easily met by an outcome based control system. This means that the nature of the feedback plays an important role. If the nature of the feedback is informative then a behavioural control system is favoured. If the nature of the feedback is of a controlling nature than an outcome control system is favoured.

Shalley and Oldham (1985) suggested that goal difficulty and external evaluation influence intrinsic motivation primarily through their effect on the information about competence individuals receive. Thus, high intrinsic motivation was exhibited in the easy goal/evaluation condition because most individuals attained the goal and therefore anticipated positive feedback from an external evaluator concerning their competence.

One limitation of the Shalley and Oldham (1985) study is the fact that the effects of various goal-setting methods were not investigated—all goals were assigned to subjects by an experimenter. A number of theorists have suggested that, compared to assigning goals, participative goal setting enhances individuals' personal control, which in turn boosts levels of intrinsic motivation (Manderlink & Harackiewicz, 1984; Zuckerman, Porac, Lathin, Smith, & Deci, 1978). This shows that the construct of information feedback also includes a dimension of employee participation in the objective and goal setting.

2.4.3.5 Contingency Theory

The study of organisational structures and management control can be traced back to the original contingency frameworks developed by theorists such as Burns and Stalker (1961), Perrow (1970) and Thompson (1970). These frameworks focus on the identification of contextual variables which influence the design of management structures and control systems. Contingency theory has a long tradition in the study of management control systems. Researchers have attempted to explain the effectiveness of the control systems design based on the environment the organisation operates.

The underlying assumption of the contingency theory is that an organisation does not functions in isolation of its external environment nor does it remain static or constant with respect to its internal environment (Otley 1980).

Contingency theory provides a basis for explaining the relationships between feedback, knowledge, and performance. Contingency theory posits that managers use tools that are appropriate for specific task conditions. Task conditions have been characterized along two dimensions, performance documentation and procedural knowledge (Jaworski and MacInnis, 1989). Performance documentation relates to an employee's knowledge of the measurement system used to evaluate performance while procedural knowledge relates to the employee's knowledge of the activities required to perform the job. When an employee has a clear understanding of the activities that are required to perform the job and the process a supervisor uses to reward behaviour, role clarity is presumed to increase resulting in greater performance congruence and less dysfunctional behaviour (Ramaswami 1996).

Contingency theory suggests that the design and use of management control systems is influenced by – or contingent upon – certain factors which are internal (*e.g.*strategy) or external (*e.g*. external environment) to the company (e.g. technology and structure) (Hickson *et al*. 1969; Lawrence & Lorsch 1967; Woodward 1965).

External Environment

Contingency research typically focus on environmental uncertainty (risky, unpredictable, fluctuating, ambiguous), environmental hostility (stressful, dominating, restrictive) and environmental complexity (rapidly developing technologies) (Kandwalla,1977). Environmental uncertainty has been related to budgetary controls, flexible interpersonal forms of control. Ezzamel (1990) reported that high environmental uncertainty was associated with an emphasis on budget evaluation and required explanation of variances but also high participation and interpersonal interaction between superiors and subordinates.

Hostility has been associated with competitive market intensity and has been associated with reliance on formal forms of control, sophisticated accounting and stratistical control (Chenhall, 2003).

Environmental complexity is according to Chenhall (2003) under research and little information is known on how management controls are design in order to assist management in coping with complex and competing forces in the external environment.

Technology

Technology in terms of organisational behaviour can be viewed as work processed, hardware, material, people software and knowledge (Chenhall, 2003). Contingency theory typically focuses on complexity, task uncertainty and interdependence when referring to concept of technology within management control. Organisation producing highly specialised products are typically regarded as employing complex technology. Their processes are difficult to analyse due to the high amount of exceptions leading to high task uncertainty. Management are therefore expected to have an imperfect knowledge about the processes and have a low ability to measure outputs. These organisations typically employ more organic forms of control, favouring high level communication and interdependence. On the other hand organisations with highly standardised product employing automated processes will involve highly analysable processes with very few exceptions leading to low task uncertainty. Managers are expected to have a good knowledge of the organisation's processes and have good output measures at their disposal. Such organisations are expected to employ more mechanistic forms of management control characterised by high degree of formality, high degree of standardisation of control processes relaying highly on budgetary forms of control.

Organisational Structure

Organisation structure is about defining roles and responsibilities and ensuring that all activities are carried out. Contingency based research found that large organisations with sophisticated technologies that are decentralised typically employ highly formal management control systems whereby large diverse decentralised organisation employ more administrative controls (Merchant , 1981).

Chenhall (2003) argues that very few studies have been focussing on the fit between organic structures and management control. Some researcher found that organic structures combined with behavioural controls is required to ensure the success of contemporary management practices such as just in time and activity based costing (Foster and Swenson, 1997; Shields, 1995). Team based structures are typically concerned with issues of coordination, performance evaluation and rewarding.

Strategy

Contingency based research predicts that certain types of management control are more suitable to particular strategies. The influence on strategy has recently been fuelled by the importance of management approaches such as TQM (Chenhall, 2003).

Otley (1999) notes that the strategy and objectives that a company decides to pursue, represent a central contingency variable. Strategy is somewhat different from other contingency variables. In a sense it is not an element of context, rather it is the means whereby managers can influence technologies, the structural arrangements and the MCS (Chenhall 2003). Several taxonomies of strategy have been developed including prospectors-analysers-defenders (Miles and Snow, 1978) and build-hold-harvest (Porter, 1980). While this classification is still used in current contingency based research several authors do question the validity of models which were developed in the 1970s and 1980s (Kotha & Vadlamani 1995; Shortell & Zajac 1990). These researchers argue that in today's world organization are pressured to be both low cost producers and to provide customers with high quality, timely and reliable delivery.

Overview of the Management Control Theories

To summarise the different theories table 2.7 shows an overview of how each theory proposes a specific control approach.

Table 2-7: Theoretical Framework

Variables	Agency Theory	Organisational Theory	Transaction Costs Theory	Contingency Theory	Cognitive Evaluation Theory
Environmental Variables					
High demand uncertainty	Behavior				
High Market Volatility	Behavior				
High Market Volatility, non specialized employees			Outcome		
High Market Volatility, specialized employes			Behavior		
Firm Variables					
Willing to assume risk	Behavior				
Small sales force size			Outcome		
Humanistic atmosphere		Clan			
Outcome Measure					
Impossible		Behavior			
Inaccurate		Behavior	Behavior		
Objective		Outcome			
High cost	Outcome				
Behavior Measure					
Difficult/Expensive	Outcome				
Transaction Process unknown		Outcome or Clan	Outcome		
Informational Feedback					Behavior
Controlling Feedback					Outcome
Salesperson Variables					
Goal congruence	Outcome				
Risk Aversion	Behavior				
High Sales Expectancy	Outcome				
Experience/Specialisation to firm			Behavior		
Intrinsic motivation preference					Behavior
Extrinsic motivation preference					Outcome
Knowledge of the evaluation procedure are known				Behavior	
Knowledge of the evaluation procedure are unknown				Outcome	
Knowledge of the activities required for the job are known				Behavior	
Knowledge of the activities required for the job				Outcome	
All other Circumstances			Outcome		

As shown on table 2.7 each theory focuses on a very different set of variable to determine the appropriate control strategy. Each control theory has therefore its own strengths and weaknesses. The agency reminds us that people within an organisational context are focussed on self-interest. According to Eisenhardt (1989) the theory makes two important contributions to organisational thinking with respect to the role of information systems and the implications of risk. Information is regarded as a commodity, has a cost and can be purchased. Eisenhardt (1989) identifies two forms of information, formal and informal. Formal information systems are budgeting, management by objective (MBO) and boards of directors. Informal information systems are management supervision. The future of an organisation is viewed as uncertain both driven by internal events as well external or environmental events. The strength of the agency theory is that it couples this outcome uncertainty with differences in willingness of accepting risk by the principle and the agent. In addition the agency theory is testable and has empirical support and therefore it is reasonable to urge the adoption of an agency theory perspective when investigating the principle agent structure (Eisenhardt, 1989). Nevertheless the agency theory has its limitation and one of them is that it is most relevant in very specific situations where:

- There is a substantial goal conflict between the principal and the agent.
- There is sufficient outcome uncertainty to trigger the risk implications of the theory.
- Un-programmed or team-oriented jobs in which evaluation of behaviour is difficult.

On the other hand the agency theory is being criticized for its lack of consideration for social forces and power relationships which are applicable when researching the executive remuneration arrangement (Williamson, 1985; Aguilera and Jackson, 2003; Bruce et al, 2005). These researchers advocate that top management are seen as furthering their own self interest through the deployment of power at their disposal, constraints only by the need to avoid social outrage (Bruce t al, 2005). According to Bebchuck et al (2001) and Bebchuk and Fried (2004) there is a wide range of phenomena with regards to executive remuneration that cannot be explained by the agency theory. The factors include; the scarcity of relative performance or indexed options; the presence of social influence between the directors and the so-called independent directors; the weak power of individual shareholders in determining director selection and rewards for failure among many others. Advocates of the agency theory like Gomez-Mejia et al (2005) argue that theories such as the stakeholder theory are extensions of the agency theory and must be used in combination depending on the organisational context being examined. The fact that the agency theory must be combined with other theories is a point that is also made by Hirsh et al (1987) who argue that economics is dominated by a single paradigm, price theory and a single view of human nature being self interest. In line with the argument Eisenhardt (1989) advocates researchers to combine the agency theory with other organisational theory in order to fully capture the complexity of the organisations.

In contrast with the agency theory, organisation theory has one extra form of control being the clan control. This is one of the main differences with the agency theory which assumes that anything can be measures given the organisation is willing to spend enough financial resources on it (Stathakopoulos, 1995). This assumption therefore leads the agency theory not to consider a clan control system. According to Stathakopoulos (1995) the existence of a clan control system is one the strengths of the organisational theory. He provides examples of organisations which rely heavily on team work and whereby the results cannot be attributed accurately to individuals and whereby the activities or behaviours of each individual cannot be accurately linked to the outcome. Like with the agency theory the transaction cost theory does not recognise the existence of a clan control system. This can be explained by the fact that the transaction cost theory focuses on consideration the specific assets or knowledge an employee has or requires to perform the function required from him and not on whether the organisation is able to measure it or not. This is also the strength of the transactional cost theory which positions itself more as complement to the other theories rather than as a rival theory. In contrast with the agency theory the transaction cost theory does not predict that environment uncertainty or sales volatility has any impact on the form of control (Kraft, 1999). This is due to the fact that the transaction cost theory does not make any assumptions on risk whereas the agency theory assumes the agent to be risk averse (Eisenhardt, 1989). One other strength of the transaction cost theory is that it does take into account the competitive environment in which a transaction takes place. This is one of the main criticisms of the agency theory which almost totally neglects the context in which the principal and the agent operate (Chenhall, 2003). Placing a lot of emphasis on the context within which a management control system is implemented is one the key strengths of the contingency theory. This has made the contingency theory very popular among management control researchers for many years. Like with the agency theory, contingency theory is testable and has empirical support making it a very popular approach to investigate management control systems (Chenhall, 2003). Despite its 20 year old history, contingency based research in the field of management control loose validity as they evolve over time (Chenhall, 2003). Because of advances in information technology, some types of balanced scorecards being used today are more comprehensive and strategic in nature than those being used 5 years ago. Comparing findings between two or several contingency based management control studies which are performed with several years of interval must therefore be performed very carefully. Chenhall (2003) argues that a lack of clearly defined measures for many contemporary management approaches make comparison between findings which are based on different measures also a problem.

Much of the contingency research assumes a link between the contextual environment, the adoption of a particular form of management control and enhanced organisational performance. Chenhall (2003) argues that current contingency based research does not provide compelling evidence of such a link. This is confirmed by authors such as Birnberg et al (1983) and Kren and Liao (1988) who argue that the link between management control and performance involve many factors one of which is the quality of the management. This means that the right choice of management control type does not guarantee a successful implementation of this control type. On the other hand successful implementation does not automatically mean an improvement in performance. The performance of an organisation is also dependant on factors such as competitive intensity, pricing, products range and technology among many others. This also means that an organisation may be dissatisfied with its current management control system while at the same time enjoying high levels of performance. Contingency based research does overlook the quality of the management control implementation as well as the other factors which may influence the performance of an organisation. The element of causality between the environment factors, a management control system and the performance of an organisation can therefore not be established using contingency based research. Focussing on explaining the relationship between performance and the way in which the management control system is implemented is the main strength of cognitive evaluation theory.

According to Chenhall (2003) an important part of the future research agenda on management control is to understand how different types of control can be combined to suit particular circumstance of the organisation. This is also the view of Stathakopoulos (1996) who proposes a model which combines agency theory, organisation theory and transaction cost theory and which focuses on the following four constructs:

- Outcome observability (from organisation theory)
- Behaviour observability (from the agency theory)
- Transaction – Specific assets (from transaction cost theory)
- Task programmability (from all three theories)

Outcome observabilty is when the manager is able to state clear goals and also to measure them with some degree of precision.

Behaviour observability is the extent to which behaviours are explicitly defined and readily measured.

Transaction specific assets relate to the specific skills that are required to do perform the specific function. Three types of assets can be considered; specific product assets, specific human assets and specific company procedural assets. Product specific assets refer to the specific product knowledge and skills required to perform the function. Human specific assets refer to the specific functional or process knowledge required to perform the function. Task programmability refers to the fact whether specific behaviours can clearly be defined to perform a task.

The nuance between behaviour observabilty and task programmability is very small and depending on the author is interpreted very differently. In general task programmability refers to the concept of outcome uncertainty. High task programmability therefore means that the organisation knows which behaviours will deliver which outcomes. Behaviour observability refers to the concept of information asymmetry. High behaviour observability means that an organisation is able at a certain costs to measure specific behaviours but it does not mean that the organisation knows whether these behaviours will deliver the right outcomes.

On this basis Stathakopoulos (1996) further expands Ouchi's two by two model into a combined model which incorporate the strengths of each individual theory. The figure below presents the new matrix in which the antecedent / contingency factors of control are; outcome observability, behaviour observability, Transaction Specific Assets and task programmability or environment task uncertainty.

Table 8: Control Types and Antecedent Conditions

			TASK PROGRAMMABILITY	
			CERTAIN / HIGH	**UNCERTAIN / LOW**
HIGH OUTCOME	**HIGH BEHAVIOR**	**HIGH TRANSACTION**	Behaviour	Behaviour

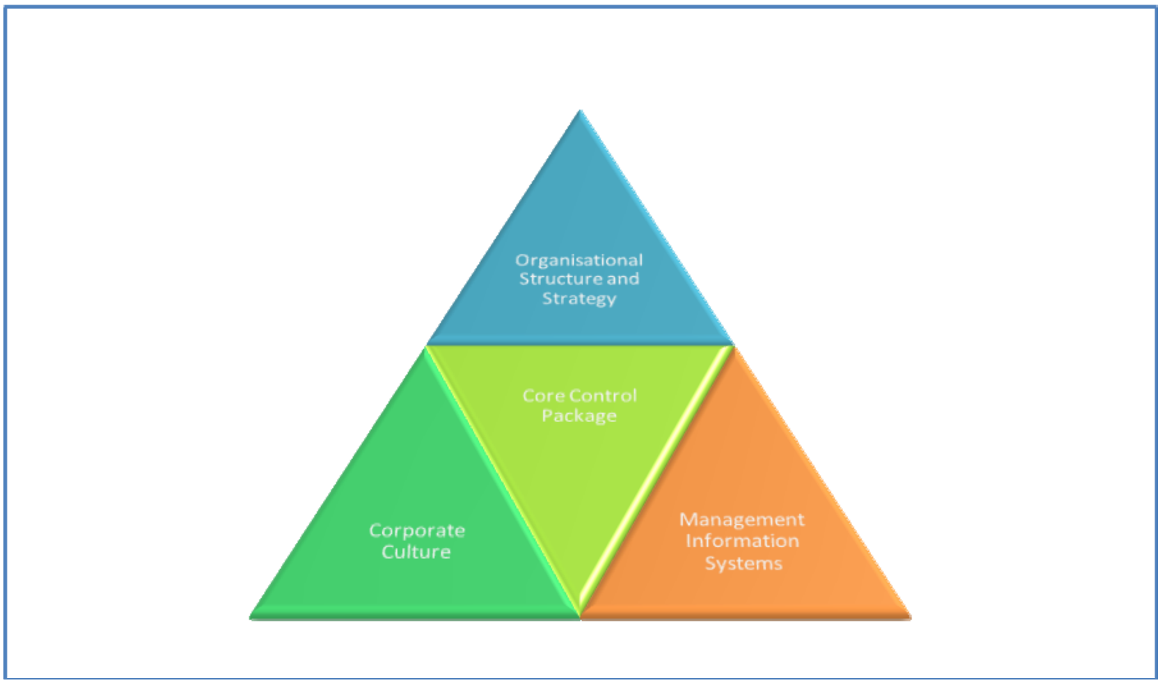
OBSERVABILITY	**OBSERVABILITY**	**SPECIFIC ASSESTS**		
		LOW TRANSACTION SPECIFIC ASSESTS	Outcome or Behaviour	Behaviour
	LOW BEHAVIOR OBSERVABILITY	**HIGH TRANSACTION SPECIFIC ASSESTS**	Behaviour	Behaviour
		LOW TRANSACTION SPECIFIC ASSESTS	Outcome	Outcome
LOW OUTCOME OBSERVABILITY	**HIGH BEHAVIOR OBSERVABILITY**	**HIGH TRANSACTION SPECIFIC ASSESTS**	Behaviour	Behaviour
		LOW TRANSACTION SPECIFIC ASSESTS	Behaviour	Behaviour
	LOW BEHAVIOR OBSERVABILITY	**HIGH TRANSACTION SPECIFIC ASSESTS**	Behaviour or Clan	Behaviour or Can
		LOW TRANSACTION SPECIFIC ASSESTS	Clan	Clan

Source: Stathakopoulos (1996)

2.4.4 A Framework for Management Control

So far we defined management control as a set of mechanisms which focus on outcome, behaviour or norms and beliefs. Other management control elements such as organisation structure, rules and procedures, information systems and organisational culture are also means through which management controls or steer their organisation. Herath (2007) proposes a framework (figure 2.5) for analysing a management control system which consists of the several parts which influence one another; organanistional structure, core control package, corporate culture and management information systems.

Figure 2-5: Management Control Framework



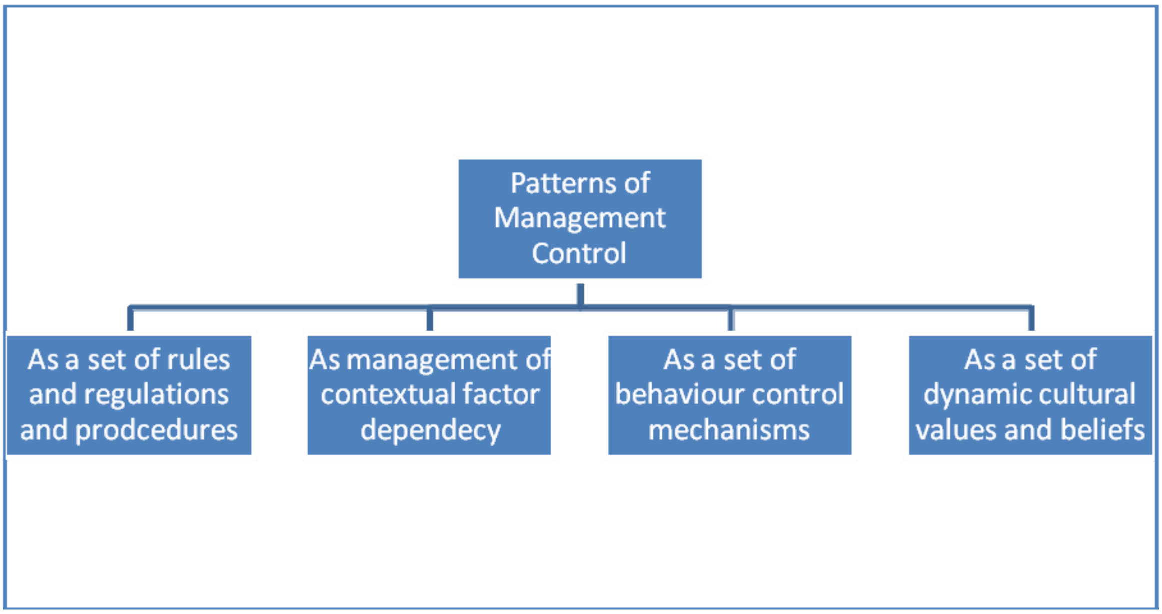
Adapted from Herath (2007)

The **core control package** represents the core control practices and mechanisms of the organisation. The core control package consists of different patterns of management control used in the organisation. They represent the four categories of patterns of management control based on Otley et al (1996):

- management control as a set of rules, practices and procedures, which limit the variation of participant behaviour, and as a feedback process, which guides organisational participant actions towards the attainment of organisational goals and objectives;
- management control as the management of contextual factor dependency;
- management control as a set of behavioural control mechanisms; and

- management control as a set of cultural values and norms that involves flexibility, group working and commitment.

Figure 2-6: Categories of Management Control



Source: Otley et al (1996)

All of the management control categories are based on control mechanisms with the exception of "Management control as the management contextual factor dependency" which is more a description of how and why the control system is managed and implemented. For that reason it is argued that the categories of management control are limited to:

- management control as a set of rules, practices and procedures,
- management control as a set of behavioural control mechanisms;
- management control as a set of cultural values and norms

These control patterns or categories correspond with the traditional view of management control based on outcome, behaviour and clan control. The management control category "as a set of roles, practice and procedures” is actually outcome control whereby roles, practices and procedures are mechanisms or tools to implement a form of control.

Organisational structure and strategy consists of the organisational hierarchy, rules and regulations and reporting relationships while strategy represents the organisational goals and objectives and the ways of achieving them. Another important element of the overall management control system is the organisational structure. As with Dawson (1996, p. 110) organisation “structure is a social creation of rules, roles and relationships which at best facilitates effective co-ordination and control, as far as corporate governors are concerned”. Thus, organisational structure is considered a means of co-ordination and control through which organisational actors' behaviour can be directed towards organisational effectiveness.

Corporate culture is a collection of values, beliefs, norms, and the patterns of participant behaviour, which characterise the organisation. Corporate culture represents another important component of the proposed research framework because it has profound influence on the organisational participants' behaviour. Corporate culture consists of shared values and belief systems held by the organisations and their actors (Dawson, 1996; Ouchi, 1979). Hofstede (1990) described how people develop mental programs, which create patterned ways of thinking, feeling and action. As such, organisational managers can manipulate the behaviour of organisational members in the way they consider desired.

Management information systems consist of the formal and informal systems of information for managers. The management information system facilitates management control by providing information not only about the functioning of the organisation's each and every department but also about environmental and top managerial functioning. Specifically, by providing planning and measurement information, it has become an essential component of the overall control system.

Herath's (2007) research framework essentially describes two dimensions of management control, the type of control and the tools and mechanisms to implement them as shown in table 2.8. What remains a question is how each of these dimensions differs depending on the type of management control.

Table 2-9: Management Control Dimensions

Implementation Tools and Mechanisms	**Management control categories or types**		
	Outcome Control	**Behaviour Control**	**Clan Control**
Organisation Structure			
Organisation Strategy			
Organisation Culture			
Information Systems			
Organisation Rules, Practices and Procedures			

Adapted from Herath (2007)

2.4.5 Organisational Control Tools and Mechanisms

How do managers control organisations? When managers develop new organisational goals and strategies, how do they evaluate the organisation's subsequent behaviour and performance? How do they know whether plans are used and goals are achieved? Once a control mechanism has been chosen how is it implemented in the organisation? According to Daft and Macintosh (1984) the tools used to implement a control system are; Budget, Statistical Reports, Performance Appraisal, Policies and Procedures and Personal Influence and Leadership.

Budgets. The budget consisted of estimated profit, expenses, assets, and related financial figures for the coming year. Its primary use is during the planning and target setting stage of the control cycle.

Statistical reports. The statistical reports are composed of statistical data, such as personnel complements, number of new customer contracts, volume of orders received, delinquent account ratios, and other statistics relevant to the department or business.

Performance appraisal. The performance appraisal process consists of a formal evaluation and recording of the performance of managers and employees. It typically includes standardised forms that provided ratings scales and blank spaces for writing in individual goals for the next year. The appraisal system requires an annual meeting between subordinate and manager to complete the forms and review performance, although more frequent meetings, sometimes informal, are not unusual.

Policies and procedures. Policies and procedures include all policies and standard operating procedures (SOPs) for the department and organisation. These can be general policy guidelines available in written form, as well as rules and procedures, to provide guidance for specific activities, such as dismissing an employee or handling a grievance.

Personal Influence and Leadership. Personal surveillance is another basic component of organisational control; it includes the observation of employees by supervisors. Ouchi (1977) called this behavioural control because control information comes from personal evaluation of employee behaviour rather than from outputs. Personal control can range from the charismatic leadership described by Weber (1947) to supervisor role definition, initiation of structure, and administration of rewards and punishment to subordinates (Ken & Slocum.1981). Personal control is executed through the human participants within the organisation and is the opposite of the formal, impersonal control mechanisms associated with bureaucracy. Personal and impersonal forms of control complement one another to direct and correct the behaviour of employees.

Daft and Macintosh (1984) researched which tools and how they are used to control employees. The budget was used primarily for planning and thinking ahead, while statistical reports were used primarily for measuring and monitoring departmental activities. Each of the three control subsystems was used in the planning and monitoring stages of the control cycle; however, managers relied more on the budget for planning and more on statistical reports for monitoring. Statistical reports, in contrast, were tailored to specific departmental activities providing continuous information on output performance (production, absenteeism, scrap, etc.). Thus the two reports focused on different control activities: planning and measuring. Curiously, they found that both the budget and the Statistical reports were not used much as tools to correct behaviour or provide feedback. Daft and Macintosh (1984) assumed that this is due to the fact that feedback is provided during the final evaluation process instead. However, the awareness of performance appraisals may have conveyed more corrective influence than did budget and statistical reports. Budgets and statistical reports were important control systems. Budgets focused on inputs, and statistical reports on outputs. This finding contrasts somewhat with Ouchi's assertion (Ouchi & Maguire, 1975) that control within organisations is either behavioural control or output control. The relationship between the control process and the use of the control tools is displayed in the table 2.9.

Table 2-10: Relationship of Management Control Cycle to Management Control System and Personal Control

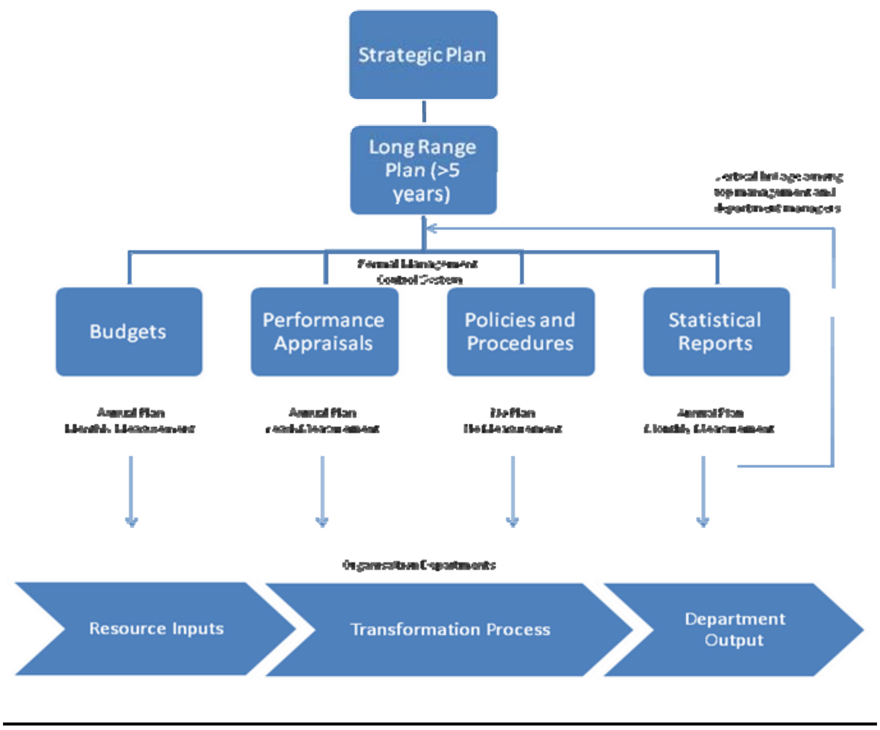
Management Control Cycle	Budget	Statistical Reports	Performance Appraisal	Policies / Procedures	Personal Influence and Leadership
Planning and Target Setting	Primary	Secondary	Secondary		Secondary
Measuring and Monitoring	Secondary	Primary	Secondary		
Feedback and Corrections			Secondary	Secondary	Primary

Source Daft and Macintosh (1984)

Ford and Greer (2005) operationalise management control systems as performance review and appraisals, rewards and outcome monitoring. Performance review and appraisals are used for controlling employee behaviour (Kerr, 1988). Reward systems are intended to motivate behaviour to achieve certain organisational outcomes (Merchant, 1989; Ford and Greer, 2005). Outcome monitoring is used to communicate how the organisation is functioning (Kaplan and Norton, 1992; Ford and Greer, 2005) and is used to assess whether to take corrective action or not (Anthony, 1965; Simons, 2000; Ford and Greer, 2005). Ford and Greer's (2005) operationalisation contains elements of both the management control cycles such as outcome monitoring and tools such as performance reviews and appraisals and rewards.

Daft and Macintosh's (1984) view organisational strategy as the overarching control systems from which day to day control systems are derived as displayed in the figure 2.7.

Figure 2-7: Model of vertical linkage among control systems for strategy implementation



Source Daft and Macintosh (1984)

Organisational strategy being the overarching control mechanism from which all other are derived is a very traditional view. Current management practices however view strategy as very dynamic turning it into an organisation control mechanisms alongside organisational structure, culture and even budgeting. Finding ways for these different management control forms to coexist is the challenge for managers.

2.4.5.1 Organisational Strategy, Team work and Organisational Control

Many organisations operate today in a hypercompetitive environments where fierce competition, short product life cycles, and rapid technological advances demand both a high rate of strategic renewal and strict budgetary controls to maintain profit margins (Dutton et al., 1997). According to several authors, a departure from the multidivisional form of organisation, is currently being witnessed, characterized by divisions, management hierarchies, and internal capital markets to new organisational forms which operate on the basis of higher degrees of decentralisation and cross-division linkages (Ghoshal & Bartlett, 1997; Miles et al, 1997). Front line empowerment, interdependence of units, horizontal communication flows, and greater use of internal networking and multifunctional project teams are all characteristically likely to increase jurisdictional and decisional ambiguities (Ruigrok and Achtenhagen, 1999). Many firms today confront a seemingly difficult challenge: how to manage the tension between the need for ‘predictable goal achievement’ on the one hand, and the pursuit of strategic adaptation and change on the other (Simons, 1995). The traditional view of management control assumes that an employee receives an objective, in the form of a financial budget or in another form. The manager monitors how the employee is doing in relation to the given objective and performs a performance appraisal based on the employee’s results versus the given objective. The process of making en employee accountable for achieving an objective relies on the underlying notion of the “controllability principle” whereby the employee is able to control how he or she will achieve their objective (Frow et al, 2005). This raises the question as to how to adapt the control system in order to account for the fact that the achievement of individual objectives requires team work.

Based on the traditional view where a link must exist between accountability and controllability, individual objectives should not be assigned where team work is required to achieve this objective. Simon (1995) argues that instead of abandoning traditional control systems we should extend them and incorporate other forms of control. Kaplan and Norton (1992, 1996), for example, emphasise through their balanced scorecard approach, the importance of monitoring and measuring a diverse set of performance measures. Frow et al (2005) argue that the increasing amount of performance measures is likely to increase the gap between the accountability of an employee and the controllability that he or she can exercise. Accountability without controllability conflicts with the traditional organisational theory and is considered to create dysfunctional outcomes and job-related tensions and stress (Lawler, 1973). Contrary to the traditional wisdom Frow et al (2005), based on a case study of a large international oranginsation, found evidence suggesting that managers actually found their lack of controllability positively 'challenging'. The interdependencies between departments were an integral part of the organisation whereby managers were held responsible to manage them. Frow et al (2005) concluded that the explicit recognition that managers could not achieve their individual accountabilities independently of each other encouraged the development of reciprocal understandings, arrangements and obligations that made cooperation both desirable and necessary. Managers seemed willing to engage in sharing accountabilities because they accepted, by and large, that they operated with shared accountabilities.

2.4.6 Literature Review on Sales Control Systems

2.4.6.1.1 Behaviour versus Outcome Based Control

According to Anderson and Oliver (1987) a control system is an organisation's set of procedures for monitoring, directing, evaluating and compensating employees. They distinguish two main types of control systems; a behaviour based and an outcome based control system. A behaviour based control system monitors the individual stages of the sales process. This includes a considerable amount of both high level managerial directing and monitoring of activities and results. The evaluation process is subjective and uses complex measuring methods focusing on, what people bring to the selling tasks, sales people's activities and strategies. An outcome based control system monitors the final outcome of a process and includes little directing and monitoring and has a straightforward and objective evaluation process based on sales measures. Cravens, Ingram, LaForge, and Young (1993), suggest that viewing sales force control systems from the two extremes of this continuum is perhaps unrealistic. They suggest that many sales force control systems are a mix of approaches, containing elements of both behavioural and outcome-based strategies. Subsequent research by Oliver and Anderson (1995) showed the existence of a hybrid control system. Table 2.10 shows the differences between behaviour, hybrid and an outcome based control system.

Table 2-11: Characteristics of a Hybrid Control system

Characteristics	Behaviour	Hybrid	Outcome
Supervision	High	Very high	Very Low
Importance of Attitude and effort in evaluating performance	High	Very High	Very Low
Emphasis on quantitative results in evaluating performance	Low	Very high	High
Philosophy that results are more important than behaviours	Low	Neither	High
Importance of complete accurate paper work	Very low	High	Low
Average % salary in annual compensation	62%	55%	46%
Size of group in samples	26%	39%	35%

Source Oliver and Anderson (1995)

The characteristics of the hybrid control system suggest that management believes that effort and attitude are the first requirement of sales results and that measurement of sales results is required to calibrate proper level of inputs. The fact that most control systems contain both elements from output and input control was also reported by Jaworsky (1993) and Daft and Macintosh (1984).

There appears to be an emerging view that management control in sales and marketing consists of a combination of different control dimensions (Cravens et al. 2004; Jaworski, Stathakopoulos, and Krishnan 1993), rather than a fixed set of control categories or types (Babakus et al. 1996; Oliver and Anderson 1995). The amount of emphasis put on behaviour versus outcome control can differ and according to Oliver and Anderson (1995) the more an organisation moves its control system toward a behavioural one the more:

- sales people will focus on gaining higher level of sales expertise and competences and put greater emphasis on working smarter
- sales people feel committed to their employer
- job satisfaction among sales people will be higher
- the company is perceived to have more innovative atmosphere with a participating decision making, viewing the culture as warm, nurturing and supportive.
- sales people spend a greater amount of their time on planning.

Anderson and Oliver (1994) found the sales force control system is perceived by sales people as a critical influence on their job-related cognition, attitudes. They failed to demonstrate a relationship between the control system used and the behavioural and outcome performance of sales people.

Challagalla and Shervani (1996) argued that behaviour control must not be considered as a single construct but consists of two types of controls, activity and capability control. By using a finer grained construct relationships with performance would be easier to establish. In their view activity control refers to the specifications of the activities a person is expected to perform on a regular basis, the monitoring of actual behaviour and the administering of rewards and punishments on the basis of the performance of specified activities. Capability control refers to the development of the individual skills and abilities. It involves setting goals for level of skills and abilities sales people must possess, monitor their skills and abilities, provide guidance on where improvement is needed and reward or punish the sales person on the bases of their performance. Their findings also showed that output controls have a negative impact on performance and satisfaction. Their view is that output control can only be used when sales people can see the link between effort and performance. Otherwise they may regard the output goal outside their control and view the rewards as arbitrary. Their research also showed that the link between the activity and capability controls and performance is an indirect link mediated by supervisor and customer role ambiguity. In their research of sales management control strategies in developing countries Cravens et al (2001) did find a relationship between behaviour control and outcome performance. The strong relationship found between the extent of behaviour-based management control and sales person performance suggests that sales managers who want to improve sales person performance may need to consider increasing their activities in monitoring, developing, evaluating and rewarding sales people. This reflects concern with moving the role of the sales manager from primarily a scorekeeper to one of a facilitator helping sales people perform better (Corcoran et al., 1995).

The fact that high sales person behaviour performance is associated with high outcome performance suggests the need for greater emphasis by sales management on managing sales person behavioural activities (Piercy et al, 2004). This has significant implications for the critical sales management processes of selecting, training and developing sales people, as follows:

a) Selection.

The effective implementation of behaviour-based control requires selecting sales people who have the characteristics that match this type of selling environment. This suggests the need for selection processes that identify such characteristics as the capability to commit to the sales organisation, the willingness to co-operate with managers and peers and to function as team members. This may run counter to traditional sales person selection criteria emphasizing independence, results-orientation, and “lone wolf” characteristics (Lancaster and Jobber, 1994). The behaviour-based sales person profile suggested may provide insights into useful selection guidelines, although clearly any such general guides must be adapted to the specific selling environment of a particular organisation.

b) Training.

It is generally accepted that sales people frequently need help and support in developing their selling skills, and both formal training programmes and less formal manager coaching can assist sales people in improving their product knowledge, selling skills, sales planning and sales support activities.

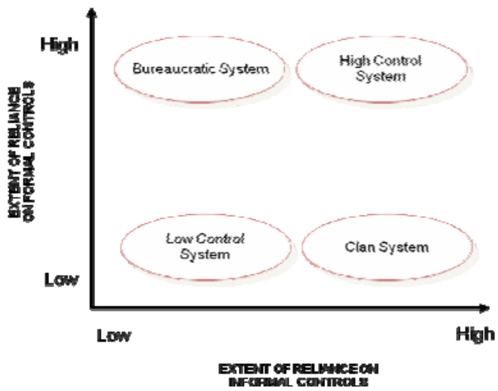
c) Performance evaluation.

Sales managers need to emphasize sales person behaviour as well as sales outcomes in their performance evaluations when utilizing behaviour-based control (Piercy et al 2004). This may require development needs for sales managers accustomed to a “command and control” management environment and who may consequently find it difficult to operate effectively in a collaborative or coercive management environment, which does not give primacy to short-term sales outcomes.

2.4.6.1.2 Formal and Informal Control

Jaworksi (1993) defines sales control based on another dimension being formal and informal forms of control. Formal controls are written, management initiated mechanisms that will influence how people behave in ways that support the organisation's objectives. Informal forms of control are unwritten, worker-initiated mechanism designed to the influence the behaviour of employees. Jaworski (1993) further distinguishes formal control into output and process control and informal into professional and cultural control. Output control focuses on defining outcome objectives and monitoring whether these are being achieved whereby process control aims at influencing the means to achieve the objectives. Professional control is limited to a certain department and exercises control by setting certain standards, monitoring conformity with these standard and taking action when social deviation occur. Cultural control refers to shared values and beliefs for the whole of the organisation. Based on these two forms of control Jaworksi (1988) defines four different types of management control; bureaucratic system, low control system, clan system and high control system as shown in figure 2.8.

Figure 2-8: Forms of Control



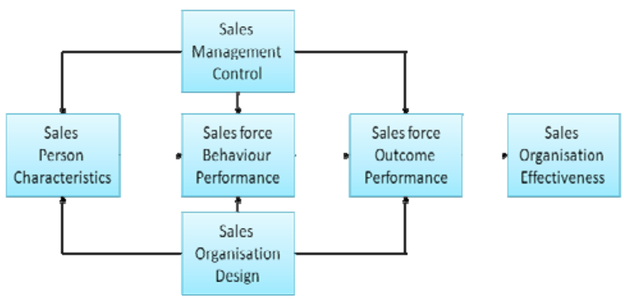
Source Jaworski (1993)

In his research Jaworski (1993) found that organisation's size and the task complexity are two main antecedents to the choice of control strategy. He also found that the formal control types, bureaucratic and high control system, are the most effective.

2.4.6.1.3 Sales Control and Sales Organisation Effectiveness

Jaworski (1993) found a positive relationship between the form of control and employee's role stress, job tension, motivation and organisational commitment. Cravens and Baldauf (2001) found a positive relationship between product and organisational knowledge and behavioural based controls. Piercy et al (1997) found a positive relationship between behaviour based control systems and sales force behaviours such as, planning, sales support and customer orientation of sales people. While many researchers have proposed a relationship between sales control and outcome performance the results are very mixed (Craven et el 2004; Cravens and Baldauf 2001; Oliver and Anderson, 1994). Sales organisation effectiveness consists of a summary of evaluations of overall organisational outcomes (Walker, Churchill and Ford, 1997). Measures used for effectiveness include, market share, profit contribution and customer satisfaction. Current research points towards a positive relationship between sales control and organisational effectiveness (Cravens et al 1993, Cravens and Balduaf, 2001, Piercy et al 1997, Baldauf et al 2005). Figure 2.9 shows the components of sales force performance and effectiveness.

Figure 2-9: Sources of effectiveness in the business to business sales organisation



Source: Piercy et al (1997)

2.4.6.1.4 *Sales control and Organisational Hierarchy*

The reality is that many control systems used in sales organisations do not correspond exactly to either behaviour control or outcome control (Oliver and Anderson 1995). Piercy et al (2004) state that while frontline sales managers operate under company wide sales management control strategies they do exercise some latitude and discretion in how they implement the control system. These findings also suggest that the sales control strategy varies according the level in the organisation's hierarchy which corresponds with earlier findings of Parsons (1960) and Anthony (1965).

2.4.6.1.5 *Sales Control and Compensation Pay*

The determining of sales force compensation is concerned with the proportion of incentive pay in total compensation. Prior sales management control research integrates compensation into behaviour-based sales management control (Oliver and Anderson 1994). However, Piercy et al (2004) develop and support conceptual logic for the proposal that compensation control operates independently from behaviour-based control and should therefore be considered separately in management control research and management practice.

2.4.6.1.6 *Sales Control Processes and Activities*

Sales control activities consist of monitoring, evaluating, directing, rewarding and coaching (Piercy et al, 1997; Anderson and Oliver, 1987).

Monitoring consists of the following activities:

- Spend time with sales people in the field
- joint sales calls,
- observing the performance of sales people,
- regularly review call reports,
- monitor sales travel,

- monitor expenses,
- monitor customer credit terms

Evaluating consists of the following activities:

- the professional development of the sales people,
- quality of the sales presentation,
- sales results

Directing consists of the following activities:

- Encourage sales people to increase their sales results by rewarding them for their achievements
- Actively participate in training the sales people.
- Regularly spend time coaching sales people.
- Discuss performance evaluation with sales people.
- Help sales people to develop their potential

Rewarding consists of the following activities:

- provide regular feedback,
- compensate for the quality of the activities performed,
- compensate for the quantity of activities performed,
- rewarding based results
- use incentive compensation
- use non-financial incentives

Coaching and Communicating consists of:

- Monitoring focuses on involvement
- Directing focuses on training and coaching
- Evaluating focuses on professional development and results

- Rewarding focuses on feedback and rewarding the quality of the activities as well as the results.

2.5 Summary of the literature review

The literature on Sales Force Control views relationship selling as a new sales approach without recognizing the impact key account management has on the sales function as a whole. The fact that relationship selling involves more non-selling activities seems to have triggered researchers in believing that behavioural based control systems are better suited than outcome based control system. In their study on sales force effectiveness, Cravens et al (1997) reported the use of a sample which contained sales people operating in retail, industrial and servicing sectors whereby some were generalist and others product specialists. This raises the question whether the differences between retail and business to business selling are well enough recognised. Additionally researchers also seem to view the selling activities as an operational activity limited to one single department within each organisation. The implication of key account management forces us to view the sales activities no longer as an operational activity but as organisation wide activity spread out over several departments, operating a sales team, as well as involving employees from all levels of the organisation's hierarchy. The literature on management control showed how the amount and the type of control exercised differ according to the level within an organisation's hierarchy. Based on this view it could be argued that the more important an account is for an organisation the higher the sales person managing this account will be in the organisation's hierarchy. In stark contrast with current beliefs this would mean that sales people today:

- operate at a higher hierarchical level within their organisations,
- are exposed to less amount of control and

- operate mainly under an outcome oriented control system.

While this may be true for the sales people managing the strategic accounts this may not be the case for those who are responsible for acquiring new accounts or developing smaller ones. This, in itself, challenges the view that there is such a thing as one sales control system for an organisation. Instead the literature seems to suggest that depending on the types sale activities a sales person performs his or her sales manager will have to adapt their control system.

3 Research Questions and Methodology

This chapter will discuss the research questions and approach of this thesis. The different research philosophies are explained and based on the research questions a case is made for the approach actually undertaken in this research project.

3.1 Research Question

The previous chapter presented the various management control theories and the state of current knowledge on sales management control. The management control theories have all been applied to study different aspects of the sales control function. The agency theory has typically been applied to the problem of sales force salary versus commission compensation (Basu et al, 1985; Lal and Srinivasan, 1993). Basu et al (1985) applied the agency theory to calculate the most efficient form of compensation contracts based on the proportion of fixed salary versus the proportion of variable salary. Typically higher proportions of fixed salary are treated as a behavioural form of control whereas higher propositions of variables salary are treated as outcome control. Transaction cost theory has typically been used to explain the use of a direct sales force versus external sales representatives (Anderson, 1985) and the proportion of salary versus total compensation (John and Weitz, 1989). In principle market contracting is treated as outcome based control whereas vertical integration is treated as a form of behaviour control (Anderson and Oliver 1987; John and Weitz, 1989). Market contracting is considered more cost-efficient then integration and only in the case of high uncertainty and idiosyncratic assets or frequent transactions does the market become inefficient (Kraft, 1999).

Several authors call for more research combining these different theories in order to better capture the full complexity of management control within an organisation (Eisenhardt, 1989; Stathekopoulos, 1999; Chenhall, 2003). Within the area of sales force control Stathakopoulos

(1999) presents a new approach to study sales force control approaches using a combination of agency, transaction cost and organisation theory. While all the attention goes to the combination of theories little attention is given to questioning the sales control approaches themselves. This section presents the various views and research findings regarding the different forms of sales control approaches and presents an argument for analysing more in depth how organisations do implement their sales control systems prior to continue research using any or a combination of existing management control theories.

3.1.1 Forms of Sales Force Control

Clan control is the seen as the option of last resort when an organisation is not able to measure neither behaviour nor its outcomes. While Ouchi (1979) and Stathakopoulos (1996) advocate the existence and relevance of clan control others criticise it for being poorly understood (Anderson and Oliver, 1987; Govindarajan and Fisher; 1990; Nelson & Quick, 1985) and therefore neglects its existence in their research. Govindarajan and Fisher (1990) argue that current monitoring systems employed by organisation do enable some form of either outcome of behavioural measure making organisation relaying solely on socialisation as a form of control very rare and neglectable.

The introduction of relationship selling also saw the introduction of team based selling and a change from a more transactional form of selling to a more complex and long form of sales cycle. Team based selling is known to be problematic with regards to accurately measure an individual sales people both outcome and behavioural performance (Anderson, 1985; Stathakopoulos, 1996; Chenhall, 2003). Further complex sales cycles are characterised by long sales cycles with considerable time lag between effort and outcome (Adkins, 1979; Ouchi 1979; Stathakopoulos, 1996).

There is a point to be made that current advances in information technology combined with the fact that most organisations today rely heavily on information technology to function makes an organisation that is not able to measure any form of outcome or behaviour very rare. Jaworski's (1993) view on clan control is not a control form where no measures are available but one where the primary source of control is one of socialisation and the secondary source are measures. Jaworski's (1993) findings support the notion that the greater the interdependence between departments to get a task completed the greater the use a clan control system which confirm the importance of a clan system for team based selling. His findings also showed that there is a link between the task complexity the use of a clan control system. This raises the question why others (Anderson and Oliver, 1987; Govindarajan and Fisher; 1990; Nelson & Quick, 1985) neglect this form of control in their research or even report that a very low percentage of respondents use such a form of control and thereby neglect it. Perhaps the answer lays in the problem raised by Chenhall (2003) who argues that within contingency research many management approaches are measured differently making findings not easily comparable.

This leads us to believe that a clan control systems could be used to control sales people but that a contemporary view of such form of control should not be characterised by a complete absence of any outcome or behaviour measures but by a low amount measures and which are not the primary source of control.

Oliver and Anderson (1995) reported that 39% of their sample represented a hybrid form of control which was characterised by high amount of both outcome and behaviour controls. According to them organisations using a hybrid control form try to measure many aspects of both behaviour and outcome in order to uncover some forms of causal relationship between behaviours and outcomes. According to Jaworski's (1993) findings organisations with a high task complexity do employ all available means to keep their complex tasks on course. He further categorises these organisation based on their ability to measure into organisation using a high control or a clan control systems. It is therefore reasonable to believe that in a relationship selling environment a hybrid form of control is to be expected. What is surprising is that notwithstanding the identification of a hybrid form of control subsequent research on sales force control continuous to focus on dichotomous forms of control being behavioural or outcome based (Babakus 1996; Stathakopoulos, 1996; Kraft, 1999; Cravens et al, 2004).

Challagalla and Shervani (1996) reported that behavioural control does not represent a one-dimensional construct but that it is made of activity and capability control. This demonstrates that there is no universal approach to measure the extent of behaviour versus outcome control. Nevertheless like with hybrid control subsequent research further continued considering behaviour control as one single construct.

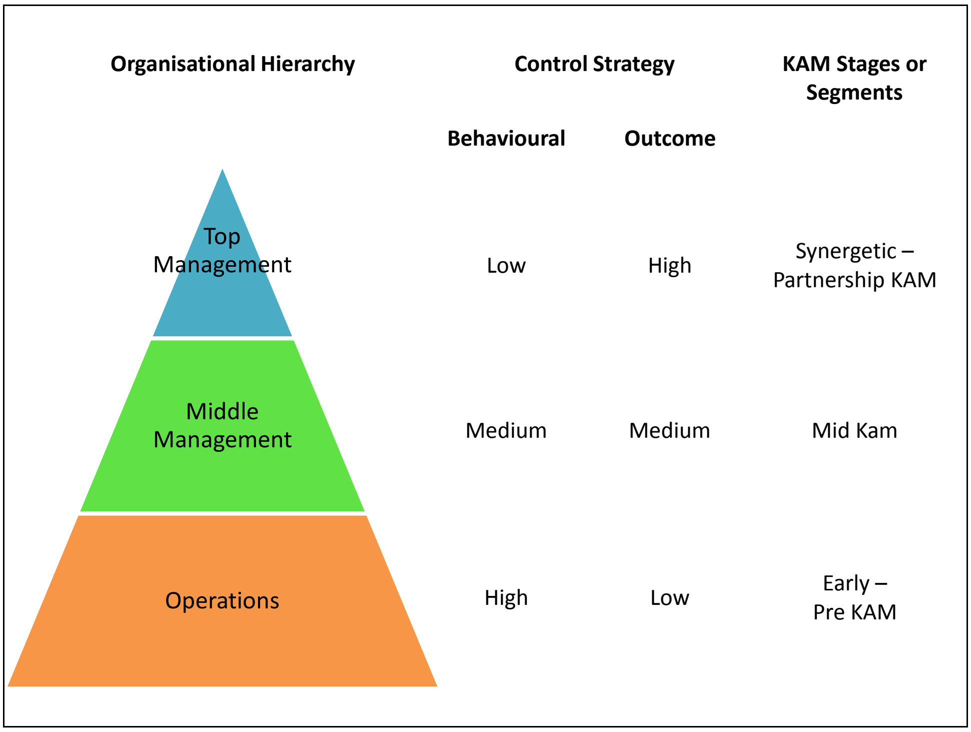
There is very little consensus of how organisation go about controlling their sales force. Existing research on sale force control focuses on the traditional forms of control strategies and do seem to take into account new forms of control like hybrid, activity and capability control. Nor is there much attention to the way organisations implement their sales control strategies. Cognitive evaluation theory does tell us that choosing the most adequate control strategy does not guarantee a successful implementation. This point is also raised by Challagalla and Shervani (1996) who analysed the constructs of behavioural control and found that a successful implementation requires sales people to receive feedback on both their activities and capabilities. Qualitative research performed by Goold et al (1994) suggests that strategic control (behaviour control) and financial control (outcome control) are points along a continuum. In their research on the role of the board in the formulation and evaluation of an organisation's strategy Hendry and Kiel (2004) developed a typology characterising a board strategy role based on the strategic and financial outcome as dichotomous variables. Their approach is based on what Eisenhardt (1989) refers to as the positivist stream of research in agency theory which assumes that the agency theory cannot be avoided but that various contract alternatives exists to address it. To build their topology Hendry and Kiel (2004) draw upon a significant body of knowledge on strategy and the role of strategy as form of control. The available literature on management control and sales force control suggest that within a relationship selling environment organisations are likely to employ a hybrid form of control combining elements of clan, behaviour, activity, capability and outcome based controls. Recent technological development also suggests that most companies will be able to measure to varying extent their sales people outcomes and behaviours. Furthering our understanding of how organisations control their sales people within a relationship selling environment requires the identification of different forms of hybrid control, their characteristics with regards to their reliance on outcome and behaviour measures and the environmental factors are contingent upon these forms of control.

3.1.2 Different forms of hybrid sales force control

What evidence is there to believe that there are different forms of hybrid control and that they are exposed to different level of outcome and behavioural measures?

Management Control Theory claims that the control strategy, outcome or behaviour focus differs depending on the level within the organisation's hierarchy (Parsons, 1960; Anthony, 1965). There is evidence of this also within sales force control whereby frontline sales managers operating under company-wide control strategies do have some discretion in how they implement their control system (Piercy et al, 2004). The cognitive evaluation theory also supports this view on the basis that people operating at higher organisational levels should require less information feedback from their superiors than people operating at a lower hierarchical level. Theory on Key Account Management states that as the relationship between the customers and the supplier evolves so does the strategic importance of the customer for the supplier (Millman and Wilson, 1994; McDonald and Rogers, 1999; Wilson et al, 2003). Because managing strategic or key accounts requires more skills and authority than managing normal accounts it can be expected to find sales people operating at different levels of the organisation's hierarchy and therefore subject to different sales control strategies. As shown in the figure below key account managers are likely to operate across different hierarchical levels of an organisation and therefore will be exposed to different forms of control.

Figure 10: Relationship between KAM, Sales Control and Organisational Hierarchy



Source: Adpated Parsons (1960), Anthony (1965)

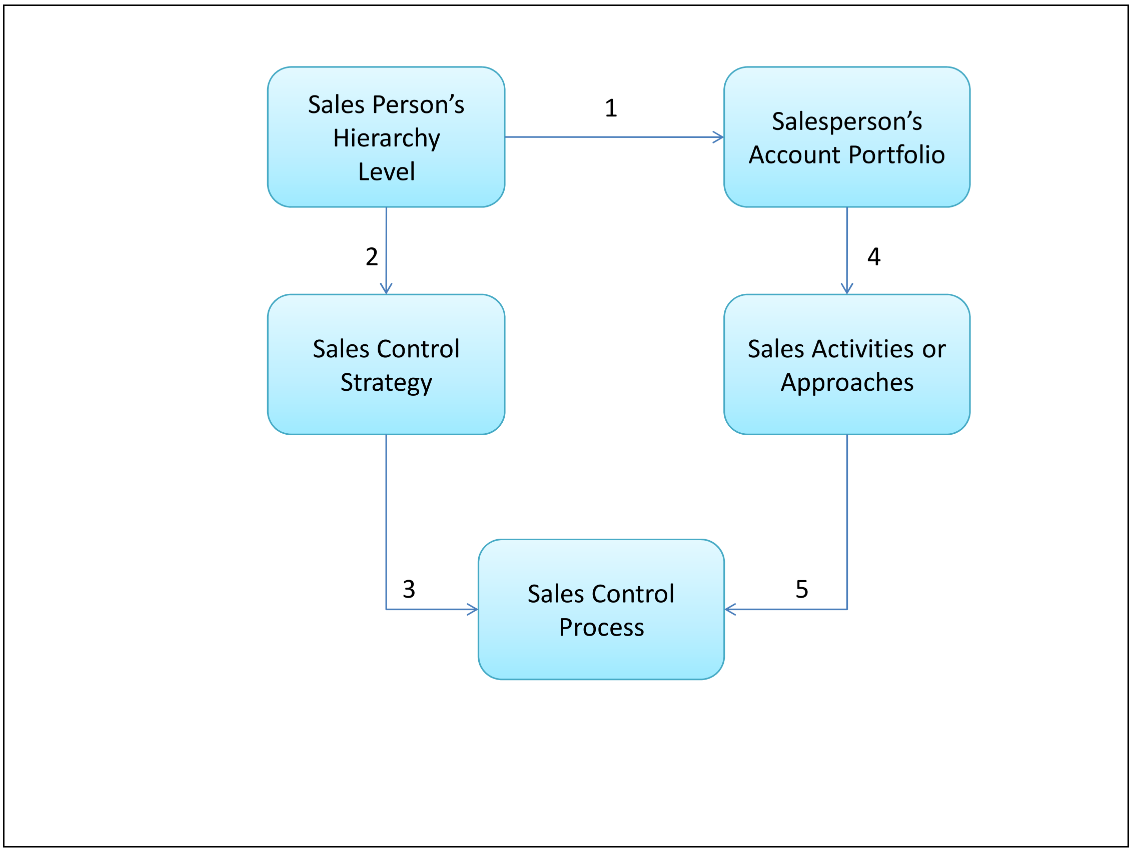
Managing strategic and key accounts will also require a tailored sales approach relying heavily on performing non-selling activities as opposed to managing small to medium accounts. The basis on which the performance evaluation process of the sales people will be performed will differ depending on the type of accounts they manage. In comparison with managing a large portfolio of small customers a sales person managing a small portfolio of only a few strategically important customers is likely to:

- be exposed to more outcome uncertainty because he or she has less customers to offset an unexpected revenue loss of one customer.
- be confronted with the fact that his or her management will be more likely to assume risks.
- be confronted with the fact that his or her management will be measuring their behaviour more closely.

According to the contingency theory this means that a different control strategy must be adopted to control sales people who manage small to medium accounts as opposed to sales people who manage strategic and key accounts. As sales persons are likely to have different types of customer portfolio it is also expected that they will be involved in different types of sales activities. Based on the literature on relationship selling these activities are likely to involve selling and prospecting activities as well as non selling activities such as those needed to manage the customer sales team. The fact that sales people perform different sales activities means that different measures of outcome and behaviour will be needed which leads to different form of sales control.

The following figures shows how each of the concepts identified in the relationship selling literature is likely to affect the type of sales force control system implemented within an organisation. It also suggest that one organisation may employ several types of control systems which so far has not yet identified within the current literature on sales force control.

Figure 11: Antecedents of sales force control system



Source: Original

A sales person's account portfolio represents the type of accounts a sales person is assigned to develop and manage. The composition of the sales person's portfolio is determined by sales person's hierarchy level within the organisation (represented by arrow no 1). Sales people managing a portfolio made up of strategic accounts are expected to be at a different hierarchy level in the organisation than sales people who are assigned a portfolio of small to medium size accounts. Depending on the hierarchical level at which a sales person operates also determines the sales control strategy (degree of outcome versus behavioural form of control) that will be adopted (represented by arrow no 2). Different control strategies require different organisational processes to execute the control function (represented by arrow no 3). Sales portfolio's can be composed of prospects as well strategic accounts and thereby require a different sales approach (represented by arrow no 4). These different sales approaches mean that sales people will perform different sales activities and therefore require the sales managers to adapt their control processes (represented by arrow no 5) to monitor and control these different activities.

Based on the available literature on relationship selling and sales force control what would be the characteristics these different forms of hybrid sales force control?

The sales control is conceptualised as a process which consists of planning, monitoring and measuring and feedback and evaluating (Oliver and Anderson, 1985; Cravens et al, 1993; Babakus et al,1996; Cravens et al 2005). A business process is a sequence of activities followed by individuals in a business to achieve some business goal. Daft and Macintosh (1984) researched which management control tools were used by middle managers but the tools they identified were a mixture of information (budget and statistical control), activities (performance appraisals) and management styles and behaviours (personal influence and leadership). They seem to have mixed different granularity levels of business processes such as processes, activities and tasks as well as tools and person behaviours. The operationalisation of management control systems presented by Ford and Greer (2005) also contained a mixture of processes and tools.

In comparison with the body of knowledge on organisation strategy very little is known about sales control processes. While many scholars (Oliver and Anderson, 1985; Cravens et al, 2003; Peirce et al ,2005) recognise the increasing importance of relationship selling, no research was found on the role of key account management on the sales control function. The current dearth of empirical research on sales control and how it is actually performed means that little is yet known about how organisations have attempted in practice to accommodate the new demands of relationship selling into their control systems.

While Chenhall (2003) urges contingency theorist to focus on contemporary management control issues he also warns to start by first understanding the issue and then developing a set of measure. Without properly understanding the management control practice researchers will each use their own interpretation and their own measure making their findings difficult to compare. This issue already exists at the level of control strategies where different interpretations and measure of clan, outcome and behaviour based control already lead to different results. Therefore prior to engage in a research project using one or a combination of the existing management control theories an indebt understanding is requires as to how organisations implement their sales control systems in a relationship selling environment.

In pursuing this, two questions merit particular attention. The first concerns understanding the formal processes and practices that are in place across an organisation to control the sales people and their activities. The second concerns understanding the organisational factors that lead the organisation to implement the sales control processes the way they are. Both questions are formulated as follows:

> "Within the context of relationship selling how do sales manager perform their sales control activities?"

> "Within the context of relationship selling why do sales managers perform their sales control activities the way they do?"

These questions provide the conceptual framing for this research project. The study aims, firstly, to document and understand the sales control processes and procedures which have been formally deployed to manage all the sales people active within the organisation at all hierarchical levels. The second aim of the study is to understand the environmental and organisational aspects related to relationship selling or key account management that helped shape the sales control processes.

3.2 Research Methodology

In this section the different research paradigms and approaches are presented and a case is made for adopting the interpretivist paradigm based on a qualitative research approach using a grounded theory and case study research methodology.

3.3 Frameworks for; Research, Paradigm and Theory

Theoretical frameworks are also called paradigms. A paradigm is a set of basic beliefs that represents a worldview that defines, for its holder,

- the nature of the world
- the individual's place in the world
- the range of possible relationships to that world and its parts (Guba and Lincoln, 1994)

These beliefs or assumptions are related to the nature of reality (the ontology issue), the relationship of the researcher to that being researched (the epistemological issue), and the process of research (the methodological issue) (Creswel, 1998). According to Guba and Lincoln (1994) the basic beliefs that define inquiry paradigms can be summarised by the answering the following three questions:

The ontological question. What is the form and nature of reality and, therefore, what is there that can be known about it?

The epistemological question. What is the nature of the relationship between the knower or would-be knower and what can be known?

The methodological question. How can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?

While many different research paradigms exist most authors agree that there are only few main paradigms and several smaller variations of each of them (Easterby-Smith et al , 1999). The main two paradigms in management research are positivism and interpretivism (also sometime refer to as phenomenology). Kim (2003), Orikowski and Baroudi (1991), following Chua (1986), suggest three main categories for management research: positivist, interpretive and critical theory. While it could be argued that critical theory is part of interpretivism, in this research project it will be considered as a separate research paradigm.

3.3.1 Positivism

A basic assumption of positivism is that the goal of science is to develop the most objective methods possible to get the closest approximation of reality. This paradigm maintains that reliable knowledge is based on direct observation or manipulation of natural phenomena through empirical, often experimental means. Adopting this approach requires the adoption of a realist ontology: "Reality exists, out there and is driven by immutable natural laws and mechanisms. Knowledge of these entities, laws and mechanisms is conventionally summarized, in the form of time and context free generalisations" (Guba, 1990, p20). Positivism today in the social sciences has largely been replaced by postpositivism (Guba, 1990). Postpositivism differs from positivism mainly on the bases that the researcher can never be sure that the next research study will not prove his or her theory to be wrong (Willis, 2007). There is, for that reason, never enough research to prove beyond doubt that a specific theory is correct.

Researchers therefore concentrate to falsify a theory and when they can, modify it in response. Positivists use the meaning derived from the data to prove a theory while the postpositivists will use empirical data to test a theory. Another difference is that positivist believe that theory should be based on theory free observed data whereas the postpositivist believes that theory does not need to be drawn from data but it needs to be tested using scientific research. Postpositivists do not begin research without knowing exactly what is to be studied and how the research will be carried out. They need precisely stated hypothesis and well-defined methods. Inherent in this paradigm is that research is different from practice whereby the latter is considered very subjective (Willis, 2007). This means that good research cannot be conducted as part of business practice. Research needs to be conducted under well defined and controlled conditions by an objective researcher. The relationship between research and practice is based on the researchers developing rules of practice which are than adopted by the practitioners.

3.3.2 Critical Theory

Critical Theory may be distinguished from a traditional theory according to a specific practical purpose: a theory is critical to the extent that it seeks human emancipation, "to liberate human beings from the circumstances that enslave them" (Horkheimer, 1982). The researcher seeks dialogue with their subjects as a means to transform ignorance and misapprehensions into more informed consciousness. The theory emerges from Marxism and focuses on the impact of a wide range of power relationships in human cultures (Willis, 2007). According to Kilgore (1998) critical theory assumes the necessity of critique of the current ideology, seeking to expose dominating or oppressive relationships in society. It illuminated power relationships between individuals and groups of individuals, enabling the researcher and participants to critique commonly held values and assumptions. It requires the researcher and the participants to be willing to become aware of how a false understanding contributes to oppression and resistance. The goals is utopia, whereby utopia can never be achieved, it aims to create at least something which is better than the current existence (Kilgore, 1998).

Like the postpositivist the critical theorists do accept that there is an external reality but they are not objective in their methods to discover that reality (Willy, 2007). The critical theorist tend to conduct research on gender related issues or on bias in hiring employees. The objective is not only to expose problems but also to empower the people to change and overcome these problems.

The critical researcher as opposed to the postpositivist researcher, is involved in the context of what is researched and goes beyond understanding and aims at changing or emancipating the subjects that are being studied. The general assumption is that the knowledge developed by the researcher is superior to that of the subjects being researched (Willis, 2007). This is needed in order for the researcher to free the subjects from the false consciousness which keeps them from seeing the real structure of society created by the social and political system in which they operate.

3.3.3 Interpretivism

The interpretivist perspective is a paradigm that sees the world as constructed, interpreted and experienced by people in their interactions with each other and with the wider social systems (Ulin et al 2005). The researcher does not only focus on the objective variables but also on the subjective meanings that people attach to them. The researcher attempts to see the problem from multiple perspectives and adopts a relativist ontology: “Realities exist in the form of mental constructions, socially and experientially based, local and specific dependent for their form and content on the person who holds them” (Guba, 1990, p27). The assumption is that all reality is socially constructed and that no one has access direct to the external reality which is the difference between the interpretivist from the positivist and critical theorists. The critical theorist does believe he or she can uncover broad truth such as oppression, bias and abuse of power. The critical theorist needs such an external reality in order to empower people to overthrow oppression (Willis, 2007).

One of the criticisms of interpretivism is that by accepting the idea that each individual constructs his or her mental version of reality, runs into the problem on how the individual can communicate their version and how the other person can understand what they truly mean (Willis, 2007). The counter argument is that constructing meaning is a group or social process. The members of the group use tools such as tradition and language to construct meaning and share their understanding. The main focus of the researcher is to understand the context rather than discovering universal laws of truth. The findings of the study are rooted in the context in which they occur. This raises the question of how to apply the findings of an interpretivist research?

Postpositivist perform research through a process which is called technical rationality (Shon, 1997). This process ensures that the findings are general rules that practitioners can apply. The interpretivist does not believe that the context in which research is performed is simple and easily understood so that general formulae or rules can be derived. The interpretivist does not believe that there is one right way to view a situation but that there are multiple perspectives. In order to apply the findings of a interpretive study one needs to understand the context in which these findings emerged and then compare them with the context where the findings are to be applied. According to Willis (2007) the interpretivist does not claim to have found truth in an absolute sense and that there is no need to further explore and understand alternative views and perspectives. The findings of a study enables the researcher however to develop a position and argue forcefully about his or her beliefs in order to convince others. The essential difference between understanding and truth is that truth can be applied to other settings in the form of a rule. Understanding informs decision makers of aspects that need to be addressed when dealing in a particular situation. Some aspects of a previous finding can be used while others have to be adapted to the context in which they are applied. The interpretivist believes that understanding the context in which the research is performed is crucial to the interpretation of the data gathered. Methods such as hermeneutics are used to study the meaning of texts and written material within the context in which they were written.

To summarise table 3.1 shows an overview of the main differences between the three main paradigms.

Table 3-1: Paradigm Overview

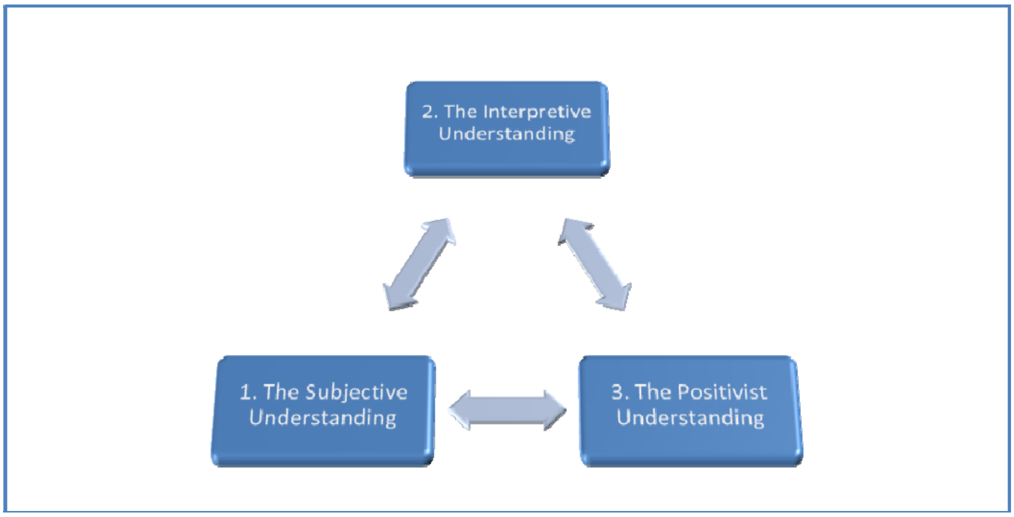
	Positivism/Postpositivism	Interpretivism	Critical Theory
Ontology	assumes that there are real world objects apart from the human knower. In other words, there is an objective reality.	assumes that reality as we know it is constructed intersubjectively through the meanings and understandings developed socially and experientially	assumes that there is a 'reality' that is apprehendable. This is a reality created and shaped by social, political, cultural, economic, ethnic and gender-based forces that have been reified or crystallized over time into social structures that are taken to be natural or real. People, including researchers, function under the assumption that for all practical purposes these structures are real. Critical theorist believe this assumption is inappropriate.
Epistemology	assumes people can know this reality and use symbols to accurately describe and explain this objective reality.	assumes that we cannot separate ourselves from what we know. The investigator and the object of investigation are linked such that who we are and how we understand the world is a central part of how we understand ourselves, others and the world.	we cannot separate ourselves from what we know and this inevitably influences inquiry. What can be known is inextricably tied to the interaction between a particular investigator and a particular object or group.
Methodology	experimental / manipulative; verification of hypotheses; chiefly quantitative	interpretive approaches rely heavily on naturalistic methods (interviewing and observation and analysis of existing texts).	rather than naming and describing, the critical theorist tries to challenging guiding assumptions. Critical theoretical approaches tend to rely on dialogic methods; methods combining observation and interviewing with approaches that foster conversation and reflection.

Source: Adapted from Guba and Lincoln, Kim (2003), Orikowski and Baroudi (1991), Ulin et al (2005)

3.3.4 Paradigm and Research Processes

While these three research epistemologies are philosophically distinct (as ideal types), in the practice of social research these distinctions are not always so clear cut (Lee, 1991). There is considerable disagreement as to whether these research "paradigms" or underlying epistemologies are necessarily opposed or can be accommodated within the one study. The "interpretive approach," refers to such procedures as those associated with ethnography, hermeneutics, phenomenology, and case studies. The "positivist approach," refers to such procedures as those associated with inferential statistics, hypothesis testing, mathematical analysis, and experimental and quasi experimental design (Lee 1991). Lee (1991) argues that while positivism and interpretivism are positioned as opposed approaches they can actually be combined into a single study approach or framework. The first step in Lee’s research framework “subjective understanding”, could consist of an ethnography of systems analysts and end-users. The following step “interpretive understanding” could be performed by another researcher in another study who would formulate a formal, general theory that explains, for example, end-user resistance to systems analysis. This researcher could then test the theory “positivist understanding”, whether through a rigorous statistical model or some other means of controlled empirical testing (such as a field experiment or a laboratory simulation). Next, the application of the theory to the empirical circumstances (the “initial conditions") of a new organisational setting, whether by the same or a different researcher in yet another study, would lead to new predictions and, hence, to new opportunities for the theory's refutation (Lee, 1991).

Figure 3-12: Integrated Research Framework for Organisation Research

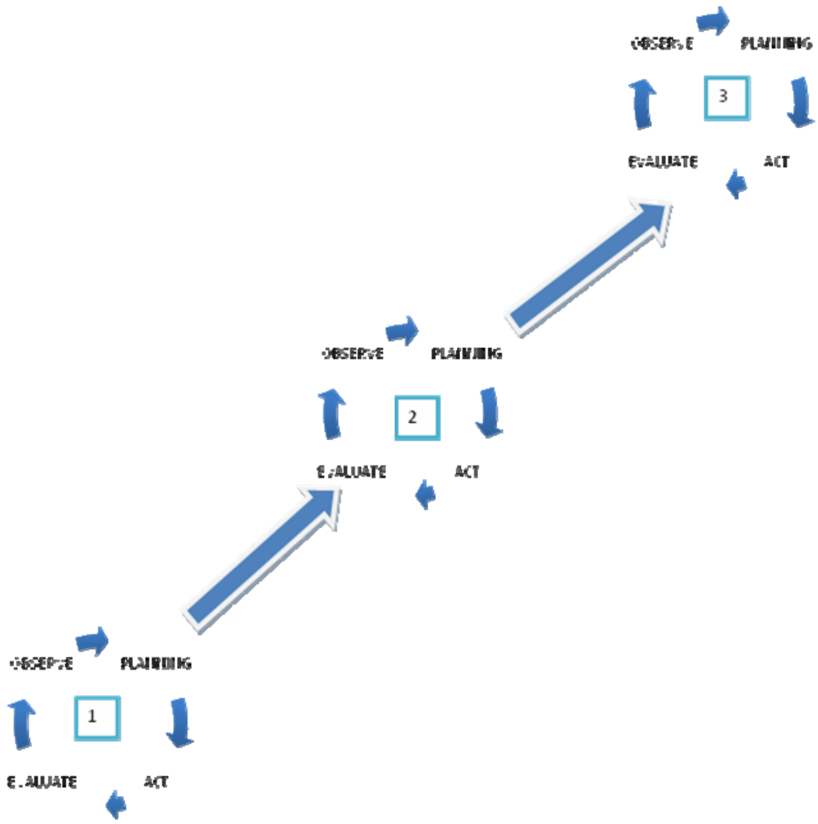


Source: Lee (1991)

It could be argued that Lee's framework is a marriage between qualitative and quantitative methods rather than positivism and interpretivism. The fact that the framework aims to develop a theory through empirical means which can be confirmed or falsified is completely based on a positivist paradigm. This framework therefore demonstrates how a study can be based on a positivist paradigm and use qualitative and quantitative methods.

Action Research which is deeply rooted in the Critical Theory paradigm, offers an alternative framework which refutes the need for a positivist understanding and integrates all the steps into one research study (Morton-Coper, 2000). The steps in the research process of action research are, observing, planning, acting and evaluating which iterates until resolution for the research problem is found (Carson et al, 2001).

Figure 3-13: Action Research Process Spiral



Source: Carson et al, (2001)

3.3.4.1 Symbolic Interactionsm

Symbolic interactionism is based on the following assumptions:

- Human beings act toward things on the bases of what they mean to them.
- The meaning of things arises out of the process of social interaction.
- Meanings are modified through an interpretive process, which involves self-reflective individuals symbolically interacting which each other.
- Human beings create a world of experience in which they live.

- The meaning of these worlds come from interactions, and is shaped by the self-reflections persons bring to other situations (Denzin, 1995, p43)

Symbolic interactionism emphasize that the study of human beings is not the study of “real” events in the world. People act based on how they interpret or perceive the world and not based on how the world really is. Subjective meaning and human interaction is also the bases of qualitative research. Some researchers will therefore argue that all qualitative research is based on symbolic interactionism (Willis, 2007). The foundations of symbolic interactionism are essentially the same as interpretivism and in many ways can be used as synonyms for each other (Willis, 2007).

3.3.5 Selecting a Paradigm or Research Framework

To identify the best suited research paradigm for this research project the three options are considered.

3.3.5.1 Critical Theory

Deciding whether critical theory is an appropriate paradigm for this research project can be defined by answering the following question:

Would participating in the transformation of an organisation’s sales control processes enable the researcher to address the research questions?

By participating in such a transformation project it would be possible to analyse and describe the sales control processes as they were before and after the transformation. It would also provide a lot of insight into why the existing sales control processes were no longer considered adequate and why new control processes are considered to be better. Convincing sales managers and sales people of adopting the new sales control processes could be regarded as an emancipation of abandoning their old ways of doing things and adopting the new way. For these reasons it is reasonable to believe that the critical theory is an appropriate paradigm for this research project.

Action research is a research approach based on the critical theory philosophy. It is based on the belief that organisational phenomena are most effectively studied in their natural context and that knowledge — both practical learning and theory — results from taking action and assessing outcomes (Baskerville, 1999). Action research as a research process consists of a 4 steps spiralling approach of diagnosing a problem, planning a resolution, implementing the resolution and evaluating its performance. While the approach offers a very attractive win -win for the organisations participating in the research project, for the researchers it does impose a number of practical considerations such as:

- finding organisations that are planning to change their sales control processes and willing to collaborate with this research project.
- ensuring that the transformation process would be completed within a reasonable timeframe.
- ensuring the organisation will allow evaluation of the results of the process afterwords in an objective manner.
- ensuring the organisation will not stop or change the scope of the project before its completion.

This poses some practical problems for conducting the study. Besides those practical problems there is also an ontological issue which is that according to critical theory sales control processes are external realities which have been crystalised through organisation, cultural, social, political and perhaps even by gender based force. It is the researcher's belief that sales control processes are not very formalized and cannot be externally apprehended. For those reasons the critical thinking paradigm and action research methods were not chosen as the research approach for this project.

3.3.5.2 Positivism or Interpretivism

Positivism is often a synonym for quantitative and interpretivism for qualitative research. This is however not necessarily so. Qualitative research may or may not be interpretive, depending upon the underlying philosophical assumptions of the researcher. Qualitative research can be positivist, interpretive, or critical. It follows from this that the choice of a specific qualitative research method (such as the case study method) is independent of the underlying philosophical position adopted (Yin ,2003). For this reason the choice of qualitative versus qualitative approach will be discussed separately.

This research project is based on the interpretivism paradigm for the following reasons:

- There is a lack of academic literature describing sales control processes and activities and they are therefore not defined enough to be operationalised into a set of hypothesis that can be tested.

- There have already been several projects analysing the effects of sales force performance and sales force control using large samples. Some of these projects did conclude that more in depth knowledge on the sales control processes and activities was needed to further interpret their findings (Cravens et al, 1993).

- A positivist view would assume that sales control processes are formally described in an organisation and that all sales managers and sales people are aware of them and also aware of the reasons why these processes are they way they are. It is the researcher's view that due to the entrepreneurial nature of selling, a sales department has to constantly adapt its processes in response to changes in the market place making them difficult to analyse and formally describe. The benefit or need for many organisations to invest extra effort to analyse and formally describe these processes is also diminished by the fact that most sales organisations are too some degree outcome driven rather than behavioural driven. For these reasons this research project is built on the assumption that sales control processes are socially constructed in relation to a market in which they operate and in relation to the organisation which they are part of. Understanding the processes will require an understanding of the context in which they operate.

3.3.5.3 Qualitative versus Quantitative Approach

According to Yin (2003) the research approach or strategy can be deduced from the following elements:

- The formulation of the research question
- Whether control is needed over behavioural events
- Whether the research focuses on contemporary events

As table 3.2 shows this leads to a qualitative research approach based on a case study design.

Table 3-2: Selecting a Research Approached based on the formulation of our research questions.

Research Question	Form of Question	Focuses on Contemporary Events	Approach

Within the context of relationship selling how do sales manager perform their sales control activities?	How?	Yes	Case Study
Within the context of relationship selling why do sales managers perform their sales control activities the way they do?	Why?	Yes	Case Study

Source: Original

Because the research questions could have been formulated slightly differently there is always an element of doubt whether the qualitative approach and more specifically a case study approach based on Yin's model is the most valid approach. For that reason a point by point analysis was done using Cooks and Reichardt's (1997) table of properties (table 3.3) differentiating a qualitative from a quantitative research strategy.

Table 3-3: Qualitative vs Quantitative Research

Qualitative Research	Quantitative Research
• inductive • holistic • subjective/insider centred • process oriented • relative lack of control • goal: understand actor's view • dynamic reality assumed; "slice of life" • discovery oriented • explanatory	• deductive • particularistic • objective/outsider centred • outcome oriented • attempt to control variables • goal: find facts & causes • static reality assumed; relative constancy in life • verification oriented • confirmatory

Source: Cook and Reichardt (1979)

3.3.5.3.1 Inductive versus Deductive

Traditionally quantitative research is understood to be confirmatory and deductive in nature while qualitative research is understood to be exploratory and inductive in nature. While these statements are in most part true other researchers like Miles and Huberman (1995) and Yin (2003) do argue that qualitative research can also be confirmatory and deductive.

This project will be exploratory in nature due mainly to the fact that there has not been any research that looked into the sub-processes and activities of the sales control process in a relationship management environment.

3.3.5.3.2 Holistic versus Particularistic

The goal of holistic research methods is to look for patterns within or across systems. Particularistic methods, on the other hand, reduce the examined phenomenon to a few variables, thus isolating the variables of interest from their context and other constructs.

The literature suggests that relationship selling does have an impact on the activities and behaviours of a sales manager. The objective of this study is to identify those activities and behaviours as well as the causes that triggers them. For these reasons a holistic approach was chosen for this project.

3.3.5.3.3 Subjective/Insider centred versus Objective/Outsider Centred

The insider approach enables the researcher to understand feelings, emotions and how the subject being researched experience particular events. However this comes with a certain amount of bias and subjectivity as opposed to the outsider approach.

The aim of this project is to uncover new understandings on the activities and behaviours that sales managers adopt when controlling their sales force. This will involve some degree of insider approach and will include a degree of subjectivity and bias.

3.3.5.3.4 Process oriented versus Outcome oriented

Qualitative research generates rich, detailed and process data that contribute to in-depth understanding of the research topic. Quantitative research usually begins with pre-specified objectives focused on testing preconceived outcomes.

The project's aim is to develop new understanding and insight on the sales control processes and is therefore process oriented.

3.3.5.3.5 Relative Lack of Control versus Attempt to Control Variables

Besides the element of relationship selling it is not the aim of this project to control any other variable. In contrast this project aims through its holistic approach to identify all the possible variables that affect the sales control process in a relationship selling environment.

3.3.5.3.6 Goal: Understand actor's view versus Find facts & causes

For this project the actor's view is important to understand the relationship between relationship selling and sales control.

3.3.5.3.7 Dynamic reality assumed versus static reality assumed

Qualitative research is an exploration of what is assumed to be a dynamic reality. It does not claim that what is discovered in the process is universal, and thus, replicable. From the literature review it is understood that relationship selling is a new paradigm which is changing the nature of selling and of how to organise and control a sales force. This project aims to understand how relationship selling is changing the sales control function. This also means that the findings represent a process which is still changing and therefore is not universal.

The point by point analysis enables us to conclude that the best approach of this research project is a qualitative approach.

3.3.6 Selecting a Qualitative Research Method

Several types of qualitative research methods exists; biography, phenomenology, grounded theory, ethnography, case study and hermeneutics. How each of these methods differs can be found in table 3.4. The rest of this section will describe each method and discuss its suitability as a research method for this research project.

Table 3-4 Qualitative research approaches;

Dimension	Biography	Phenomenology	Grounded Theory	Ethnography	Case Study
Focus	Exploring the life of an individual	Understanding the essence of experiences about a phenomenon	Developing a theory grounded in data from the field	Describing and interpreting a cultural and social group	Developing an in-depth analysis of a single case or multiple cases
Discipline origin	Anthropology, Literature, History, Psychology, Psychology, Sociology	Philosophy, sociology, Psychology	Sociology	Cultural anthropology, sociology	Political science, sociology, evaluation, urban studies, other social sciences
Data Collection	Primarily interviews and documents	Long interviews with up to 10 people	Interviews with 20-30 individuals to "saturate" categories and detail a theory	Primarily observations and interviews with additional artifacts during extended time in the field (e.g., 6 months to a year)	Multiple sources - documents, archival records, interviews, observations, physical artifacts
Data Analysis	Stories , Epiphanies, Historical content	Statements, Meaning, General Description of experience	Open coding, Axial Coding, Selection coding, Conditional Matrix	Description, analysis, interpretation	Description, Themes, Assestions

Source: adapted from Creswell (1998)

3.3.6.1 Bibliography

3.3.6.1.1 Method Description

A biographical study is the study of an individual and his or her experiences as told to the researcher or found in documents and archival material (Creswell, 1998). Denzin (1989) defines the biographical method as "studied use and collection of life documents that describe turning-point moments in an individual's life" (p. 69). Although biographical forms of research vary and the terms reflect different discipline perspectives, all forms represent an attempt to construct the history of a life. According to McNeil and Chapman (2005) autobiography and biography can offer useful insights for the sociologist so long as they are approached with caution. The biographer, on the other hand, draws on whatever materials are available to present an account of a person's life and achievements. However, the final draft is the author's interpretation of documentary evidence (including the subject's own interpretation embodied in letters or diary entries) and the views of relatives, friends and colleagues who may have been interviewed. Gomm (2004) notes that often autobiographies are 'stories' that people tell about their experience aimed at convincing their audience that they are 'likeable' and 'trustworthy'. Oakley

(1993) argues that biographies and autobiographies are no different from any other kind of book. People's recollections are always partial and, to some extent, fictional because it is one writer's perspective on what actually happened written in the context of justifying their role and actions.

Denzin (1989) advances several procedural steps to conduct a biography study:

1. The investigator begins with an objective set of experiences in the subject's life noting life course stages and experiences. The stages may be childhood, adolescence, early adulthood, or old age, written as a chronology, or as experiences such as education, marriage, and employment.
2. Next, the researcher gathers concrete contextual biographical materials using interviews (e.g., the subject recounts a set of life experiences in the form of a story or narrative). Thus, a focus is on gathering stories.
3. These stories are organised around themes that indicate pivotal events (or epiphanies) in an individual's life.
4. The researcher explores the meaning of these stories, relying on the individual to provide explanations and searching for multiple meanings.
5. The researcher also looks for larger structures to explain the meanings, such as social interactions in groups, cultural issues, ideologies, and historical context, and provides an interpretation for the life experiences of the individual (or cross-interpretations if several individuals are studied).

3.3.6.1.2 Method Discussion

The research questions for this study are geared towards understanding how organisations implement their sales control processes and why they are implemented in such a way. In order to do that will require to interview sales managers. However these interviews will be centred on understanding the sales control processes and not on the sales manager's personal experiences. For this reason the biography research method was not adopted for this project.

3.3.6.2 Phenomenology

3.3.6.2.1 Method Description

Phenomenology is the study of people's perception of the world as opposed to trying the understand what "really is" in the world (Willis, 2007). The focus is to understand from the perspective of the person being studied.

Phenomenological research has been characterized by several authors as:

- Focuses on the subjective experience of actors
- The aim is to capture the rich detail of the actor's experiences without contaminating the data.
- The data is often presented in its raw form to present authenticity and to permit a holistic interpretation of the actor's experience.
- In depth interviews are the form of capturing data.
- The analysis of the interview focuses on the details and nuances of each interviewee and the words they use (Wimpenny and Gass, 2000; Moustakas, 1994).

Within an interpretivist paradigm, phenomenology refers to an analysis made by phenomenological investigation rather than the typological classification of a class of phenomena. Stemming from the discipline of philosophy, phenomenological investigations focus on interpreting "the meaning of events and interactions to ordinary people in particular situations" (Bogdan and Biklen, 1998,p. 23). The emphasis is on understanding the ways in which people construct their realities; that is, an attempt is made to reveal what perspective they hold and how they interpret events that happen. As a research strategy, it is subjective and relies heavily on trying to understand the participants' point of view (Creswell, 1998). For a phenomenologist, an a priori decision is made that he or she will examine the meaning of experiences for individuals. Thus, an individual starts into the field with a strong orienting framework, albeit more of a philosophical perspective than a distinct social science theory, although both provide explanations for the real world. This perspective, however, informs what will be studied and how it will be studied. Objective understanding is mediated by subjective experience, and that human experience is an inherent structural property of the experience itself, not constructed by an outside observer (Dukes, 1984). The method to accomplish phenomenological inquiries may be in-depth conversations and interviews with participants. For researchers using this strategy, however, gaining access to another person's point of view implies that in doing so the researcher may have some influence on the participant's perspective. Nonetheless, there is great utility in this approach, as it involves the collection of data that can provide an in-depth understanding of a phenomenon.

According to Moustakas (1994) data analysis technique used in phenomenological studies consists of the following steps:

1. The researcher begins with a full description of his or her own experience of the phenomenon.
2. The researcher then finds statements (in the interviews) about how individuals are experiencing the topic, lists out these significant statements (horizonalisation of the data) and treats each statement as having equal worth, and works to develop a list of nonrepetitive, nonoverlapping statements.

3. These statements are then grouped into “meaning units,” the researcher lists these units, and he or she writes a description of the “textures” (textural description) of the experience—what happened—including verbatim examples.
4. The researcher next reflects on his or her own description and uses imaginative variation or structural description, seeking all possible meanings and divergent perspectives, varying the frames of reference about the phenomenon, and constructing a description of how the phenomenon was experienced.
5. The researcher then constructs an overall description of the meaning and the essence of the experience.
6. This process is followed first for the researcher's account of the experience and then for that of each participant. After this, a “composite” description is written.

3.3.6.2.2 Method Discussion

The aim of the study is to understand how sales managers control their sales force. That is different from saying that the study aims to understand how sales managers perceive they control their sales force and how they perceive the reasons that made them control it the way they do. While this research project will interview sales managers the interests are not the stories themselves but the interviews are means to elicit information regarding how they have implemented their control processes. The aim of this project is to bring the interviews to a higher level of abstraction consisting of control processes and their activities together with the reasons for implementing the control process the way they did. Referring back to Lee’s research framework, phenomenology focuses on subjective understanding while the objective of this project is to seek interpretive understanding. For this reason phenomenology is not chosen as a research method for this project.

3.3.6.3 Ethnography

3.3.6.3.1 Method Description

Ethnography is a qualitative strategy that has its origins in cultural anthropology, the study of human beings in relation to their social interactions and culture. Derived from the Greek term *ethnos*, meaning a people, a race, or a cultural group, and the term *graphic*, meaning descriptive, ethnography is a social scientific description of a people and the cultural basis of their people-hood (Peacock, 1986). In this context, culture refers to the "acquired knowledge that people use to interpret experience and generate social behaviour" (Spradley, 1979,p. 4). As a qualitative research strategy, ethnography focuses on providing a detailed and accurate description of values, behaviours, practices, and beliefs of a given group of people rather than explanation; however, the description should be in terms of the native's point of view rather than from the researcher's (Crosby et al, 2006). According to Crosby et al (2006) doing ethnography does not entail only studying people and observing their behaviour; rather, the ethnographer must go beyond the gathering of observations and facts and learn what they mean. This experience requires the researcher to immerse herself or himself in the culture under study.

For ethnographic research, Wolcott (1994) proposes three data analysis methods description, analysis, and interpretation of the culture-sharing group. The description method for Wolcott (1994) consists of analysing information presented in chronological order or by using the researcher's or narrator's order. The researcher describes through progressively focusing the description or chronicling a "day in the life" of the group or individual. Finally, other techniques involve focusing on a critical or key event, developing a "story'' complete with a plot and characters, writing it as a "mystery," examining groups in interaction, following an analytical framework, or showing different perspectives through the views of informants. The analysis method for Wolcott (1994) is a sorting procedure—“the quantitative side of qualitative research” (p. 26). This involves highlighting specific material introduced in the descriptive phase or displaying findings through tables, charts, diagrams, and figures. Perhaps the most popular analysis procedure, also mentioned by Wolcott (1994), is the search for patterned regularities in the data. Other forms of analysis consist of comparing the cultural group to others, evaluating the group in terms of standards, and drawing connections between the culture-sharing group and larger theoretical frameworks. Other analysis steps include critiquing the research process and proposing a redesign of the study. The interpretation of the culture-sharing group method for Wolcott (1994) requires the researcher to draw inferences from the data or turn to theory to provide structure for his or her interpretations. The researcher also personalises the interpretation: “This is what I make of it” or “This is how the research experience affected me” (p. 44). Finally, the investigator forges an interpretation through expressions such as poetry, fiction, or performance.

Organisational ethnography involves the researcher becoming deeply involved within the organisational setting. By immersion in the research setting, the researcher comes to an understanding of the actions of the research subjects from their perspective and of the context in which those actions occur. The ethnographic researcher normally needs to spend extended periods of time within the organisation, in the role of an observer or a participant-observer in order to gain the necessary depth of understanding. Data collection usually relies on the researcher’s field-notes, perhaps supplemented by interviews and organisational documentation. The attraction of ethnography lies in its ability to generate extensive, rich and detailed data.

Negotiating unlimited on-going access to such executives may be problematic. Even if appropriate access can be obtained, the researcher may come under pressure to show senior managers in the best possible light. Continued social interaction with organisational members may also risk the researcher going native, that is of accepting the primacy of the subject's perspective and thereby losing their own objectivity. Defenders of ethnography however tend to reject the notion that "the truth is out there" merely waiting to be discovered, arguing that reality is socially constructed (Berger and Luckman, 1966). Similarly, they would reject concerns arising from the impact of the researcher on the researched. Rather than try to eliminate this, they would encourage the researcher to be reflexive that is to attempt to understand their impact on their subjects, and even use this role as a means of gathering further data (Hammersley and Atkinson, 1983).

3.3.6.3.2 Method Discussion

Going into an organisation and observing how one or several sales managers actually control their sales force would be a viable option. Assuming access to an organisation could be obtained this would mean that in order to conduct this study the budgeting and objective setting process all the way to the end of year evaluation will have to be observed. As some of these processes only happen once a year it would mean a complete year of observing one or several sales managers at work. While this approach would enable the collection of an enormous amount of rich and detailed information there is only a very limited amount of sales managers that can be observed at one time. Based on the literature review it is assumed that sales managers in charge of servicing different types of customers control their sales forces differently. This does require the observation of multiple sales managers which is a problem due to the limited resources available for this project. It is also the researcher's belief that the cost of observing several sales managers would by far outweigh the benefits in terms of the information obtained in relation to conducting one to one interviews. For this reason ethnography was not deemed appropriate for this study.

3.3.6.4 Grounded Theory

3.3.6.4.1 Method Description

Essentially, grounded theory is a general methodology for deriving a theory or theories from data systematically gathered and analysed (Strauss and Corbin, 1994). Using this method researchers work with successive waves of data in order to develop a theory. A researcher might look, for example, at a first set of data and develop a theory. Using the second set of data the researcher can test whether his or her theory is still correct or otherwise adapts to fit the two sets of data already gathered. This process of collecting data continues until the research has no more new data to get or when he or she has reached theoretical saturation. This constant comparative data collection and analysis process can be summarized into the following steps:

1. Start collecting data
2. Organise data into units such as sentences, events or paragraphs.
3. Develop categories based on units that share similar properties.
4. Search for relationships between categories.
5. Develop a general explanation for the categories and their relationships
6. Repeat the process

Grounded theory has been described as a marriage between positivism and interpretivism. First conceptualised as a strategy by two sociologists, Glaser and Strauss (1967), grounded theory is best used for understanding phenomenological processes. By processes, it is meant that what is being studied or understood is dynamic and may entail stages or phases but may also involve "reciprocal changes in patterns of action-interaction and in relationship with changes of conditions either internal or external to the process itself " (Strauss and Corbin, 1994, p. 278). Because theory development is the main focus of this qualitative strategy, it differs in its central purpose from other qualitative strategies in which meaning and describing are the core purposes.

Strauss viewed human beings as active agents in their lives rather than passive recipients of larger social forces. For him process not structure was fundamental to human existence since human beings created structure through engaging in processes. For Strauss subjective and social meaning relied on the use of language and emerged through action. Strauss brought human agency, emergent processes, social and subjective meaning, problem solving practices and open ended study of action to grounded theory. All these ideas reflect pragmatism. The methods are based upon the following beliefs

- The need to get out into the field to discover what is really going on.
- The relevance of theory grounded in data, to the development of a discipline and as a basis for social action.
- The complexity and variability of phenomena and of human action
- Persons are actors which play an active role in responding to problematic situations
- The realisation that people act on the basis of meaning
- The understanding that meaning is defined and redefined through interaction
- An awareness of the interrelationships among conditions, actions and consequences.

3.3.6.4.2 Method Discussion

The grounded theory approach fits well with this project for the following reasons:

- Sales managers and sales people are believed to operate more freely than other employees in order to adapt themselves and their working principles to the markets they serve. This freedom means that the sales control activities performed by the sales managers are the ones they see fit themselves and therefore reflect their meaning of how sales control processes should be performed.

- The research started with a very limited knowledge on sales control processes. The iterative processes of the grounded theory enables the researcher to analysis different types of sales forces and gain more knowledge on the subject as they progress.
- The analysis of interrelationship between categories in terms of action and consequences fits well with the research question of why the sales processes are the way they are.
- The theory development which is grounded in the data fits well with the researcher's beliefs that:
    - To further develop an understanding of sales force control the researcher will have to get close to the subjects and perform qualitative research.
    - In order to make a meaningful contribution to the subject the research needs to have some element of generalisability and must be more than a simple description. The iterative process of data collection and analysis until theory saturation does provide a more robust new theory that has some chance of being applicable to more than just one context.

For these reasons grounded theory is considered a suitable research approach for this study.

3.3.6.5 Case Study

3.3.6.5.1 Method Description

A case study is an exploration of a "bounded system" or a case (or multiple cases) over time through detailed, in-depth data collection involving multiple sources of information rich in context (Creswell, 1998). This system is bounded by time and place, and it is the case being studied—a program, an event, an activity, or individuals. For example, several programs (multi-site study) or a single program (within-site study) might be selected for study.

Multiple sources of information include observations, interviews, audio-visual material, and documents and reports. The context of the case involves situating the case within its setting, which may be a physical setting or the social, historical, and/or economic setting for the case. The focus may be on the case that, because of its uniqueness, requires study (intrinsic case study), or it may be on an issue or issues, with the case used instrumentally to illustrate the issue (an instrumental case study) (Stake, 1995). When more than one case is studied, it is referred to as a collective case study (Stake, 1995). Yin (1989) recommends six types of information: documentation, archival records, interviews, direct observations, participant observations, and physical artifacts. The type of analysis of these data can be a holistic analysis of the entire case or an embedded analysis of a specific aspect of the case (Yin, 1989). Through this data collection, a detailed description of the case emerges, as does an analysis of themes or issues and an interpretation or assertions about the case by the researcher (Stake, 1995). This analysis is rich in the context of the case or setting in which the case presents itself (Merriam, 1988). The investigator narrates the study through techniques such as a chronology of major events followed by an up-close or a detailed perspective about a few incidents. When multiple cases are chosen, a typical format is to first provide a detailed description of each case and themes within the case, called a within-case analysis, followed by a thematic analysis across the cases, called a cross-case analysis, as well as assertions or an interpretation of the meaning of the case. In the final interpretive phase, the researcher reports, as Lincoln and Guba (1985) mention, the "lessons learned" from the case.

Some of the challenges inherent in qualitative case study development are as follows:

- The researcher must identify his or her case. There is no clear solution for the researcher; he or she must decide what bounded system to study, recognizing that several might be possible candidates for this selection and realizing that either the case itself or an issue, for which a case or cases are selected to illustrate, is worthy of study.
- The researcher must consider whether to study a single case or multiple cases.
- Selecting the case requires that the researcher establish a rationale for his or her purposeful sampling strategy for selecting the case and for gathering information about the case.
- Having enough information to present an in-depth picture of the case limits the value of some case studies
- Deciding the ''boundaries" of a case—how it might be constrained in terms of time, events, and processes—may be challenging. Some case studies may not have clean beginning and ending points, and the researcher will need to work with contrived boundaries.

Case study typically includes multiple sources of data such as observations, interviews, documents, historical data and quantitative data. In general the case study begins with a type of data that will be gathered but the data collection strategy can change over the course of time (Willis, 2007).

There is some argument about whether case study research is a research method. According to Willis (2007) case study research covers such a broad range of research methods that talking about a general framework is difficult. Within the research community there is also some disagreement with regards to consider case study as an object of study (Stake, 1995) or as a methodology (Merriam, 1988). Stake (2000) indicated that although the case study has become a common way to do qualitative inquiry, it might not be “essentially qualitative" (p. 435). Lancy (1993) claimed, “case study does not adhere to the qualitative paradigm” (p. 142), a statement with which Yin (1993) concurred. Lincoln and Guba (1985) have viewed case study not as a method of inquiry but as a form of writing or presentation for reporting the results of a naturalistic inquiry.

3.3.6.5.2 Method Discussion

The literature review on relationship selling suggests that sales people may operate in different departments and at different hierarchical levels within an organisation. A case study approach seems appropriate to investigate how sales control practices deal with these issues. The danger with a single case study approach is that the case may not turn out to be what it is expected from it (Yin, 2003). For that reason the combination between grounded theory (specifically the theoretical sampling method part of the grounded theory) and case study research approach provide a methodology to address the issue of a single case study if needed. In this project case study approach will be adopted but not so much as research method or framework but rather as a sampling method to define the boundaries of the research subject. However, when combining methods like case study and grounded theory, utmost care must be exercised to ensure that the canons of case study research do not distort true emergence for theory generation (Glaser, 1998 pp. 40-2). For example, Yin (1994, p. 28) states ‘theory development prior to the collection of any case study data is an essential step in doing case studies.’ This statement, perfectly valid for some case study research, contravenes a key principle of grounded theory. Therefore, when combining case study and grounded theory, the researcher must clearly specify which methodology is driving the investigation. Grounded theory is used as the overarching methodology to study data from an exploratory case study and to drive data acquisition activities within the case study.

3.4 Grounded Theory Research

Having chosen grounded theory as the overarching research approach this section will describe in more detail the process of conducting grounded theory together with its strengths and weaknesses.

Strauss and Corbin (1998) define grounded theory as “theory that was derived from data, systematically gathered and analysed through the research process. In this method, data collection, analysis and eventually theory stand in close relationship with each other.” Grounded theories, because they are drawn from data, are likely to offer insight, enhance understanding, and provide meaningful guide to action (Strauss and Corbin 1998). Their approach distance itself from the idea that social science research should be focused on uncovering a set of predefined universal explanation and that scientific truth is achieved by consensus among the observers. Glaser and Strauss (1967) argue that new theory can be developed by analysing the daily realities of what is actual going on and the interpretation of those realities by those who participate in them. Their approach also rejects the positivist notion of falsification and hypothesis testing. Instead they describe a method of theory development based on how well data fit conceptual categories identified by the observer and how well these categories predict or explain ongoing interpretations. What is pertinent to social research, applying grounded theory, is that it seeks to approximate to the context of that being studied; for example, an enterprise, its actors, their interactions and interrelationships; thus conveying conceptual understanding of issues that make up their’ naturalistic worlds (Van Maanen, 1979). Thus eliciting meaning from data rather than data themselves. This sentiment is reiterated in Strauss and Corbin's work in 1998 – 'Theory derived from data is more likely to resemble the "reality" than is theory derived from putting together a series of concepts based on experience or solely through speculation (how one thinks things ought to work). Grounded theories, because they are drawn from data, are likely to offer insight, enhance understanding, and provide a meaningful guide to action.' The grounded theory approach to theory development is closely linked to the situation being observed, so that the theory is likely intelligible to and usable by those in the situations observed, and is open to comment and correction by them. These theories are likely to be complex than oversimplified ways of accounting for a complex world. (Turner, 1983)

Successful grounded theory research has a clear creative component. Glaser and Strauss were aware of this component and the tension it would create with those who find comfort in trusting an algorithm to produce results. Glaser (1978) used the term "theoretical sensitivity" to describe the essential tension between the mechanical application of technique and the importance of interpretive insight. This requires researcher to be able to use personal and professional experiences as well as methodological knowledge and thereby see data in new ways and think abstractly about data in the process of developing theory. Theoretical sensitivity can also be seen as the researcher's manipulation in order to explain data in a way that best reflects reality. Therefore, this theoretical sensitivity should be complemented by reflexivity, concerning for example, how the researcher-participant interaction and the researcher's perspective affect the analysis and the results (Hall & Callery, 2001).

The importance of mechanical application versus interpretive insight ultimately proved to be a point of departure between the founders of grounded theory, with Glaser favoring creativity and openness to unanticipated interpretations of data while Strauss (and coauthor Juliet Corbin) became advocates of adherence to formal and prescriptive routines for analyzing data (Locke, 1996).

Glaser's version of Grounded Theory

Glaser's version of grounded theory is now labeled ''the classic grounded theory.'' In this version of grounded theory interviewing, in the early part of the study, is mostly a passive listening to people in the research field. This passive listening is later followed by theoretical sampling and more focused questions based on the emergent categories. Via constant comparisons of different data, categories will emerge without any other efforts on the part of the researcher. According to Glaser, although each informant has his or her own perspective when telling his or her story, the researcher raises the informant's perspective to an abstract level of conceptualization and strives to see the underlying or latent pattern in the participants' collective words in a new perspective.

Glaser's version of what constitutes grounded theory seems to assume an objective external ''real reality'' where the researcher is viewed as a neutral observer who just discovers data in an objective and neutral way. According to Glaser (2002a; 2002b) data ''emerges'' without the researcher doing anything at all. This idea might indicate that there is an objective ''real'' reality to be found by the researcher. It also suggests that Glaser may stand closer to the positivistic paradigm than does Strauss, and that the elements of objectivity in grounded theory probably originate from him (Glaser).

Strauss's version of Grounded Theory

After the split with Barney Glaser, Anselm Strauss continued his work with Juliet Corbin and published their revised version of the grounded theory also relabelled as "the reformulated grounded theory". Their version put more emphasis on the mechanics of the conducting grounded theory by introducing several new steps in the coding process. This process is labelled the hierarchical coding process which contains three steps, open, axial and selecting coding (each of these coding methods will be described in detail later in this section). Their aim is to provide tools to better enable the researcher to analyse their data and lift it to a conceptual level leading to the development of theory. They justify the need for this more detailed and structured approach on the basis that concepts will not just emerge out of the data but the researcher will have to interpret the data in order to identify the concepts and their relationships. Their view of grounded theory seems to be more pragmatic than Glaser's, and seems also to include a rejection of a positivist position. Strauss and Corbin explicitly argue that reality cannot be fully known but can always be interpreted. The relativist ontology is implicit when Strauss and Corbin (1990) claim that ''doing analysis is, in fact, making interpretations'' (p. 59). The research process is thereby enriched by subjectivity because the generated theory is a created ''reality'', constructed through a transactional process involving the researcher and the data.

Glaser (2002) criticized Strauss and Corbin's approach and argues that the use of the coding paradigm and its preconceived and directing concepts implies that categories are forced upon data as a preconceived coding screen. Glaser argued that the use of a preconceived coding paradigm always generates an action-focused potentially problem solving grounded theory. He also argued that theoretical sensitivity and inductive openness towards the data are totally lost in the procedure described by Strauss and Corbin.

Methodology Issues

Putting their philosophical differences aside both Strauss and Glaser share the same preoccupation with ‘data’ and with the justification for qualitative research that equals quantitative research in its claim to being scientific (Bryant, 2002). Several researchers believe that the weaknesses of grounded theory go beyond philosophical to the methodological level. Grounded theory has drawn criticism for not requiring the investigator to distance herself from what can be investigated; as a result, some scholars see it as overtly subjective and value bound. Other scholars question whether it is possible to generalize from theory that emerges from a grounded theory approach (Elizabeth C. Hirschman and Craig J. Thompson 1997; Sean D. Burca and Damien McLoughlin, 1998). Some of that criticism is also fueled by the misuse of the methodology by many researchers. According to a survey on publication in the Adult Education field, performed by Babchuk (1997), grounded theory is used as an ‘umbrella term’ by a large number of researchers meaning that they use the term to mean exactly what they wish. ‘One begins to wonder if this diverse interpretation of grounded theory procedures is representative of the ingenuity of educators and their research designs or simply confusion over method’. Robrecht (1995) arrives at similar findings in reviewing management research articles referring to grounded theory. According to him there is often little to indicate that the method has been followed which means that at best this amounts to a ‘selective rewriting’ of grounded theory, and at worst mention of grounded theory is used as a way of masking ‘an “anything goes” approach’. On the other hand Suddaby (2006) warns not to fall into the other extreme and place overemphasis on coding. According to him some researcher diligently follow the rules and go from open coding (derived from an initial reading of the data) to more abstract or categorical codes and finally to conceptual or theoretical codes but without any interpretive effort at any stage of coding. The result is typically a nice set of conceptual categories that, in the process of routine data analysis, become divorced from both the data and the original research question.

That is, although the rigid application of grounded theory technique might produce passable results, such a mechanical approach usually lacks the spark of creative insight upon which exemplary research is based. The key issue to remember here is that grounded theory is an interpretive process, not a logico-deductive one (Suddaby, 2006). Selden (2004) argues that this over emphasis on the coding procedures is also reinforned by using database programs like Nudist and Ethnograph for indexing sensitizing concepts. When incidents are coded, context and relations are broken i.e. is it viable to examine the notes but not the melody. (Selden, 2004)

In the light of all these issues concerning grounded theory one may wonder why choosing it over other research methods? Qualitative research in social sciences can create severe problems of data handling and analysis. It often creates large volume of data in a non standard format which due to the nature of research can rarely be predicted in advance. It is common for researchers to find themselves overwhelmed with a large volume of qualitative data. This often leads to an analysis which is based on little more than an imaginary linkages which can be developed in essay writing after a couple of readings of the data (Turner, 1983). Grounded theory addresses this problem by offering a methodology to develop systematically theories about the phenomena which have been observed. Bryant (2002) argues that the value of grounded theory lies in its guidance for the conduct of research and that many examples of actual research that Glaser and Strauss and others offer are exemplars of good qualitative research practice.

In the earlier part of this chapter all different types of qualitative research methods were briefly described and their suitability for this research project was analysed and discussed. Their suitability was not based on a detailed analysis of each method's strengths and weaknesses but rather based on their appropriateness to conduct this type of research project. The bullet points hereunder provide a brief capitulation:

Bibliography: This method was deemed unsuitable on the basis that is focuses around the stories and the experience of individuals. The objective of this research is not unravelling personal experiences about controlling a sales force but rather to identify how it is done.

Phenomenology: This method was deemed unsuitable on the basis that it focuses on how people perceive and construct their reality. The objective of this research is not to understand how and why sales managers perceive their sales control processes the way they do.

Ethnography: Organisational ethnography was as method suitable but based on cost and practicality to carry out deemed unsuitable. The amount of effort required to observe all the control processes in action would by far outweigh the available resources for this project. It is also believed that given the limited knowledge available on sales control processes it is not possible to plan in advance what, how and in which setting these processes would be best observed.

Case Study and **Grounded Theory** were both identified as suitable research methods and combination of both seemed at first glance the best approach.

Given the philosophical and methodological issues of grounded theory one is forced to review in detail whether a combination of grounded theory and cases study research is the best approach or whether a case study method in itself would be more suitable.

Grounded Theory versus Case Study Method

Yin (1994) identifies a number of issues with case study strategies which are:

Lack of rigour of case study research. According to Yin (1994) researchers have in the past allowed biased views to influence conclusions. Cases studies provide little basis for scientific generalisation. The results are generalisable to theoretical propositions and not to populations and universes. Case studies tend to take too long and result in massive amounts of documents. Case studies can be categorised based on their intent to be descriptive, interpretive or evaluative (Merriam, 1998). 'Descriptive case studies' are not based on hypothesises nor do they aim to generate any hypothesis but they provide data bases for future comparison and theory building. 'Interpretive case studies' aim to conceptualise and interpret the case data in order to construct theory. 'Evaluative case studies' involve description, explanation and judgement . The qualitative data analysis methodologies described by Yin (1994), and Miles and Huberman (1994) tend to rely on the existence of a hypothesis or a proposition to help structure the analysis. The alternative approach of Yin (1994) seems to lead the researcher down the path of a thick descriptive analysis of their data. This leaves interpretive case study evaluation in some sort of vacuum making grounded theory the only real possible methodology to analyse the data. This confirms Martin and Turner (1986) observation that grounded theory is best used when no explicit hypotheses exist to be tested, or when such hypotheses do exist but are too abstract to be tested in a logical, deductive manner.

The small amount of methodological guidance makes several scholars believe that a case study is not a method but a research strategy (Hartley, 2004; Titcher et al., 2000). Or, put differently: "case study is not a methodological choice but a choice of what is to be studied. By whatever methods, we choose to study the case" (Stake, 2000, p.435). As matter of fact, case study as a research strategy comprises an all-encompassing method, which means that a number of methods may be used—either qualitative, quantitative or both (Hartley, 2004; Yin, 2004). This further supports the view that case study and grounded theory are not mutually exclusive but rather complement each other.

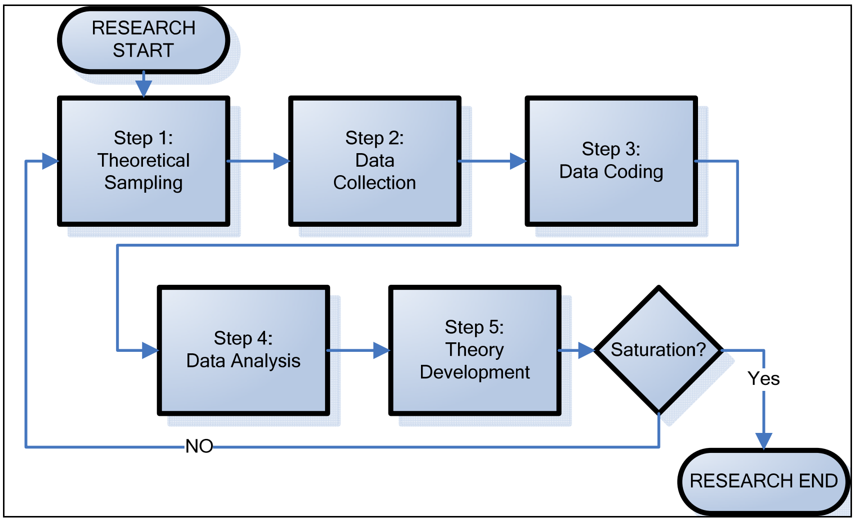
Selecting the grounded theory version

Strauss and Corbin's version of the grounded theory seemed the best choice given the interpretevist philosophy adopted for this project. This choice was later confirmed when analising the interviews of the pilot project which will be presented later in this document. Given the researcher's inexperience with the method a simple open coding approach was selected in order to see if anything would emerge. The results were, as Miles and Huberman (1995) describe it, a bag of shapeless codes out of which nothing really substantial emerged. Further interpretation of the codes using literature and personal experience was needed in order to further develop the codes into something more meaningful. In that process the additional tools, such as axial coding, coding for process, condition / consequence matrix part of the Strauss and Corbin method and which will be described later in this section, proved to be more than valuable. This raises the issue of how much personal knowledge the researcher needs in order to be able to interpret the information obtained. Turner (1983) does point out that the quality of the final product arising from this kind of work is more directly dependent upon the quality of the researcher's understanding of the phenomena under observation than is the case with many other approaches. While the researcher had professional experience and did perform an extended review literature prior to embark in the project the actual level of understanding of sales force control did raise substantially while the research project was carried out. This has lead, as will be described later in detail later in the coming chapters, to recode and reanalyze all the transcripts and notes at the end of the project in order to make full use of the new insights and experiences obtained during the course of the project when interpreting the information from the interviews.

3.4.1 *The Process of Conducting Grounded theory*

Following Strauss and Corbin's methodology for applying grounded theory five step research process is defined as shown in figure 3.5.

Figure 3-14: Grounded Theory Process



Source: Adapted from Strauss and Corbin (1998)

3.4.1.1 *Theoretical Sampling*

Strauss and Corbin (1998) define theoretical sampling as data gathering by concepts derived from evolving theory and based on the concept of "making comparisons", whose purpose is to go to places, people, or events that will maximize opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions. The sample rather than being predetermined evolves during the process.

In theoretical sampling, neither one kind of data nor a technique for data collection is necessarily appropriate. Different kinds of data give the analyst different views or vantage points from which to understand a category and to develop its properties; these different views can be called slices of data. While the researcher may use one technique of data collection primarily, theoretical sampling for saturation of a category allows a multifaceted investigation, in which there are no limits to the techniques of data collection, the way they are used, or the types of data acquired.

Strauss and Corbin (1998) identify three types of sampling techniques which are used subsequently as the research project evolves.

Open sampling techniques. The researcher may look for persons, sites or events where he or she can purposefully gather data related to categories, their properties and dimension. This process is also labeled as “sampling on the basis of convenience”. Just interviewing people based on the availability. The research must accept the data that he or she gets rather than choosing him or herself.

Relational and variational sampling (axial coding). During axial coding the researcher is looking for cases that demonstrate dimensional range or variation of a concept and the relationship among concepts.

Discriminate sampling (selective coding). When engaged in discriminate sampling a researcher chooses the site, person and documents that will maximize opportunities for comparative analysis. Throughout the analysis validation of the product of the analysis is a crucial part of theory building.

3.4.1.2 Data Collection

The grounded approach advocates the use of multiple data sources converging on the same phenomenon and terms these 'slices of data' Strauss and Corbin (1998). Every case study project should strive to develop a formal, retrievable database, so that in principle, other investigators can review the evidence directly and not be limited to the written reports. In this manner, the database will increase markedly the *reliability* of an entire case study. (Yin 2003) Case study databases were constructed within the qualitative data analysis software package Atlas.ti. A full discussion of the procedures followed is provided in the data analysis section below.

Yin (2003) also advocates the use of multiple sources of data in order to ensure construct validity. This process is also known as triangulation and consists of the following four types:

a. data source triangulation
b. investigator triangulation
c. theory triangulation
d. methodological triangulation

A full discussion as how data source and theory triangulation were used in this project will be provided in the section below describing the research design section of this document.

3.4.1.3 Data Coding

3.4.1.3.1 Coding Methodology

According to Miles and Huberman (1994) coding can be done either by creating new codes freely while analysing the documents or by developing a pre-define list of codes part of a governing structure. In their view "incremental coding as you go along creates a large bag of shapeless codes". They recommend having a predefined list of codes prior to the coding analysis. Miles and Huberman (1994) also recommend starting the coding while still collecting the data claiming it helps the researcher to reshape its perspective and instrumentation. Miles and Huberman (1994) recommend having several researchers coding the same documents until

80% of the codes are the same in order to ensure accuracy and reliability of the coding. According to Miles and Huberman (1994) it is possible to establish causal relationship between codes in qualitative research. They argue that causality is ultimately local and linked to specific nearby events. Causality is therefore measured by measuring the proximity of different codes. While proximity may indicate a causal link further investigation in the relationship between codes is needed. Hill in (Miles and Huberman 1994) developed a set of rules for which two codes must comply in order to determine whether or not there is a causal relationship.

1. Strength of the association (much more B with A than with other possible causes)
2. Consistency (A is found with B by many studies in different places)
3. Specificity (a particular link is shown between A and B)
4. Temporarily (A before B not the reverse)
5. Biological gradient (is more A, then more B)
6. Plausibility (a known mechanism exists to link A with B)
7. Coherence (A-B relationship fits with what else we know about A and B)
8. Experiment (change A, observe what happens to B)
9. Analogy (A and B resemble the well established pattern noted in C and D)

3.4.1.4 Data analysis

Within this general framework, data analysis for each case involved generating concepts through the process of *coding* which, "... represents the operations by which data are broken down, conceptualised, and put back together in new ways. It is the central process by which theories are built from data" (Strauss and Corbin, 1990, p. 57.).

There are three types of coding: open coding, axial coding, and selective coding. These are analytic types and it does not necessarily follow that the researcher moves from open through axial to selective coding in a strict, consecutive manner. Open coding refers to that part of analysis that deals with the labeling and categorising of phenomena as indicated by the data. The product of labeling and categorising are concepts - the basic building blocks in grounded theory construction. Open coding requires application of what is referred to as 'the comparative method', that is, the asking of questions and the making of comparisons. Data are initially broken down by asking simple questions such as what, where, how, when, how much, etc. Subsequently, data are compared and similar incidents are grouped together and given the same conceptual label. The process of grouping concepts at a higher, more abstract, level is termed categorising.

Whereas open coding fractures the data into concepts and categories, axial coding puts those data back together in new ways by making *connections* between a category and its sub-categories (i.e., not between discrete categories which is done in selective coding). Thus, axial coding refers to the process of developing main categories and their sub-categories. Following open and axial coding some selecting coding which involves the *integration* of the categories that have been developed to form the initial theoretical framework.

The core category (i.e., the central idea, event or happening) is defined as the phenomenon. Other categories are then related to this core category according to the schema. Causal conditions are the events that lead to the development of the phenomenon. Context refers to the particular set of conditions and intervening conditions, the broader set of conditions, in which the phenomenon is couched. Action/interaction strategies refer to the actions and responses that occur as the result of the phenomenon and finally, the outcomes, both intended and unintended, of these actions and responses are referred to as consequences.

Conditional Consequential Matrix

Strauss and Corbin (1998) define a conditional/consequential matrix as a device to stimulate analysts' thinking about relationships between macro and micro conditions/consequences both to each other and to process. To build theory it is important to understand as much as possible about the phenomenon under investigation. It means locating the phenomenon contextually or with a full range of macro and micro conditions in which it is embedded and tracing out the relationships of subsequent actions/interactions through to their consequences.

1. Conditions/ consequences do not stand alone. They are integrated into the text as action/interaction as it evolves over time.
2. The distinction between micro and macro is an artificial one. Micro conditions often have their origins in macro conditions and when appropriate the analyst should seek out the relationship between these.
3. Conditions and consequences usually exist in clusters and can associate or covary in many different ways, both to each other and to the related action/interaction. Action/interaction is not confined to individuals per se; rather it can be carried out by nations, organisations, and social worlds, albeit by the individuals within these who are representing the nations, organisations, and social worlds.

The matrix aims to help to analyse and understand the complex nature of events and the interplay between these. The matrix can be used to direct theoretical sampling. It helps to define which theoretical threads are important to pursue and which aren't.

Purpose of the matrix Strauss and Corbin (1998, p 191)

1. To assist the analyst in locating the area or scope of the research project being undertaken and in not losing sight of where that area stands in relationship to the areas above and below it.

2. To extend the range of conditions and consequences considered by the analyst that is to consider more than just the micro conditions.
3. To help the analyst in identifying and in making choices about which combination of conditional or consequential factors in the data might be relevant to this particular situation.
4. To trace the often intricate web of connections that exists between contextual factors (conditions/consequences) and action/interaction (process).
5. To develop explanatory hypotheses about these relationships that can be verified or modified through further data collection and analysis.
6. To make it more probable that explanatory hypotheses incorporate variations.
7. To enable the researcher to organise materials and present a more complete and persuasive explanatory account of the phenomenon under investigation.
8. To provide direction for theoretical sampling.

Theoretical Memos

The writing of theoretical memos starts almost in parallel with open coding. Because memos are 'the theorising write up of ideas about codes and their relationships as they strike the analyst while coding' (Glaser, 1978, p. 83), memos are produced constantly in grounded theory, from the beginning of the analysis process until reaching closure, capturing the thoughts of analysts while they progress through the work. Memos raise the theoretical level via a continuous process of comparison and conceptualisation. They also provide freedom, flexibility, and enhance creativity (Glaser, 1978).

3.4.1.5 Theory Development

The acts involved in theorising fosters seeing possibilities, establishing connections and asking questions. How you practice theorising and how you construct the content of theorising varies on what you find in the field. According to Strauss and Corbin (1998) the researcher is involved in theory development from the very beginning of the research project. The subsequent phases of the project aim to refine, to challenge and to expand on the previously developed theories.

4 Research Design

This chapter presents how the case study and the grounded approach are combined to design the research methodology for this project. It also briefly presents the company that was chosen as the cases upon which this project is based. An argument is also presented for conducting a pilot phase prior to engage in collecting the main body of data for this project.

4.1 Single or Multiple Case Research

Glaser (1992) argues that in the beginning of the research project the researcher should use an open sampling technique which comprises:

> "The researcher may look for persons, sites or events where he or she can purposefully gather data related to categories, their properties and dimensions.
>
> Sampling on the basis of convenience. Just interviewing people based on the availability. The research must accept the data that he or she gets rather than choosing him or herself."

In order to select a single or a multiple case research a wide range of companies were contacted based on a company database which included the names of the sales directors and managers obtained from a local business consulting company. A total of 81 companies were emailed (view email in Appendix A 10.1) requesting a meeting. Table 4.1 lists the 15 organisations that accepted a meeting organised by industry.

Table 4-1: Sample by Industry

Industry	Number
Mail and Transport	2
Banking (Business & Corporate)	2
Telecommunication – Corporate Sales	2
Pharmaceuticals	5
Energy	1
IT Services	3

Source: Original

The interviews were divided into two parts. The first part consisted of asking questions (See Appendix A 10.2). The second part consisted of a presentation of selected literature as examples of the different theories. This enabled verification whether the interviewee had understood and it enabled the interviewee to understand why the questions were asked. This provided the interviewees the ability to restate or elaborate more on the information they had given previously.

Given the objective of the interviews, which was to find potential organisations willing to collaborate with in this research, the interviewees were not formally taped and transcribed. Since this was a first contact with each of these organisations the nature of meeting was more about getting to know each other rather than a formal structured interview session. Notes were taken and an analysis of them revealed the following:

- Based on the literature it was expected to find that the single sales call approach could be labeled as transactional selling and that the multiple sales call approach could be labeled as consultative selling. From the 8 companies that used a single call sales approach only four companies see themselves as being transactional. Two companies reported that although they complete a sales process in one single call they still have to investigate the customer's needs and find the most appropriate product. Hence they feel that they were performing a consultative selling approach. Two other companies reported to have a key account selling approach despite selling a commodity product based on a low price. They reported that all relationships are started based on a single transaction and that they then try to develop personal relationships with different individuals in the account. Although they do not add much additional value to the actual customer sales process they are still able to develop relationships resulting in a preferred supplier status. Nevertheless, both companies reported stories where they lost accounts simply because one of their contact persons changed position within the account showing that the relationship is personal and does not add much value to the account.

- Companies with a single sales call process were all involved in selling commodities and what is expected from the sales force was defined by the organisation's marketing strategy. One company even went as far as saying that they had reached an organisational maturity level which meant that any further form of improvements had to come from coordinating sales and marketing activities.

- Companies with a multiple call process all claimed to work independently from the marketing department and defined their own strategies and plans. In contrast with the single sales call group these companies reported several problems they faced with regard to measuring and controlling their sales people. Several companies also feel that their lack of understanding of what activities are needed to complete a sales process successfully limits their ability to control and coach their sales force. On this point there seems to be some difference in views. Six companies reported that they felt it was important to be able to control their sales people's activities and also to coach them in order to improve their competencies. Two other companies reported that they expect their sales people to know how to sell and therefore require little or no coaching or controlling of their sales activities. Both of those companies when asked about their main problems also reported problems with the competencies of their sales people. This also leads to the belief that if they had more formal knowledge about their sales process they could have a different attitude towards coaching and controlling sales activities.

The interviews revealed that relationship selling in the way it was portrayed in the literature correspond with complex or long sales processes which operated in a business to business market space. The interviews also confirmed that in these environments sales managers are struggling to understand the selling process and they are looking for new ways to manage and control their sales people.

Three companies agreed to participate in the research project. Janssen Pharmaceutica, a large Belgian based international pharmaceutical company, agreed to participate but was considered an unsuitable case on the basis that it operates in a retail market and that they fall under the category of a single sales call environment. Taxi Post, a Belgian express courier company, also agreed but was also rejected based on the limited size of the sales force organisation (15 sales people and 2 sales managers). Fortis which is a large financial institution operating in Europe, US and Asia agreed to participate with their business to business banking division. They suited the research purposes for the following reasons:

1. the group operates in different markets across Europe, US and Asia enabling the study on the impact of different selling functions and market conditions.

2. the group has expanded their network across Europe through various acquisitions over the last 10 years without imposing a uniform sales control strategy enabling the comparison of various sales control strategies. There are about 100 sales teams operating across Europe each with an average of 8 sales people.

3. they have implemented a sales force automation system and a sales reporting system across the network to enable each sales organisation to measure and track their sales people's performance and activities. This system is aimed at measuring their new sales strategy called "Act as One" which consists of targeting international organisations and coordinate commercial activities across sales teams through a system of exchanging business lead among sales people in different countries. If this strategy works Fortis

claims they would have a real competitive advantage over their competitors. This makes them keen to contribute to the research project as it will provide them with some valuable input for their sales force automation projects.

According to Yin (2003) a single case study design is appropriate when the case is a revelatory case meaning that it offers the opportunity to an investigator to observe and analyse a phenomenon which has previously been inaccessible to investigators. By offering almost unlimited access to their Business, Corporate, Institutional Banking divisions and to their Product Based Sales Forces, Fortis offered a unique opportunity to research the sales control activities across different geographies and types of sales forces. Yin (2003) also warns about the risk that a single cases study might turn out not being what the researcher was looking for. Given the nature of the Grounded Theory approach this risk was offset by always having the opportunity to use information obtained from Fortis and further build on it using information from different cases. The genuine interest shown by the 15 companies interviewed also added to the belief that if needed a new case or several new cases could be found without endangering the ability to complete the research project.

4.2 Description of the Case: Fortis

Fortis is a European business bank which is market leader in their home country, Belgium, and they are expanding their business banking network across Europe. They are one of the fastest growing companies in Europe (Fortune, 2006) and the group operates in different markets across Europe and Asia. This expansion has been mainly through various acquisitions over the last 10 years which has resulted in different sales operations and practices in different markets. There are about 100 sales teams operating across Europe each with an average of 8 sales people. In terms of their market growth, gross income and profit margins they are a highly effective sales organisation.

In 2003 their net profit was 2,247 million euro with a return on equity of 19%. Their operations cover three distinct markets. In the BeNeLux countries they operate retail and business banking and insurance where their market coverage is intensive. Elsewhere in Europe they concentrate on business banking, factoring and leasing, asset management and offshore banking. Finally in the global arena their focus is on selective businesses covering Bancassurance, offshore private banking, export and trade finance.

Fortis is organised into a matrix structure focusing on product and customer specialisation:

Figure 4-1: Fortis Business Units

	Description
Retail Banking	We offer our financial services to retail customers – individuals, self-employed people, members of the independent professions and small businesses – through our international Retail Banking business. This business has an extensive European footprint and contributes significantly to Fortis's overall results. We operate through a variety of distribution channels in the Benelux countries to deliver service and advice on every aspect of banking, saving, investment, credit and insurance. Our extensive retail portfolio in Turkey is served by a comprehensive and tailored product offering. In Germany, meanwhile, we focus on credit cards and consumer lending at innovative credit shops. Affluent customers and small businesses are the target groups of Fortis in Poland, while the recent acquisition of Dominet will allow us to rapidly roll out our consumer finance business in this market. In Ireland, finally, we are developing a financial services joint venture with An Post
Private Banking	Private banking business for high net worth individuals, whom we will serve with a combination of strong investment services and asset and liability management solutions
Commercial Banking	Commercial Banking aims to be the preferred bank for medium-sized enterprises operating in

	Europe, offering financial solutions with added value through a unique and integrated European network of Business Centres. By adopting this approach, it focuses primarily on companies that wish to make use of a variety of banking services such as leasing, invoice finance, trade finance, treasury services, international cash management and the financing of acquisitions or business transactions. Access to these services is offered through just one point of contact, the Global Relationship Manager, who co-ordinates the banking facilities for the customer and ensures companies receive specialised, custom-made solutions. Our 150 Business Centres operate the same way and have the same quality standards. This approach guarantees quality, enabling you to make the right decisions and to have access to flexible banking across borders. This speeds up trade and lets you act rapidly on market opportunities.
Merchant Banking	Fortis Merchant Banking provides integrated financial services to large corporate and institutional clients. Based on our client-centric approach, our international teams of specialists can develop flexible solutions to fit your precise requirements.
Fortis Lease	Fortis Lease is part of the Fortis Group and offers tailor-made financing solutions for medium and large-sized companies
Clearing Funds and Custody	We service our clients with top-quality global brokerage and custody services. We provide flexible, tailor-made solutions, comprising an integrated package in modular form – all facilitated by state-of-the-art information technology.
Cash Management	Our Global Cash Management Group can provide you with complete, reliable support for all of your cash management functions. Our offer includes expert assistance with payments and collections, as well as state-of-the-art electronic banking and liquidity management tools.
Syndycations	Our teams of dedicated syndication professionals – who are present on three continents and active around the globe – can provide your organisation with the expert advice and/or tailored

	syndicated financing solution it requires

Source: Fortis internal intranet web sites

4.3 Data Collection

4.3.1 Case Study Database

Case study databases were constructed within the qualitative data analysis software package ATLAS.ti. A full discussion of the procedures followed is provided in chapter five.

4.3.2 Case Study Protocol

For each phase of the research a specific interview protocol was developed and followed with each of the interviewees. The details of the protocols used are described in the next chapter of this document.

4.3.3 Data Triangulation

Multiple Sources of Evidence

The data is based on two types of data sources being interviews and documentation. While the main source of evidence are the interviews each of the interviewees were asked prior to the meeting to send out a copy of the reports and tools they used to control their sales force. In order to further enhance the validity of the interviews for each sales manager interviewed, their area / district manager and one sales person, part of his or her sales team were also interviewed.

4.3.4 Establishing a Chain of Evidence

All documents received and notes taken during the interviews and the transcripts of the interviews are recorded into the case study databases and analysed using the ATLAS.ti software package.

4.3.5 Review of the Draft Case Study by Key Informants

Throughout the data collection phase (which in total lasted two years) the researcher had to present on an almost monthly basis the progress and the findings of the project. The progress was monitored by several different management teams within Fortis.

4.3.6 Theory Triangulation

The last form of triangulation used within the project is that of theory triangulation. This is included in chapter six and presents how the findings relate to the current theories on sales control.

4.4 Data Coding

The ATLAS.ti v5 software system was used to code and analyse the interview transcripts. The software supports approaches to analyse relationships among codes. The first tool is graphical network coding which enables the researcher to map codes and understand how they relate to each other. The tool enables a view for one specific code for which other code occurs within their immediate neighbourhood. In order to analyse whether two codes would actually be related the tool enables a view on the quotes that both codes might share. After analysing how two codes relate to each other the tool permits establishing a relationship between the codes and define their relationship type.

The Network Manager is another tool supported by the system to analyse graphical relationship between codes. It enables the analysis of relationships between codes. These relationships are found by analysing how the quotes of each code "co-occur" with each other in the transcripts.

4.4.1 Coding Strategy

During the first two phases of the research all codes in the transcripts were coded twice. Once during the interviews and once after all the interviews were completed. One of the main reasons behind this approach was the limited knowledge and experience the researcher had in coding transcripts. The conclusions were based on the final coding as by then the researcher had gained enough experience on the coding process.

4.4.2 Draft Coding

The objective of the draft coding was to identify:

- Possible factors that need to be elaborated further in the following interviews.
- How to code and how to analyse relationships between codes.
- Other elements which are of importance for Fortis specifically.

Following Miles and Huberman's (1996) coding guidelines the interviews were coded after each transcript of the interviews were ready. The coding strategy was to identify the main processes and to code all possible important aspects of the processes. Limited coding structure was applied. The coding of the transcripts was done by the researcher. The graphical results were discussed between the researcher and a business analyst of Fortis which participated and provided assistance to the project. In order to make the discussion as easy as possible few code definitions were used and "in vivo" codes were used instead. Miles and Huberman (1995) suggest organising case meetings to discuss the analysis of the information. Weekly meetings were organised to discuss the coded results with the Fortis business analyst. The graphical diagrams representing the codes together with some business process diagrams were used during the meetings and represent a joint understanding of the processes. When confusion occurred the transcripts were used or even in some cases new meetings were organised with interviewees to confirm or explain some aspects of the interviews. The results of the analysis was summarised into presentation slides and used on a monthly basis to report the progress of the project to the management of Fortis. The slides made correspond with the memoing technique advocated as part of the grounded theory.

4.4.3 Final Coding

The final coding process focused on the research questions and was based on the knowledge of what and how to code. The data analysed was reduced to those pieces of information that are relevant to the research. The memos made during the draft analysis were not coded during the final analysis. Glaser and Strauss (1998) advocate using memos as sources for the coding process. This guideline was not adopted because it was felt that the memos often represented knowledge at the point of that analysis which later on evolved and therefore no longer represented a correct interpretation. However the coding and the memoing performed during the draft phase of the analysis did enable us to develop a thorough understanding of the topic which enabled the final coding of all the transcripts and notes taken during the interviews to code much more accurately.

4.4.4 Coding Process

Following Strauss and Corbin (1998) coding approaches used varied according to the phases of the research process. For that reason the coding process is described in the following chapters of the document which describe each phase of the research project.

4.5 Data analysis

For purely technical reasons a separate case database in Atlas.ti was built for each unit of analysis. Further analyses of the codes and developing them into categories, properties and dimensions was required to bring all the different codes together into the same tool. Microsoft Excel was used for that purpose.

4.6 Pilot Project

Glaser, (1992) believes the researcher should enter an organisation with a broad inquisitive brief and subsequently reduce to deeper levels of understanding as themes inferentially emerge. Following this approach it was decided to start the project with a pilot project before undertaking the main body of the research. Denzin et al. (1998) suggest that when there is a high degree of unpredictability, a pilot study is a good means to add value to the research. In this PhD study, prior to the main study, a pilot study was undertaken which helped the investigator to refine their data collection plans with respect to both the contents of the data and the procedure to be followed. It is suggested to perform a pilot study prior to embarking on the main research project (Teijlingen and Hundley, 2001). While there are many different reasons to perform a pilot study the following were deemed important:

The pilot needed to assess the following concepts from the literature review in order to design the final research protocol:

1. Sales Control Process. What are the main sales control activities and process in place? Are there differences between the countries?

2. Tools and System. What tools do they have to measure and manage their sales forces?

3. Organisational Design. How is the sales force at Fortis organised?

4.6.1 Identify logistical problems with performing the research

The pilot study needed to uncover who was needed to interview. Was it the sales people? Was it the sales managers or the higher management? Also there was at the time of the pilot study some different views regarding the difference between hunting and farming (hunting refers to the process of acquiring new customers and farming refers to the process of managing and developing existing customers). This needed to be cleared out so that it could be decided whether an international sample of sales managers was needed or not.

4.6.2 Training a researcher in as many elements of the research process as possible

The pilot study was aimed at getting familiar with the Fortis organisation, its language, its way of operating and its systems and how they are used. In addition the pilot study must analyse to what extent the data available in the reporting systems could be relied on during the research project.

4.6.3 Convincing funding bodies that the research team is competent

Fortis does have several internal departments who are involved in business analysis. These business analysts are constantly in contact with the sales network and demonstrating the researcher's knowledge and capabilities regarding the subject was needed for the following reasons:

1. for the business analysis department not to lose face with regards to their colleagues in the network by sending someone to interview without proper knowledge and competencies.

2. for the business analysis department to show that this would lead to new knowledge or insight into the matter at hand.

4.6.4 *Convincing funding bodies that the main study is feasible and worth funding*

Before starting with the main research Fortis needed to be convinced about the potential outcome of the study and what they would get out of it.

4.7 *Overview of the Research Phases and Design.*

The following table provides an overview of the different phases of the research.

Table 4-2: Overview research phases

Phases	Description	Protocol	Coding Strategy	Sampling	Objectives
1	Pilot Study	Semi structured interviews, taped and transcribed in the Atlas.ti.	Open Coding	Open Sampling	Learning about the organisation. Develop the research approach and methodology. Identify the preliminary research categories and themes.
2	Commercial Banking	Semi structured interviews, taped and transcribed in the Atlas.ti.	Open, Axial and Process Coding	Open Sampling	Identify and develop the main categories part of this research
3	Merchant Banking	Semi structured interviews, meeting notes were transcribed into Atlas.to	Axial and Selective Coding	Rational and Variational Sampling	Further develop the category dimensions.
4	Product Specialists	Semi structured interviews, meeting notes were transcribed into Atlas.to	Axial and Selective Coding	Discriminate Sampling	Further develop the category dimensions.

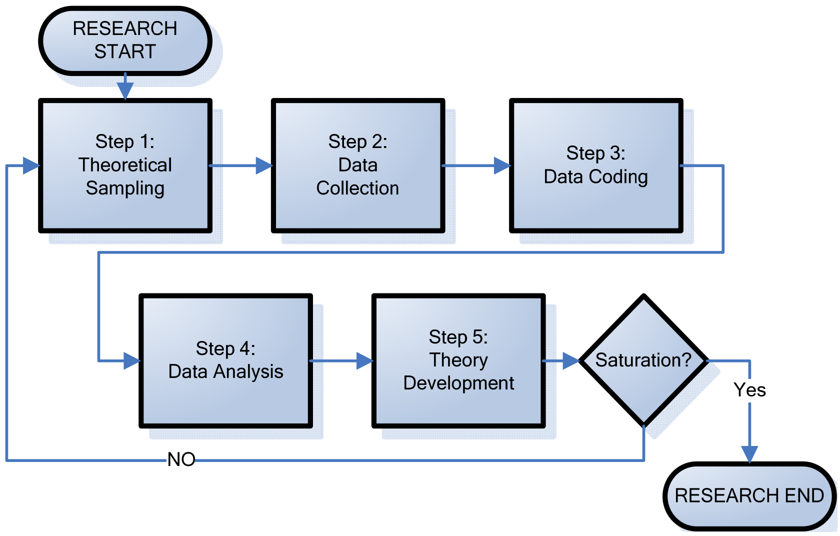
Source: Original

In the next chapter each phase will be presented in detail.

5 Research Phases

5.1 Phase 1: Pilot Study within Commercial Banking

Figure 5-1: Pilot Study Analysis Process



Source: Adapted from Strauss and Corbin (1998)

5.1.1 Design of the Pilot Study

At the time of the pilot study Fortis had introduced a new sales reporting system and the management in the head office were curious to know:

1. whether the system was used
2. how the sales managers interpreted the measures
3. for what type of sales control activities were these individual measures used.

It was decided that the pilot study would explore the new sales reporting system for the following reasons:

1. it ensured full management support facilitating access to the sales managers
2. it was considered a good topic to focus the initial contact with the sales managers while allowing to expand on other areas of the sales control function.

5.1.2 Theoretical Sampling

Following the open sampling technique described by Strauss and Corbin (1998) the selection of the sales managers to interview was based on convenience. Sales managers are regularly asked to provide input for a whole range of internal projects. Given the amount of time they already have devoted to several projects it was feared that they might refuse to collaborate for this study. It was believed that the best way to persuade sales managers to participate in yet another project would be to address them when they were away from the daily work in their business centres and attending a training session. A slot was provided in a training session whereby 6 out of the 12 sales managers who attended the training agreed to participate in the study. These included 2 sales managers from Belgium (home country), 2 from The Netherlands (second home base), 1 from the UK (relatively new territory) and 1 from Spain (relatively new territory).

Table 5-1: Interview Sample

	Global	**Belgium**	**Netherlands**	**UK**	**Spain**	**Total**
Sales Director	1					**1**
Sales Manager		2	2	1	1	**6**
Total	**1**	**2**	**2**	**1**	**1**	**7**

Source: Original

5.1.3 Data Collection

The sample included people from different countries therefore requiring the interviews to be conducted in two languages Dutch and English. The interviews were obtained during the month of June 2004, lasted about 1 to 2 hours each and they were taped and transcribed. The analysis of the transcripts was performed with the Atlas.ti software. When transcribing the audio tapes the Dutch conversation was immediately translated into English. Although this may have introduced some level of bias it was felt that forcing the interviewees to do the interview in English would have had more impact on the quality of the interviews. The interviewees were also assured anonymity on request of some of the interviewees who mentioned that otherwise they would limit their comments on the issue. (see Appendix B for the list of questions)

5.1.4 Data Coding

The nature of the interviews was to present each individual measure available in the new reporting system and ask the interviewees to explain whether they used the measure, how and for what purpose. Given this interview structure each of the interviews were coded individually in the following way:

Step 1: Open Coding

Each measure was individually coded in the documents together with all the information that pertains to it. This means that the chosen coding granularity was at a sentence level. (see example in Appendix B)

For each of the measure all relevant property information was coded using the "in vivo" method of coding. The chosen coding granularity was at word level. (see example Appendix B)

For each individual measure a separate graphical network map was made displaying and linking all the co-occurring codes. (see Appendix B) Co-Occurring meant that the codes had some degree of overlapping in the transcripts.

Each individual co-occurring code is analysed making a distinction between codes which are properties of the measures and codes which relate to the sales control activity and process.

Step 2: Coding for Process

The transcripts were reviewed in order to ensure that all relevant information regarding the sales processes and activities were coded. Particular attention was given to identify all relevant inputs and outputs of each activity and process. The difference between activities and processes was made as following:

- all activities were first labelled as a process
- if an activity was clearly stated to be part of a more general process then it was relabeled as an activity.

Example: “Part of the sales planning we identify which customers to approach for what product” In this case “Sales Planning” was labeled as a process and “Identifying the customers to approach for each product” was labeled as an activity part of the sales planning process. For each of the processes identified a Network Map was made and all its co-occurring codes were identified.

5.1.5 Data Analysis

Using the Atlas.ti function called “Code Family Manager” all the codes were grouped together into individual families. The grouping of the measures into families was mainly based on how they were grouped together on the sales reports. The reason for keeping the same groups was due to the fact that in some cases the interviewees did not elaborate on one individual measure but discussed the overall category. Example: For the measures Number of Lost Customers and Number of New Customers some interviewees did not elaborate on each individual measure but elaborated on the how they used the Customer Measures as a whole.

Comparison between the Code Families was done in MS Excel. Duplicated codes were removed and the codes were grouped based on their similarities into categories, properties and dimensions.

Properties were labelled as dimension when other properties were depending or related to another property.

While the steering measures existed for some time it was the first time they were available on-line on the organisation's intranet site. The sales managers were asked how they were using and interpreting these measures.

5.1.5.1 Steering and Opportunity Measures

Figure 5.2 shows the type of sales measures available and the interpretation sales managers gave to them. The first table in the figure shows the steering measures which are financial and customer measures and the second table shows the opportunity and activity measures. None of the interviewees were using any of the opportunity measures that were available. This was mainly due to the fact that opportunity information was a new feature in the Sales Force Automation system (SFA). For that reason the interviewees were asked how they **would** or **will** interpret the opportunity measure in the future.

Figure 5-2: Axial Coding of Sales Measures

	Financial Measures			Customer Measures		
	% of customers with a GI increase/decrease of 10%	Estimated income from solutions sold	Gross Income	# New Cust	# P Cust	# Lost Cust
Measures						
Properties						
Used / Not used	x			x		x
Aggregation Level	x			x		x
Selling Approach				x		
Data Quality		x		x		

	Opportunity Measures									Activity Measures		
	# Opp	Opp Stages	#Visits by Opp	Opp Ratios	Opp Duration	Estimate. Income in Pipeline	Leads Recv	Leads Snd	AA1 Points	# Visits	# visits with Opp 2 Cust	# Visits with opp to Prospects
Measures												
Properties												
Used / Not used		x	x	x	x	x	x	x	x	x	x	x
Aggregation Level	x	x		x		x		x		x	x	x
Selling Approach		x		x							x	x
Data Quality	x	x		x		x			x	x		

Source: Original

Table 5.2 shows an overview of which opportunity related measures sales managers would or will consider in the future. The rows in the table show the different topics that need to be evaluated and for which some of the opportunity measure could be used.

Table 5-2: Opportunity Measures Axial Coding

	Steering: Opportunity Measures								
	Opportunity Stages	# Visits by Opportunity	Opportunity Ratios	Opportunity Duration	# of Opportunites	Estimated Income in Pipeline	Act As One Points	Leads Received	Leads Send
Sales Person									
Capabilities		X	X	X	X				
Behaviours and Actitvities					X	X			
Quality of the visits with customers		X							
Customer Relationships			X	X					
Team Work			X				X		
Ability to Achieve Objective		X				X			
Portfolio / Territory									
Workload		X			X				
Market / Territory Potential							X		
Complexity									
Business Opportunities									
Lead Quality	X				X			X	
Opportunity Size		X							
Opportunity Quality									
Customers									
Customer Potential					X				
Sales Strategy									
Sales Strategy Effectiveness							X		
Sales Organisation									
Internal Oranisation Effectiveness				X					

Source: Original

The analysis shows that the steering measures are with exception of a few not used by the sales managers. The reasons for not using the measures are attributed to:

1. Reporting / Aggregation level: the measures are more appropriate for higher management than for sales managers. Higher management and sales managers are identified as dimensions for the following reasons:

    a. They differ in the type of measures they use. Higher management requires more aggregated measures whereby sales managers require customer related measures.

b. They differ in the use of the measure. Higher management use the measures to evaluate the sales force processes whereby the sales managers use their measures to evaluate customer related activities.

c. They differ in the span of control. The size of the sales team seems to play a role whether the sales manager will focus on detailed customer measures or whether they will focus on aggregated measures.

2. Selling Approach: the measure is not appropriate for the type of selling activity that the sales people perform. A difference is made between hunting and farming activities. The concepts of hunting and farming are identified as two dimensions because:

   a. They differ by the country.

   b. They differ in terms of the selling activities performed.

   c. They differ in terms of measures needed to control the activity.

3. Data Quality: all measures are quoted to suffer from a lack of quality making them unreliable and not usable. The reasons for this low data quality are identified as:

   a. Effort Related: Too much effort to report accurately all the data.

   b. Selective Reporting: Almost all sales managers agreed that the best sales people tend to report very little whereby the less good sales people tend to report all their activities. That is good sales people do not like to report their activities. Given the number of other reasons for low quality the evidence suggest that being a good sales person they are more likely to get away with not accurately reporting all their information.

c. Time Pressure: Sales People are under constant time pressure making the reporting function a low priority.

d. Lack of Discipline: Some sales managers mentioned that there is a lack of discipline among the sales people in reporting their activities.

e. Reporting in SFA: One of the main reasons for the low data quality is attributed to the design or user friendliness of the sales force automation system which hinders the reporting of activities in the tool.

f. Negative Perception: One sales manager mentioned that the data reported in the SFA system was perceived as a stick rather then a tool to help the sales people.

g. Local tools: Lack of qualitatively good data caused the sales managers to introduce their own tools to capture the information they need to control their sales force. The existence of these local tools requires sales people to report twice their activities, once for local purposes using local tools and one for central purposes using the SFA system.

h. Problem interpreting the measures: Lack of understanding by the sales managers of what the measure mean reduces their incentive to encourage their sales people to report the needed information.

i. Added Value for the sales person: There is little to no added value for the sales person to report all their information in the SFA system.

j. Lack of common definition: There is no uniform definition about concepts such as a New Customer which leads to different interpretation and reporting.

k. Common Data Base Referential: There is not cross border customer database making it difficult to relate all the information from different countries.

l. New System: the system is new and requires more time for everybody to start using it.

5.1.5.2 Process Analysis

During the categorization one single category called Sales Control Process was created and then sub-processes ware created for each of the individual sales control processes. Table 5.3 shows the axial coding between the overall sales control processes and all its sub categories.

Figure 5-3: Sales Control Process Description

			Monitoring Process					
				Monitoring: Financial Results		Review Meeting		
Sales Organisation	Objective Setting	Sales Planning	Monitoring: Activities	Benchmarking	Monitor: Product Sales Performance	Monitoring: Weekly Review Meeting	Coaching	Evaluation Process
BCM	X		X	X	X			
BCM + ACMA		X					X	X
BCM + Sales Team						X		
Sales Properties								
Input								
Financial Measures	X			X	X	x	X	X
Objectives	X							X
ACT as One Points								X
Customer Measures								X
Direct Observation								X
Portfolio Measures								X
Opportunity Measures						X	X	
Activities								
Discuss Issues						X		
Spread obj over ACMAS	X							
Evaluate Activities			X			X	X	X
Evaluate Team Work Activities								X
Evaluate Capabilities								X
Evaluate Financial Results				X	X	X	x	X
Evaluate Contribution to Team Objectives								X
Evaluate Customer / Portfolio								X
Evaluate Customer relationships								X
Evaluate Business Opportunities						X	X	X
Define Product Target List by Customer		X						
Estimate Customer Potential		X						
Planning Review		X						
Agree on targets		X						
Output								
Insight		X						
Target List of opportunities by Customers		X						
Performance Contract	X							
Reason for missing objective								X
Training Need								X

Source: Original

The analysis of the actors who participate within the sales control processes together with the nature of the process enabled us to group certain activities on the following basis:

- Benchmarking and Monitoring Product sales Performance are grouped because:
    - They are performed by the sales manager alone
    - They are both repetitive processes during the year
    - They are both focusing on the sales results.
- Weekly Review Meeting and Coaching are grouped because:
    - While they both differ in their setup (bilateral coaching meetings vs. team meetings) they are both similar in content and activities.
- Activity Monitoring and Result Monitoring are grouped together into a common monitoring process because:
    - They share the same actors
    - They share a similar output which is that of insight and questions that need to be addressed during the review process.

The evaluation process has an extra dimension being the nature of the process i.e. qualitative or quantitative. Table 5.3 shows the properties of each of these dimensions.

Table 5-3: Evaluation Process Description

Evaluation Process	Quantitative Evaluation	Qualitative Evaluation	Aggregation Level	Data Quality
Input				
Financial Measures	X			
Objectives	X	X		
ACT as One Points	X			
Customer Measures	X			
Direct Observation	X	X		
Portfolio Measures		X		
Activities				
Evaluate Activities	X	X		
Did the ACMA work hard	X	X		
Joint Visits	X			
Is the ACMA getting on with calling		X		
is the ACMA using his time effeciently		X		
Evaluate the quality of the meetings		X		
Sharing information with credit officers		X		
Is the ACMA often in the office		X		
phone		X		
Does the ACMA work well within the group		X		
reporting		X		
administrative work		X		
Quality of the credit requests		X		
Speed of answering questions		X		
Quality of the customer service		X		
Evaluate Team Work Activities	X	X		
Amount of Team work	X			
Amount of interaction with skill officer	X	X		
Evaluate Capabilities	X	X		
Capability Evaluation	X			
Personality		X		
communication skills		X		
eagerness for business		X		
capabilties		X		
Entrepreneurship		X		
Ability to Learn		X		
Commercial Ability		X		
Evaluate Financial Results	X	X		
Discuss gap between current and objective	X	X		
Calculate te Net Realised Growth	X			
Review if the net growht is from new or existing customers	X			
Review Skills sold	X			
Evaluate Contribution to Team Objectives	X	X		
How much the ACMA contribute to the results of the BC	X	X		
Evaluate Customer / Portfolio	X	X		
What is happening with the customer	X			
Evaluate the complexity of the portfolio		X		
Evaluate Customer relationships		X		
evaluate the relationship between the ACMA and his customers		X		
Evaluate Business Opportunities		X		
Review Quality of the business put forward		X		
Review Credit Rating		X		
Review Potential Income		X		
Evaluate X Border Opportunity		X		
Output				
Reason for missing objective		X		
Training Need		X		
Based on Rules & Procedures	X	X		
Degree of Complexity		X	X	X

Source: Original

Simple comparison between the activities and the information needed does not provide much insight into the difference between the quantitative and the qualitative evaluation process. When analysing the detailed codes of each activity one can view that the qualitative analysis focuses much more on the activity and the capability analysis part of the evaluation whereas the quantitative evaluation focuses more on the financial aspects.

What is clear is that the qualitative evaluation is more complex, requires more qualitative data and its complexity is relative to the size of the sales team.

5.1.5.3 Condition Consequence Matrix

Table 5.4 shows the conditions that influenced or even triggered some of the activities performed by of the sales managers together with the consequences of these activities.

Table 5-4: Condition Consequence Matrix

	Condition	Action / Reaction	Consequences
Objective Setting	Data Quality: Lack of quantitative data for each portfolio or territory	Assign team objectives based on a lineair method	Objectives are not linked with the territory or portfolio potential
			Objecctive are assigned a CAP (125%) and a FLOOR (75%)
		Individual objectives are negotiated with the sales people	Subjectives allignment of objectives with individual portfolios
Monitoring and Benchmarking	Size of the sales team: Small size	Many interactions with the sales people	Less reliance on reports and data.
	Data Quality: Available reports on Product Sales are late	Lobby internally to obtain reports earlier which are not official	Able to steer within time when the sales for a particular product is down.
	Are the results lower than the other sales teams	search deeper into the measures to find the cause for our low results	identify a list of questions to discuss with the sales people
	Markets or Countries are different from eachother	Limits the benchmarking comparison to comparable sales teams	Treshold or Performance standards must be made for comparable groups of sales teams and not for the whole of all geographies.
Performance Review	Data Quality: Low quality of centrally available data	Introduced local tools for reporting purposes	It requires double reporting for the sales people. Once in the local tool and once in the central tool. The latter is often not done.
	Rules and Procedures: Strict rules are defined on how to evaluate the sales people.	Follow the rules	The rules require to reach concensus with the sales people to be reached on the evaluation. This makes it difficult for sales people to excel
	Size of the sales team	many interactions with the sales people	The evaluation is easier because it relies less on data.

Source: Original

The content of the matrix is considered together with the process analysis which is presented in the section theory development.

5.1.6 Theory Development

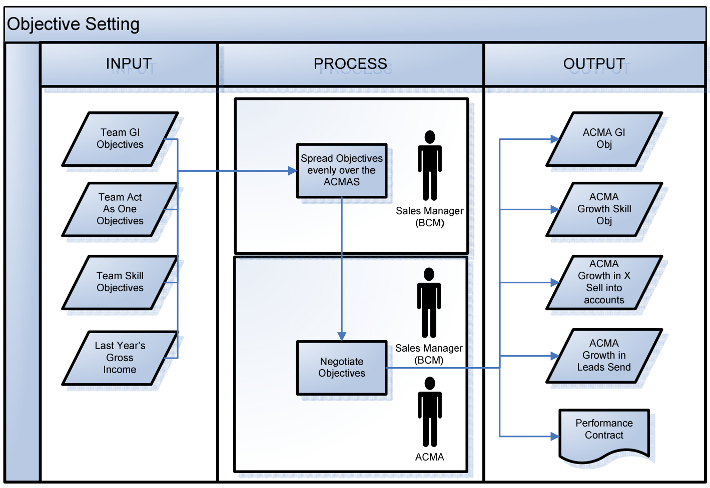
The main sales control processes identified are Objective Setting, Planning, Monitoring and Performance Review.

5.1.6.1 Objective Setting

Within the context of relationship selling how do sales manager assign objectives to their sales people?

Analysis of the objective setting processes reveals that managers start from the team objectives and spread them over their individual sales people. They do this by taking each type of objective they received; gross income, "Act as One" (lead exchange) and Skill (product) objectives and compare it with last year's gross income results of each sales person prior to divide it to each sales person. The attribution of the team objectives to the initial sales people is the starting position upon which the sales manager and each of his or her sales persons negotiate and agree on their individual objectives. The outcome of the process is a formal performance contract between the sales person and his or her manager on their individual objectives.

Figure 5-4: Objective Setting Process Description

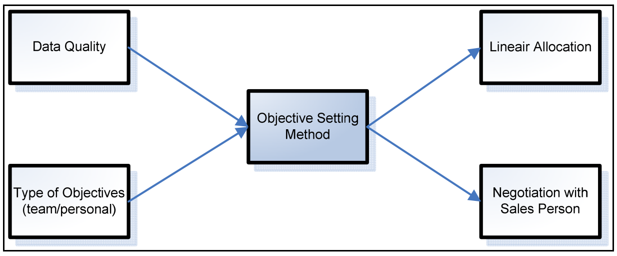


Source: Original

Within the context of relationship selling why do sales managers assign objectives to their sales people the way they do?

The objective setting process suffers from the fact that the data which is used to assign and measure objective suffers from quality issues. For that reason the objectives assigned at a team level consist of the linearly split of the regional objectives of the different sales teams irrespective of their local potential. Figure 5.5 shows the graphical mapping of the concepts as they emerged during the data analysis.

Figure 5-5: Pilot Study Objective Setting



Source: Original

Not taking the potential into consideration is not considered an accurate or fair process. Therefore sales managers break down the team objectives into individual objectives based a negotiation process between the sales person and his or her manager. Table 5.5 shows how the data quality of the available data impacts the objectives setting process.

Table 5-5: Individual vs. Team Objectives

	Individual Level	**Team Level**
Low Quality of Data	Negotiate the objectives	Linear assign the objectives

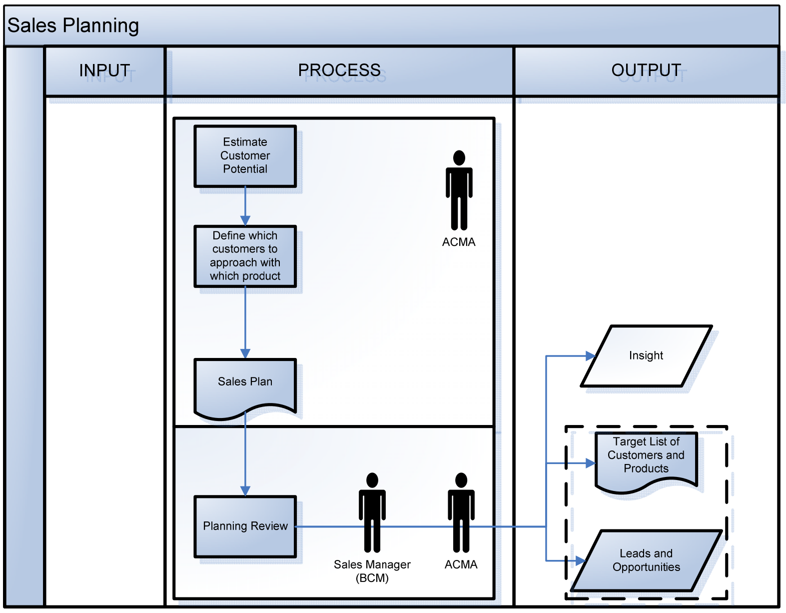
Source: Original

5.1.6.2 Sales Planning

Within the context of relationship selling how do sales manager control the sales planning activities of their sales people?

The analysis of the interviews reveals that the sales manager requires that their sales people make a sales plan for their customers. The planning activity performed by the sales person consists of analysing the potential of each of their customers and identify which products they could need. Once the plans are completed they are reviewed by the sales managers and the sales people together. The outcome of the planning process is on the one hand insight for the sales people in their portfolio and a target list of customers by product and a list of leads and opportunities for the sales manager to use as a base for follow up.

Figure 5-6: Sales Planning Process Description



Source: Original

Within the context of relationship selling why do sales managers control their sales people sales planning process the way they do?

No additional information was available due to the fact that the planning process was not addressed in detail. During the interview sessions of the pilot phase the planning process was not recognised as a sales control process.

5.1.6.3 Monitoring

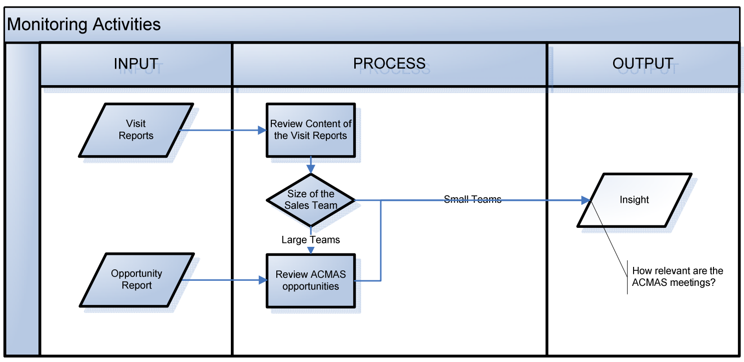
Within the context of relationship selling how do sales manages monitor their sales people?

The information obtained during the interviews point towards several different types of monitoring activities. How these activities fit into one single monitoring process is however not known and they are therefore mapped separately.

Activity Monitoring

The sales managers monitored their sales people's activities by reading each of their visit reports made. In the smaller sales teams, sales managers know by reading the visit reports what opportunities the sales people are working on. In the larger teams the sales manager requests their sales people also to submit opportunity reports. The outcome of the process is insight for the sales manager about what their sales people are doing.

Figure 5-7: Monitoring Process Description

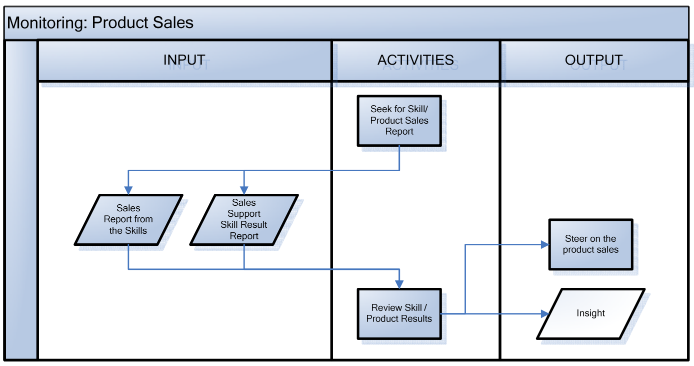


Source: Original

Product Sales Monitoring

Sales managers monitor the evolution of the product sales based on reports produced by the individual product specialist business units. These reports are provided to the central reporting department of the commercial banking unit which distributes it to the sales managers. Some sales managers want to receive this information sooner and therefore seek their sales information from the product specialist business units directly. This is not the formal process for a sales manager to obtain the information but as one sales manager said " … I need to know on which products we are lagging as soon as possible in order to have enough time to take corrective action." This process demonstrates that sales managers require outcome related information during the year as quickly as possible in order to have enough time to act on it while supporting department rather centralize all outcome related information to validate it before distributing it to the sales managers. This demonstrates the difficult balance between information accuracy and timeliness.

Figure 5-8: Monitoring Product Sales Process Description

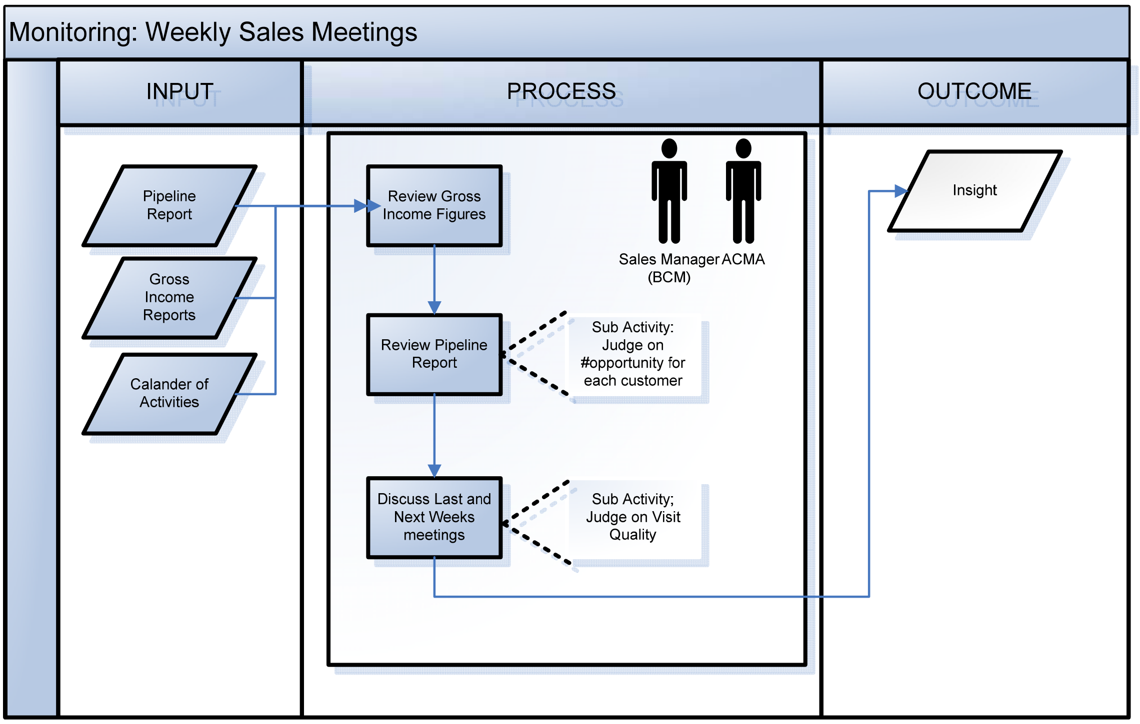


Source: Original

Weekly Sales Meetings

Some sales managers organise weekly sales meetings in order to monitor their sales people. During these meeting sales managers monitor sales people's gross income results, the progress of the opportunities in their individual pipelines and their performed activities. Little information was provided about the outcome of these meetings other than that they provide insight for the sales manager about the activities performed by their sales people and the progress they are making towards reaching their objectives.

Figure 5-9: Weekly Sales Meeting Process Description

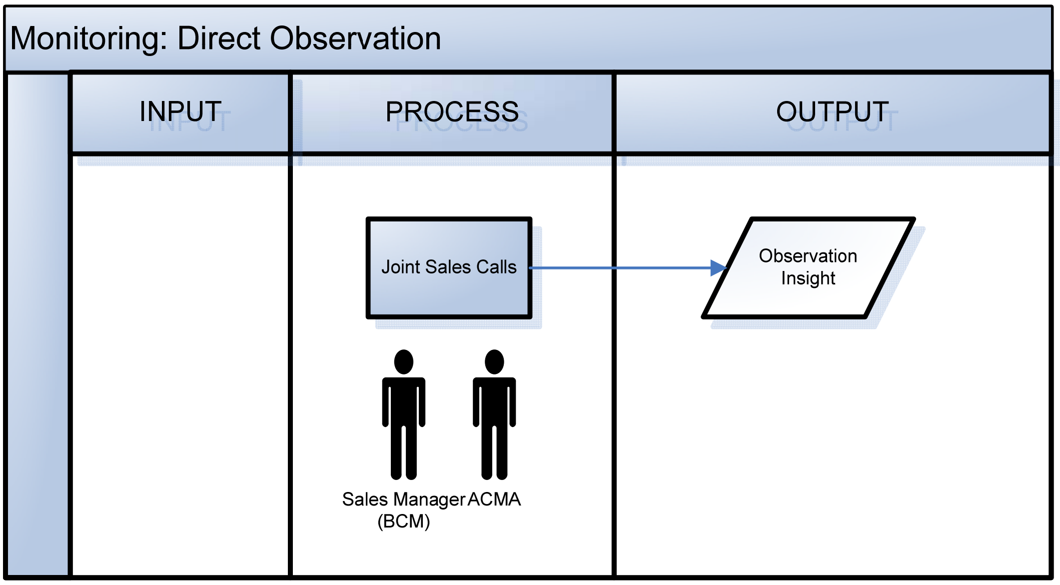


Source: Original

Direct Observation

One sales manager mentioned that he monitored his sales people by joining them on sales calls. However no information was given about how they prepare themselves (defined as process inputs) nor on the outcome of such activities.

Figure 5-10: Direct Observation Process Description

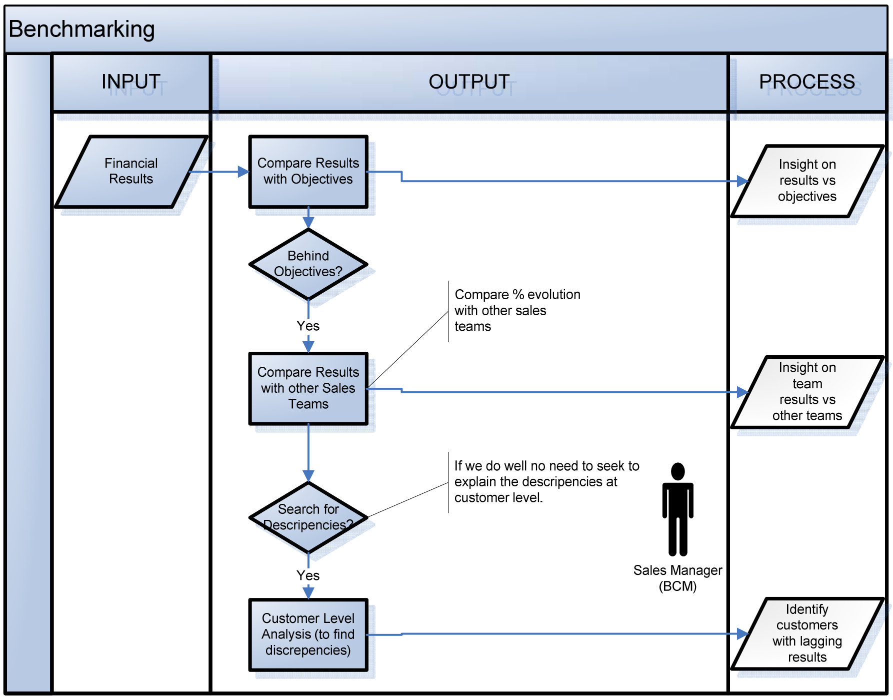


Source: Original

Benchmarking

Several times a year sales managers receive not only the financial results of their own team but also that of the other teams in their region. Based on these figures the sales manager verifies how they are doing versus their team objective. Afterwards they compare their own team results with that of other comparable sales teams. If they are behind on their objective or versus other sales teams, they analyse each of their sales people's portfolios to find which customers are lagging behind.

Figure 5-11: Benchmarking Process Description



Source: Original

Within the context of relationship selling why do sales managers monitor their sales people the way they do?

Little information was available to explain the structure of the processes other than that data quality and the size of the sales team do impact the reliance on factual data. All of the sales managers complained about the accuracy of the data and the timeliness with which they received their sales data. Some of the sales managers while complaining about the issue were able to live with it because as they said they were managing a small sales team.

Table 5-6, Pilot Study, Small vs. Large Sales Team Monitoring Process

	Small Sales Team	Large Sales Team
Reliance on accurate data	Low	High
Reliance on receiving data quickly	High	High

Source: Original

5.1.6.4 Individual Performance Review – Coaching

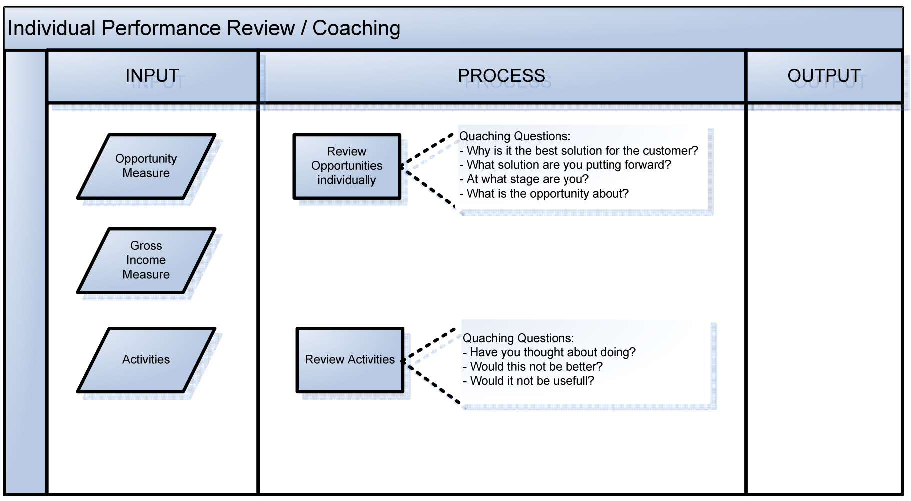
Within the context of relationship selling how do sales managers perform performance reviews of their sales people?

The analysis of the interviews revealed two types of performance reviews. The first one is called the coaching meeting within Fortis and is an individual performance review meeting which is organised on a regular basis. The second one is the actual performance review which happens at the end of the year and which consists of a quantitative and a qualitative evaluation.

Individual Performance Review / Coaching Meeting

While only partial or fragmented information was obtained on how sales managers conduct individual coaching meetings it was possible to identify that the process consisted of a review of the sales person's opportunities and activities. The review method is based on a question and answer interaction session.

Figure 5-12: Individual Performance Review Process Description

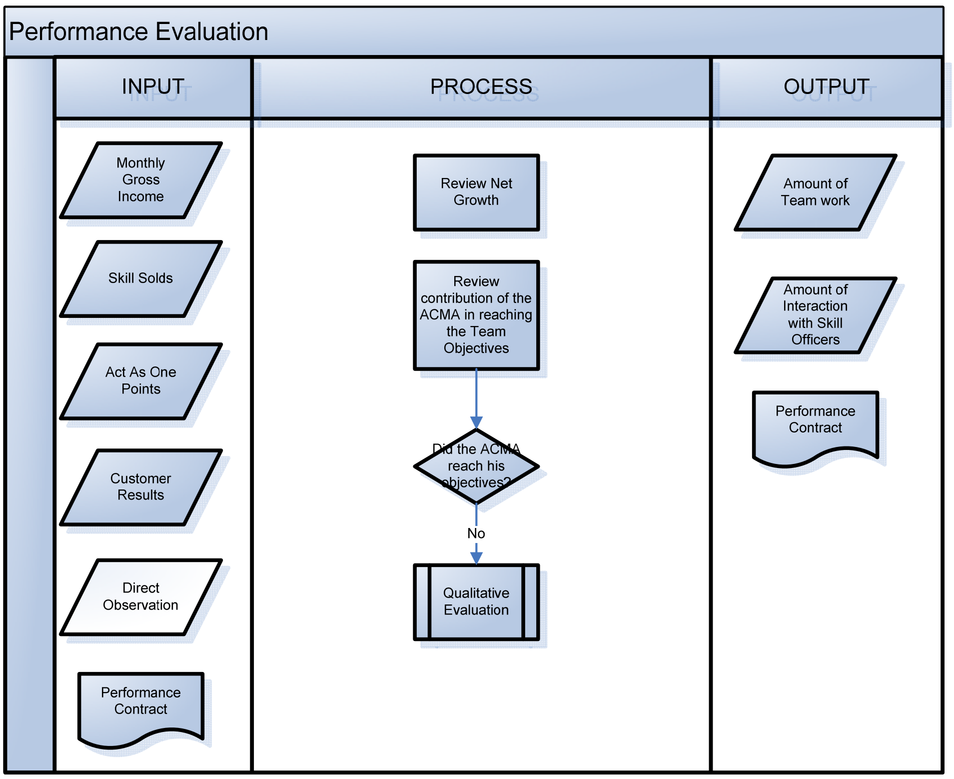


Source: Original

Performance Review

Analysis of the interviews revealed that the performance review process starts with a review of how the sales person contributed to the team objective. This process is based on factual information such as gross income achieved, number of Skills (product) sold, number of leads received or sent and the number of customers won or lost. The method to evaluate how the sales person contributed to the team objective is based on the performance contract that was made in the beginning of the period. If the sales managers conclude that the sales person did not contribute enough then a qualitative evaluation is performed aimed at understanding the causes of the low performance.

Figure 5-13: Performance Evaluation Process Description



Source: Original

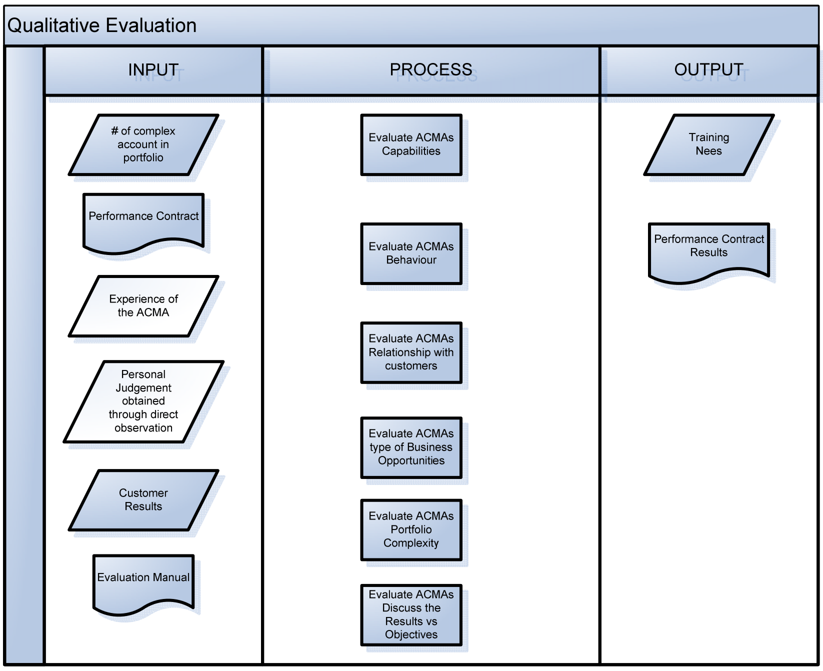
The qualitative performance evaluation process consists of a review of:

- the sales person's portfolio potential
- the amount and type and outcome of the business opportunities identified by the sales person throughout the year.
- the sales person's relationship with his or her customers
- the sales person's activities / behaviour
- the sales person's capabilities

As one sales manager mentioned " … it almost always ends up in a need for a particular training". Which points to the fact that the objectives are considered to be realistic and that if a qualitative evaluation is needed it is expected to be due to the sales person's capabilities levels.

Figure 5.14 shows the various inputs, activities and the outputs of the qualitative evaluation process. The relations between the inputs, activities and the outputs are unknown and the data did not reveal any information with regards to the sequence of the activities.

Figure 5-14: Qualitative Evaluation Process Description



Source: Original

Within the context of relationship selling why do sales managers review their sales people performance the way they do?

The information obtained was fragmented and therefore lacks the depth to explain why the processes are organised the way they are. Some information was captured and is shown hereunder.

Low data quality and the fact that a sales person has not reached his or her objectives do require the sales manager to apply a more qualitative evaluation to identify the root causes.

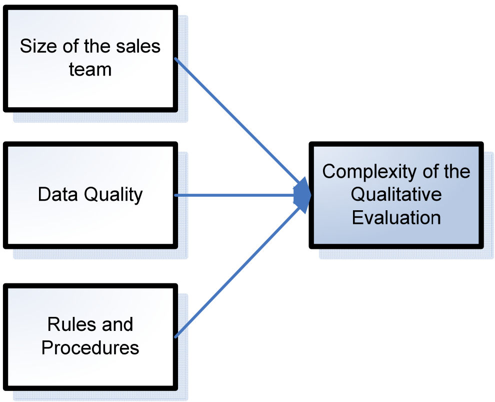
Table 5-7, Qualitative vs Quantitative Performance Evaluation

	Quantitative Evaluation	Qualitative Evaluation
Objective reached	X	
Objective not reached	X	X
Low Data Quality	X	X

Source: Original

Nevertheless the more data is available, the easier it is to perform the qualitative evaluation. Alternatively if the sales team is small the qualitative evaluation will also be easier as the sales manager has to rely less on data to analyse what happened.

Figure 5-15: Factors Affecting the Complexity of the Performance Evaluation



Source: Original

However in order to ensure that the qualitative analysis is not completely biased the procedures requires that both sales manager and sales person agree on the outcome of the evaluation which according to the sales manager makes the process more complicated and prohibits that anyone excels either positively or negatively.

The data so far suggests that different measures are used based on the sales approach that is adopted. The latter is adopted based on the market in which Fortis is active. This supports the idea that based on the market / country the sales approach is different and therefore also the needs of the sales managers with respect to the control of their sales force. For that reason in the next phase of this research further focus will be put on the interviewing sales managers from different countries and trying to discover whether the sales approach has more than just an impact on the type of measure used during the sales management processes.

The information obtained on the individual sales control processes is at best fragmented and does not allow for much theory development. It does however provide valuable insight needed to design the following research phases. Nevertheless based on the information obtained the following propositions were developed:

Within the context of relationship selling sales control processes include; Objective Setting, Sales Planning, Monitoring and Benchmarking, Periodical Individual Performance Reviews and Yearly Performance Review.

Within the context of relationship selling the degree of data quality limits a sales manager's ability to control activities to the extent that they are needed.

Within the context of relationship selling the type of selling approach applied by the sales people influences the type of information needed by the sales manager to control his or her sales force.

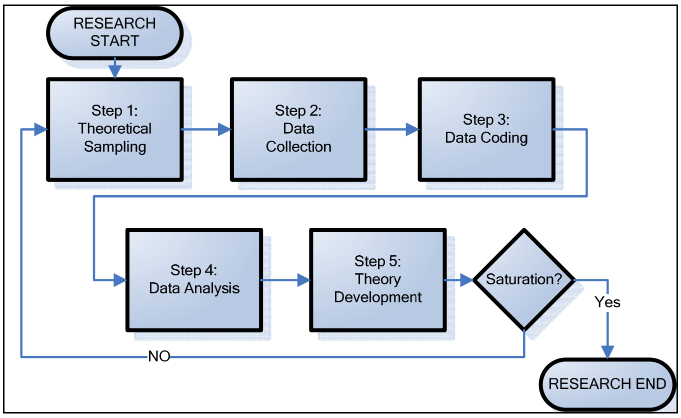
5.1.6.5 Theory Saturation

The pilot study only enabled identification of the main sales control processes. Information on how these processes are performed and why they are performed the way they are is still lacking. For that reason further research is needed.

Phase 2: Commercial Banking Study

Figure 5.16 shows the research process that was followed to complete the second phase of this project.

Figure 5-16: Commercial Banking Process Description



Source: Adapted from Strauss and Corbin (1998)

5.1.6.6 Theoretical Sampling

The results from the pilot study showed that the sales managers rely mainly on their own reports in Excel sheets which are filled in by their sales people. In order to ensure a complete picture of the amount and type of information sales managers need it was decided to triangulate sources by interviewing for each sales manager their sales directors and one of their sales people. The selection of who was included in the sample was agreed by the head quarters of the company and was based on the following rules:

- there must be an almost equal spread of interviews across the three regions in order to include sales managers who manage farmers and hunters.
- the sample must include a number of newly appointed sales managers who previously occupied other positions within the bank
- the sample must include a number of well established sales managers
- the sample must include a number of newly hired sales managers to the bank

The objective of the sample is to have a balanced sample between sales managers who are newly appointed and those who were in their position for some years. The management of Fortis also wanted to include some newly hired sales managers in the sample to include the perspective of sales managers coming from a different bank and exposed to different sales management practices.

Table 5-8: Sample of Interviewees

	Belgium	Netherlands	France and UK	Total
Area Manager	3	2	3	**8**
Sales Managers	5	4	3	**12**
Sales People	6	2	2	**10**
Total	**14**	**8**	**8**	**30**

Source: Original

During the analysis process a progress meeting was held on monthly basis to present findings. During each of those meetings the decision was made whether more interviews were needed or not. On that basis a list of intervieweess to contact was provided. The decision to stop the interviews was made when during the progress meeting it was concluded that no new information was obtained and that further interview would be repetitive and reveal nothing new. This is in line with Strauss and Corbin's (1999) view on theory saturation.

5.1.6.7 Data Collection

A semi structured interview approach was used and the questions were formatted in such a fashion that they would not give away what it was that was being sought to avoid response bias. Since the purpose was whether the main themes identified through the literature would also be the ones that would come up during the interviews open ended questions were asked. This enabled the interviewee to freely elaborate on the aspects which he or she felt to be important.

The pilot phase revealed that the control processes consisted of Objective Setting, Planning, Monitoring, Coaching and Performance Evaluation. Because the performance evaluation process are very much defined by the human resource department and imposed centrally across the whole of the organisation the management asked us to focus on Objective Setting, Planning Review, the Monitoring and the Coaching processes this combined with the main aims of this research project.

Questions:

1. What information do you use to define objectives for your sales people? (for sales managers)

2. What information do you report in your sales plans and how do you use it? (for Sales People)

3. What information do you report on your day to day sales activities? (for Sales People)

4. What information do you use to monitor day to day sales activities? (for Sales Managers)

5. What information do you use during sales and bilateral meetings with your sales people and for what purpose?

Several days prior to the interviews a copy of the sales reports used by the sales managers was requested. These documents enabled preparation for the interviews and were used to obtain a better understanding of what is measured and how it is used.

The 30 interviews were organised by region and the amount of interviews reflects how many interviews were needed before they became repetitive and further interviews were unlikely to contribute to any additional insight.

All interviews were conducted across four countries in three different languages, French, Dutch and English. When transcribing the audio tapes the Dutch and French conversations were immediately translated into English. Although this may have introduced some level of bias it was felt that forcing the interviewees to do the interview in English would have had more impact on the quality of the interviews. During the course of the interviews it was noticed that the responses became very repetitive and after having analysed the data, that additional interviews would not likely contribute any additional insight. All the interviews were performed over a 6 month period, were taped and lasted about two hours.

5.1.6.8 Data Coding

The transcripts were coded using the following process:

Step 1: Grouping the Transcripts by Sales Team

As in the previous phase the Atlas.ti software was used to code and analyse the interviews. All the interviews were grouped by the sales team they related to. The following sales teams (labelled by the city in which they are based) were analysed:

- Belgium: Hasselt, Liege, Kortrijk, Brussels, Roaselaere
- Netherlands: Nijmegen, Rotterdam, Amsterdam
- France: Paris, Orleans
- UK: London, Leeds

For instance in the Netherlands the sales team Rotterdam was grouped including interviews of the Area Manager, Sales Managers and Sales person from the Rotterdam sales entity. The reason for grouping these interviews is because they provide a different point of view of the same sales control process.

Beside the transcripts other pieces of information were also used for the coding. For all sales teams a process map was defined and discussed with the Fortis employees monitoring the project and in most cases also with the one of the sales team members. (See Appendix B)

Step 2: Coding the Transcripts

Each sales management process was individually coded in the documents together with all the information that pertains to it. This means that the chosen coding granularity was at a paragraph level. For each of the coded processes all relevant property, actions and information flows were coded. All relevant pieces of information pertaining to each process were coded as a property when it did not fit any of the other categories: Activity, Actors, Input or Output.

5.1.6.9 Data Analysis

Step 1: Data Categorisation

Each unit (sales team) was analysed separately for each process and for properties relating to the process. The network mapping tool of Atlas.ti was used to create graphical maps for each process. For each of the elements recognised to affect the process a distinction is made between it being a property part of the process or not. A graphical map enabled the identification of all the related codes for each of the process. It also enables tracing the logical flow between the activities.

Cross Unit Analysis

In order to compare each of the processes across the different sales units an excel sheet was made listing all the inputs, activities and outputs for each of the processes across the various units. (see Appendix C)

For each individual process “Objective Setting”, “Planning”, “Monitoring”, “Individual Sales Reviews” and “Team Based Sales Reviews” a separate excel sheet was made.

Sub Step 1: Complete the excel sheet for all the processes focusing on the input, activities and outputs.

Sub Step 2: Remove duplicating codes

Sub Step 3: Group codes by category based on their similarities

Step 2: Analysis of the properties of the processes.

A process is often described as a sequence of phases or stages but it can also be examined in terms of actions and interactions. Sometimes examining the phases or stages of a process might not be the best way of explaining what is going on in this situation. Perhaps the actions and interactions that surrounds the process is more descriptive of what is going on (Strauss and Corbin, 1998). For that reason everything that surrounded the processes was initially coded as a property of that process thereby avoiding missing any potential valuable pieces of information. Further categorization of the processes and their related properties was done as follows:

Sub Step 1: All properties are listed in an excel sheet organised by process.

Sub Step 2: Duplicated properties are removed.

Sub Step 3: All properties are grouped based on their similarities.

Sub Step 4: Each of the properties is analysed (by going back to the original transcript) to determine their relationship with the process. The properties are then labelled as Cause, Effect or as a Property of the process itself.

Sub Step 5: A distinction is made between the groups of properties that described the process itself from those which were external elements either affecting or being affected by the process. The latter are coded as separate categories.

Sub Step 6: Each of the categories is analysed to determine whether they are a property or a dimension of the process. Categories are labelled as dimensions when there is clear evidence that for each value of the dimension the process behaves differently. Example: The process of Objective Setting is different for hunters and for farmers and therefore the category Selling Approach is labelled as a dimension of the Objective Setting process. (See Appendix C)

Axial Coding

Table 5.9 shows which and how each category relates to each one of the management processes. The axes of the matrix show how each of the category impacts the processes.

Table 5-9: Axial Coding Overview

Categories	Portf Design	Objective Setting	Sales Planning	Montoring	Individual Perf Rev	Team Based Perf Review
Sales Teams						
Sales Team Size			**Formal - Informal**	**Formal - Informal**	**Formal - Informal**	
Internal Organisation		**Individual / Team Based Objectives**				
Several sales people collaborate on acquiring and servicing one customer		Team objectives				
Sales poeple work individually on a their customers or prospects		Individual Objectives				
Sales Person						
Skill / Capabilities	**Generalist / Specialist**					
Skill / Capabilities	**Hunting / Farming**					
Market Territory						
Potential	**Hunting / Farming**				**Formal / Informal**	
High X Selling Potential	Farming					
Low X Selling Potential	Hunting					
Medium to Low Growth Potential					Formal	
High Growth Potential					Informal	
Region 1: High Makret Share - Low Growth Potential						
Belgium		Team Objectives	Portfolio & Account Planning - Sales Review Process - Hard & Soft Outputs - rely on Data Quality	Benchmarking - Focus on Activities - Report Based	Farming Sales People	
Region 2: Medium - Low Market Share - Medium Growth Potential						
Netherlands		Individual Objectives	Some Portfolio & Account Planning - Hard Outputs	Focus on Activities and Opportunities - Team Based - Best Practice Sharing	Only with Farming Sales People	
Region 3: Low Market Share - High Growth Potential						
France - UK		Individual Objectives	Propsect Planning - Target Lists	Focus on Opportunities - Report Based	Generaly not applied, enables close monitoring when needed	
					Informal	
Portfolio						
Customer Servicing Workload		**Hunting / Farming Objective Type**				
High workload servicing customers		Farming Objectives				
Low workload servicing customers		Hunting Objectives				
Balanced Portfolio		**Individual / Team Based Objectives**				
Balanced Portfolio		Individual Objectives				
Unbalanced Portfolio		Team Based Objectives				
Data Quality						
Ability to Measure		**Type of Objectives**	**Process Effectiveness**			
Reporting: Ease of use			**Process Effectiveness**	**Process Effectiveness**	**Process Effectiveness**	
Reporting: Accuracy			**Process Effectiveness**	**Process Effectiveness**		
Reporting: Availability				**Process Effectiveness**	**Frequency**	
Reporting: Timeliness				**Process Effectiveness**		
SFA Tool Design				**Manual Tools**		
SFA Tool Use and Adoption				**Manual Tools**	**Manual Tools**	
Rules and Procedures					**Manual Tools**	
Selling Approach						
Hunting - Farming		**Type of Individual Objectives**	**Type of Account Planning Process**	**Efficieny / Effectivness Focus**	**Suitability**	
Hunting			Terriotory - Prospect Planning	Opportunity Focussed, high Amount of monitoring, Looking for high amount of activities, Monitoring Team Meetings	Suitables in particualr cases	
Farming			Portfolio and Account Planning	Customer Relationship Focussed, content of visit reports, low amount of monitoring, Report Based Monitoring	Very Suitables	
Sales Manager						
Knowledge on Coaching			**Follow up**		**Performed**	
Farming - Stables Sales Teams			Sales Plans are followed up		Performed	
Hunting - New Sales Teams			Sales Plans are not followed up and sometimes not even made		Not Performed (one exception)	
Time in Position				**Amount of Monitoring**		
New Sales Managers				High amount of monitoring required		
Sales People						
Moral				**Amount of Monitoring**		
Possibly leading to Low Moral				High amount of monitoring		
Tools						
Lack of Knowledge			**Process Effectiveness**			**Process Effectiveness**

Source: Original

Coding for Process

Analysis of the activities and process provided us the following Condition / Consequence matrix.

Table 5-10: Condition and Consequence Matrix

	Conditions		Action / Interaction	Consequeces	
	Macro	Micro		Micro	Macro
OBJECTIVE SETTING	Trade union agreements	Data Quality Portfolio Composition Selling Approach Sales Team Internal Organisation	Assinging Objectives	Type of objectives assigned: Indivual - Team Based Objectives Financial - Non Financial Objectives	
		Selling Approach	Objective Setting Process (Top down vs Bottom up)	Top Down Process Bottom Up Process	
		Objective Setting Process	Objective Allocation Method	Linear Based Potential Based	
PLANNING		Slow down in sales Results Low Customer Knowledge by Sales People Need to co-ordinate activities between generalist, product specialists and call centre	Application of the Sales Planning Process	Customer Insight Pro-Activity Communication & co-ordination	
		Selling Approach Customer Potential	Type of Sales Planning Process	Prospect Plan Portfolio Plan Account Plan Target List	
MONITORING		Month in Sales Managers jopb's	Apply formal monitoring processes	requires a lot of reporting from sales people Possibly leading to Low Moral	
		Farming Selling Approach	Reporting Based Monitoring Focus on customer relationships		
		Risk of inefficient hunting activities Lack of customer / market knowledge Need to know what the sales people are doing Lack of knowledge on the sales people	Application of the Monitoring Process	Knowledge on Amount Activities Knowledge on Content of the Sales Activities Knowledge on the evolution of the customers Knowledge on the evolution of the results	
	Low level of X Selling opportunities	Hunting Selling Approach	Looking for High level of activities during the monitoring process through team based monitoring meetings	Possible leads to inefficient levels of activities. Requires in some cases Individual Performance Review to monitor the activities	
INDIVIDUAL PERFORMANCE REVIEW	Stable and Mature Markets	Sales People do not analyse their portfolios themselves When Problems occure We need to go from an oral to formal structure Sales Team Size Farming Selling Approach Rules and Procedures	Application of Individual Performance Review Process	Prioritise Sales Activities Forces Portfolio Analisys Activities Formal Coaching Structure is needed avoids result slow down Formal Coaching avoids missing the targets	
TEAM BASED PERFORMANCE REVIEW		Available Financial Results Need to screen portfolios for a particular product	Application of Team Based Performance Review Process	Best Practice Sharing Communication	
TOOLS & DATA QUALITY		Ability to Measure Reporting: Ease of use Reporting: Accuracy Reporting: Availability Reporting: Timeliness SFA Tool Design SFA Tool Use and Adoption Rules and Procedures	Implement local Reporting Tools	Unable to centralise / formalise reporting activities Ineffective sales control processes No sales planning process performed.	

Source: Original

Like in the previous phase the content of the condition and consequence matrix is discussed in the theory development section together with the individual processes.

5.1.7 Theory Development

The categorization process of the codes enabled identification of the following sales management processes: Objective Setting, Sales Planning / Review, Monitoring, Individual Performance Review, Team Based Performance Review.

5.1.7.1 Objective Setting

Within the context of relationship selling how do sales manager assign objectives to their sales people?

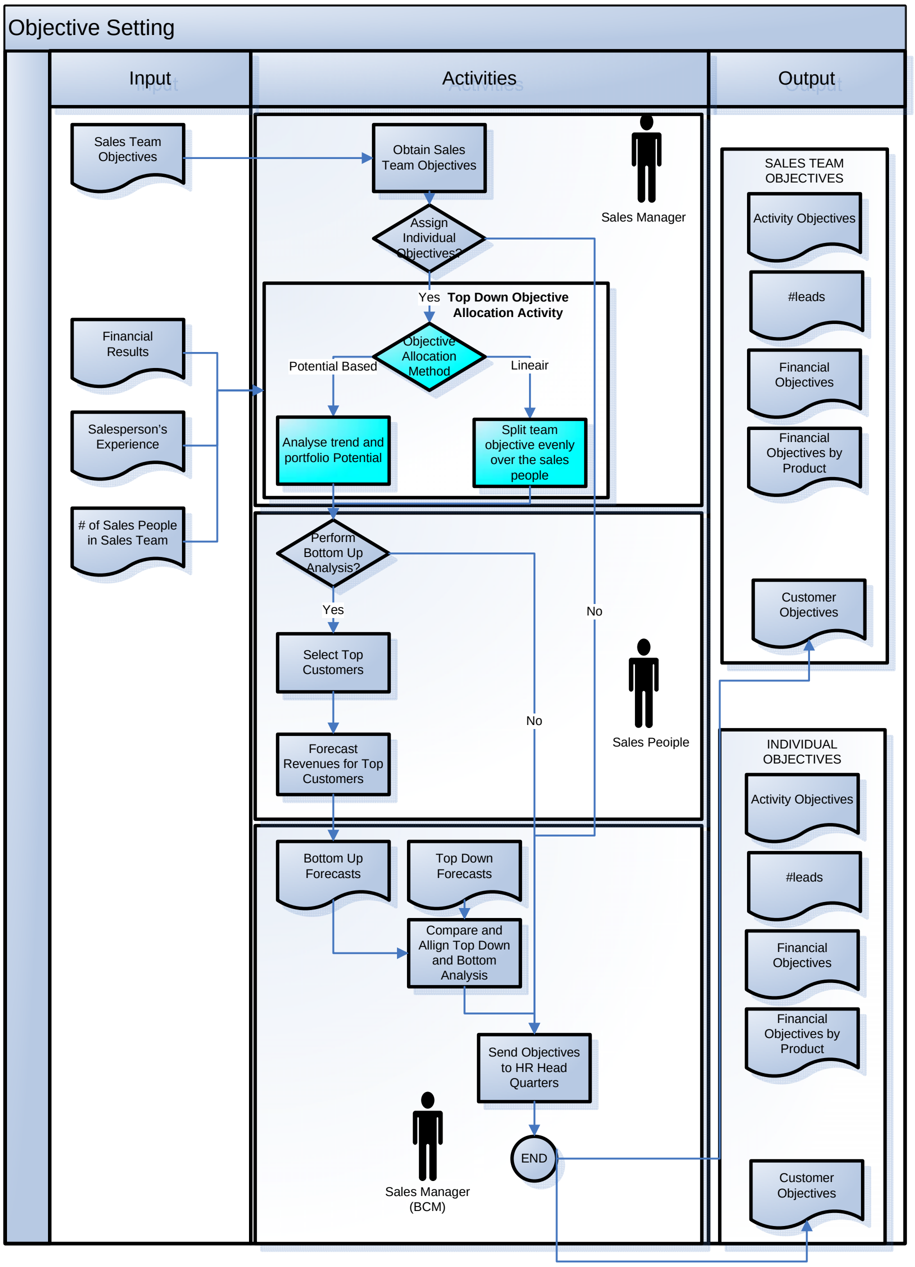
The analysis of the objective setting process as shown figure 5-17 shows that not all sales managers assign individual objectives to their sales people.

There are two process methods of assigning individual objectives:

- **<u>Top Down and Bottom Up</u>**

  The sales managers assign objectives by dividing their team objectives over each of their sales people. The method for dividing the team objective can differ between a simple linear method or one which is more sophisticated based on an estimation of the potential of the sales people's portfolios. The selection of the method is depending on the available information to accurately estimate the portfolio potential of each sales person. Once the objectives are communicated to the sales people they select their main customers and forecast the revenues at a customer level.

Figure 5-17: Objective Setting Process Description



Source: Original

The aggregate of the customer forecasts is then compared with the top down objective and the sales person and his manager agree on the objectives. The analysis revealed that the bottom up process was only used by farmers as they have customer for which a bottom up analysis can be accurately performed.

- **Top Down**

  Hunters do not have a portfolio and therefore have little information upon which to base a bottom up analysis. For that reason they receive their objectives assigned through a top down process only.

The type of objectives which are assigned to sales people are:

- Financial objectives

  The financial objectives consist of financial and product objectives which are expressed in gross income or profit.

- Customer Objectives

  Customers objectives are similar to the financial objectives in that they relate to outcome rather than behaviour. They are however measured not in financial terms but in number of customers lost or won.

- Behaviour objectives

  Behavioural objectives consist of lead exchange objectives and visit (activity) objectives. The leads are expressed in the number of leads each sales person must send to colleagues which must lead to a new deal. This forces the sales force to collaborate with each other and act as one towards the customers across Europe which is part of Fortis' strategy.

These findings enable the construction of the following proposition:

Within the context of relationship selling sales managers assign individual financial and non financial objectives to their sales people by dividing the overall sales team objective based on the sales person’s experience, his or her past sales result history and based on the number of sales people available in the team.

Within the context of relationship selling why do sales managers assign objectives to their sales people the way they do?

The process diagram shows that sales managers make three decisions during the objective setting process:

1. *assigning team based or individual objectives. The decision as shown in the table 5.11 is based on the selling approach and whether the hunting activities are performed in group or individually.*

Table 5-11: Type of Objectives

Objective Types / **Selling Approach**	**Non Financial Objectives**	**Financial Objectives**	
		Team Organisation	**Individual Organisation**
Hunting	*Individual Level*	*Team Level*	*Individual Level*
Farming	*Individual Level*	*Team Level*	

Source: Original

These findings enable the construction of the following propositions:

Within the context of relationship selling sales managers assign non financial objectives to all individual sales people.

Within the context of relationship selling sales manages assign financial objectives at an individual or at a team level based on the selling approach and the way the sales activities are organised within the team.

2. *top down process only or perform a top down and a bottom up process.* Table 5.12 shows that the selling approach adopted by the sales people determines the objective setting process.

Table 5-12: Objective Setting Process

Selling Approach	**Objective Setting Process**
Hunting	*Top Down*
Farming	*Top Down & Bottom Up*

Source: Original

These findings enable the construction of the following proposition:

Within the context of relationship selling sales managers adopt a top down or a top down and bottom process based on the selling approach of the individual sales persons.

3. *use the linear or a potential based allocation method*. Table 5.13 shows that the method selected is based on whether the objective setting process is based on a top down process only or on a combination of top down and bottom process.

Table 5-13: Allocation Methods used for Objective Setting

Objective Setting Process	Objective Allocation Method
TOP DOWN ALLOCATION	Potential Based
BOTTOM UP ALLOCATION	Linear Based

Source: Original

These findings enable the construction of the following proposition:

Within the context of relationship selling the sales managers applies a potential or a linear based allocation method depending on nature of the process being top down only or top down and bottom up.

5.1.7.2 Sales Planning / Review

Within the context of relationship selling how do sales manager control the sales planning activities of their sales people?

Not all sales managers do request their sales people to prepare a sales plan. Those who do, have different planning requirement for the hunter than for their farmer sales people. The farmer sales people are requested to make what is called a portfolio plan. This is high level plan in which the sales person for each customer defines a forecast and identifies the product he or she wants to approach his customer for in the coming period. Once they completed this plan they make an account plan for their really top customers. The account plan is considered much more detailed and requires the sales person to go much deeper in the analysis of his or her customer situation, needs and opportunities.

A prospect plan is a plan which lists which prospects the sales person is planning to approach with which type of products during the coming period. To assists the sales people a marketing diagnostic database which list all European companies and their propensity to buy each product in the Fortis catalogue, is made available. This propensity to buy is calculated based on the statistical analysis of the company’s balance sheets.

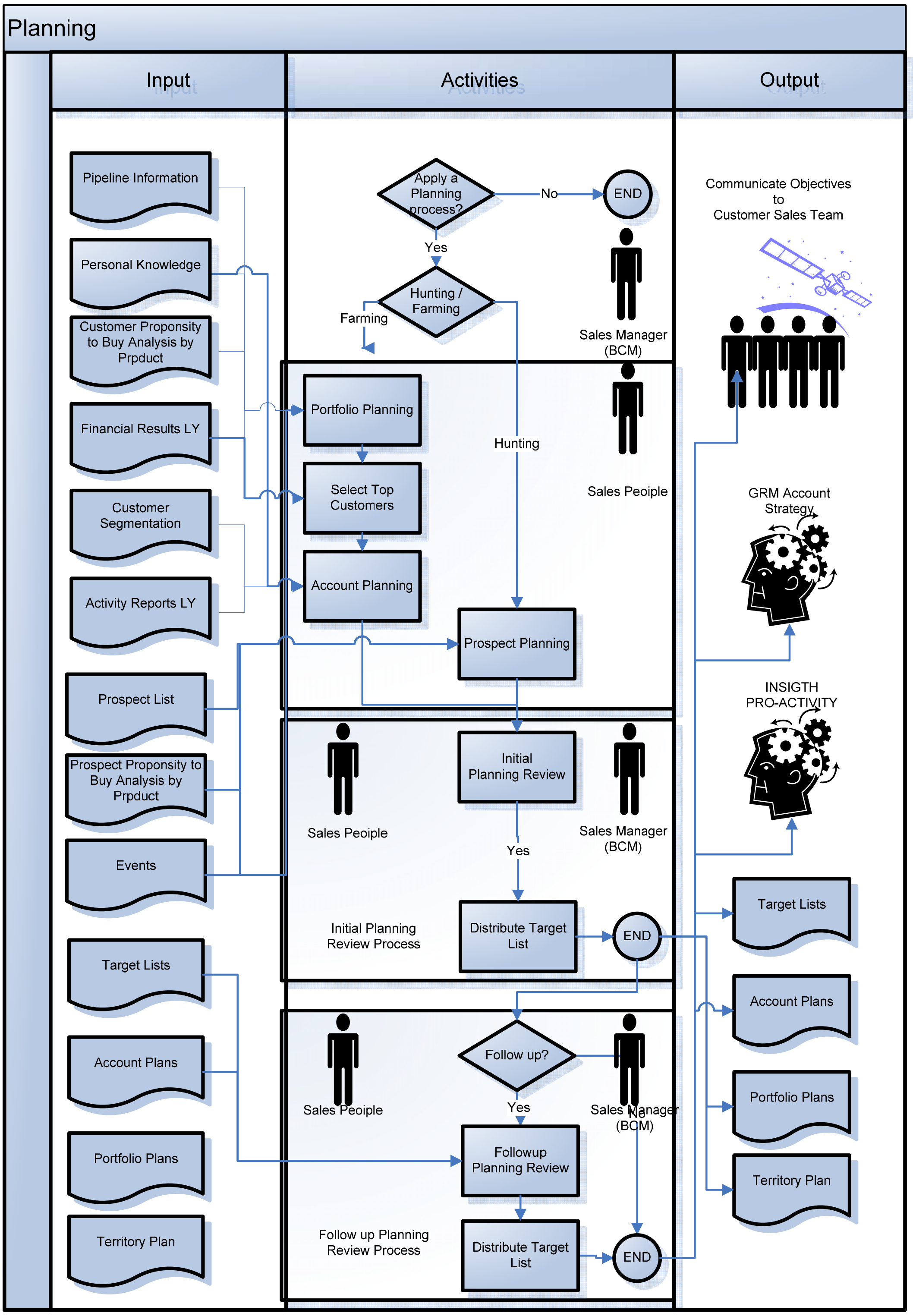
Once the plans are ready the sales managers review them with the sales people individually. The objective for the sales manager is to view whether enough product opportunities are identified in relation to the team objectives. When all plans are completed the sales manager compiles a list of all the potential opportunities by individual product and sends them to the respective product specialist teams.

Some sales managers also use the plans afterwards during the year and review whether the sales people actually followed up on their plan. Interestingly some sales manager do not follow up on the plan due to a lack of formal rules and procedures that were not in place. When asked why they made a plan they all replied that its main benefit is to force the sales people to analyse their portfolio which would lead them to new insights as how to manage their customer portfolio in the coming period.

These findings enable the construction of the following proposition:

Within the context of relationship selling sales managers request their sales people to make sales plans and reviews them in order: to communicate the sales plans in the form of a target list to the members of the sales teams; to develop insight into their portfolio and to plan proactively commercial activities towards their customers.

Figure 5-18: Planning Process Description



Source: Original

Within the context of relationship selling why do sales managers control their sales people sales planning process the way they do?

The process diagram shows that sales managers make three decisions during the planning process:

1. *what type of planning process to execute.* Table 5.14 shows how the planning process performed by the sales people is dependent on their selling approach and on the importance of their individual customers.

Table 5-14: Type of Sales Plans

Selling Approach	**Type of Sales Plan**	
Hunting	*Prospect Plan*	
Farming	***Low – Medium Customer Potential***	***Medium High Customer Potential***
	Portfolio Plan	*Account Plan*

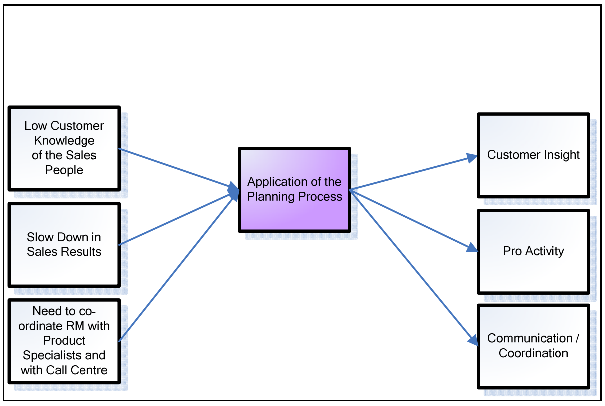
Source: Original

Within the context of relationship selling sales managers request their sales people to make different types of sales plans based on the selling approach and the importance of the customer part of the sales person's portfolio.

2. *whether to apply a sales planning process or not.* Not all sales managers request their sales people to make sales plans. Figure 5.19 shows that sales managers are likely to

ask their sales people to make a sales plan when they perceive that their sales people lack knowledge of their own customers or that the sales results are slowing down or that the coordination and communication between the sales person, the product specialists and call centre is not adequate.

Figure 5-19: Factors Affecting the Planning Process



Source: Original

These findings enable the construction of the following propositions:

Within the context of relationship selling sales managers request their sales people to make sales plans when they perceive that; the sales people lack knowledge of their own accounts; that the growth in sales results is slowing down and that there is a need to communicate and coordinate activities with other sales forces working on the same accounts.

Within the context of relationship selling sales managers believe that the sales planning process; fosters customer insight for the sales people; induces pro-active behaviour of the sales person versus their customers and ensures communication and coordination between the customer sales team members.

3. *whether the process is a one-off internal process or whether it is followed up on.* Table 5.15 shows that sales managers follow the sales plans made by their sales people during the year when there is a need to coordinate and communicate activities between the sales people, their product specialists and the call centre employees.

Table 5-15: Follow-up or no Follow-up of the planning process

Sales Plan Reasons	No Follow Up	Follow Up
Customer Insight	X	X
Pro-Activity	X	X
Communication and coordination		X

Source: Original

These findings enable the construction of the following proposition:

Within the context of relationship selling sales managers are more likely to follow-up the sales plans made by their sales people if one of the reasons for making a sales plan was the need to communicate and coordinate with other customer sales team members.

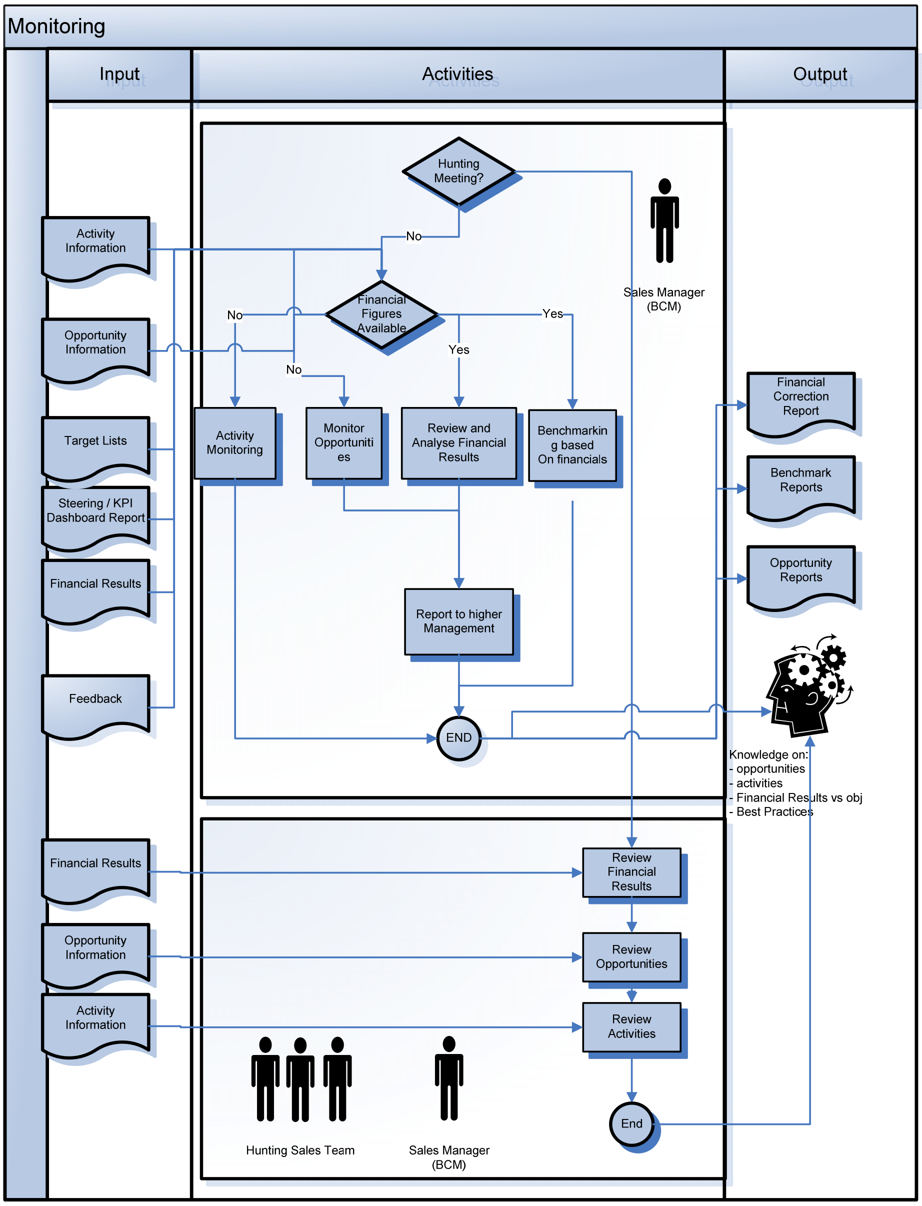
5.1.7.3 Monitoring

Within the context of relationship selling how do sales manager monitor their sales people?

Sales managers monitor hunters differently from farmers. Hunters are monitored based on a weekly sales meeting during which their results, opportunities, past and future activities are discussed. Even in mixed sales teams the hunters have a separate meeting from the farmers. For the hunters the meeting consists of communicating their problems and needs and exchange best practices with each other.

Farmers are monitored by their results and by the reports they produce. One of the outcomes of the monitoring process for the sales manager is to gain insight into what the sales people are doing and whit results it delivers. Additionally the outcome of the process is to report opportunity status of the sales team as whole to higher management and to correct and validate the financial results.

Figure 5-20: Monitoring Process Description



Source: Original

These findings enable the construction of the following proposition:

Within the context of relationship selling sales managers monitor their sales people activities, opportunities, and financial results based contact reports, opportunity reports and target lists obtained from the individual sales people and based on financial information obtained via central reporting systems and dashboards with the aim to obtain knowledge on what their sales people are doing and to correct and review information needed to report for their higher management.

Within the context of relationship selling why do sales managers monitor their sales people the way they do?

The process diagram shows that sales managers make one major decisions during the monitoring process:

1. *whether to use a reporting based monitoring process or whether to use team meetings to monitor the sales force.* Table 5.16 shows how the selling approach is a determining factor in what and how the sales manager monitors his or her sales team.

Table 5-16: Reporting versus Team Based Monitoring Activities

Selling Approach	**REPORTING BASED ACTIVITIES**			**TEAM BASED ACTIVITIES**
	Financial Monitoring	**Opportunity Monitoring**	**Activity Monitoring**	**Weekly Team Meetings**
HUNTING		Focus on follow up of activities.	Focus on amount of activities	Team Meetings with the hunter sales people only.
FARMING	Financial Analysis and Benchmarking	Focus on forecast	Focus on Customer Relationships	

Source: Original

These findings enable the construction of the following propositions:

Within the context of relationship selling sales managers choose to monitor their sales people through reports or through regular meetings based on the selling approach of the sales people.

Within the context of relationship selling sales managers monitor their hunting sales people through the number of sales visit reported to ensure that enough visits are being made and through the opportunity evolution to ensure that the visits made are effective.

Within the context of relationship selling sales managers monitor the farmer sales people through the content of the visits reports to ensure the relationship with the customers remains adequate, through the opportunity evolution to forecast future revenues and through financial benchmarking reports to ensure that the financial revenues are not behind in comparison with other sales teams.

Within the context of relationship selling sales managers monitoring farming sales people are focused on their customer relationships and the stability of their revenues whereby sales managers monitoring hunting sales people are focused on the activity levels of their sales people and whether those activities are effective.

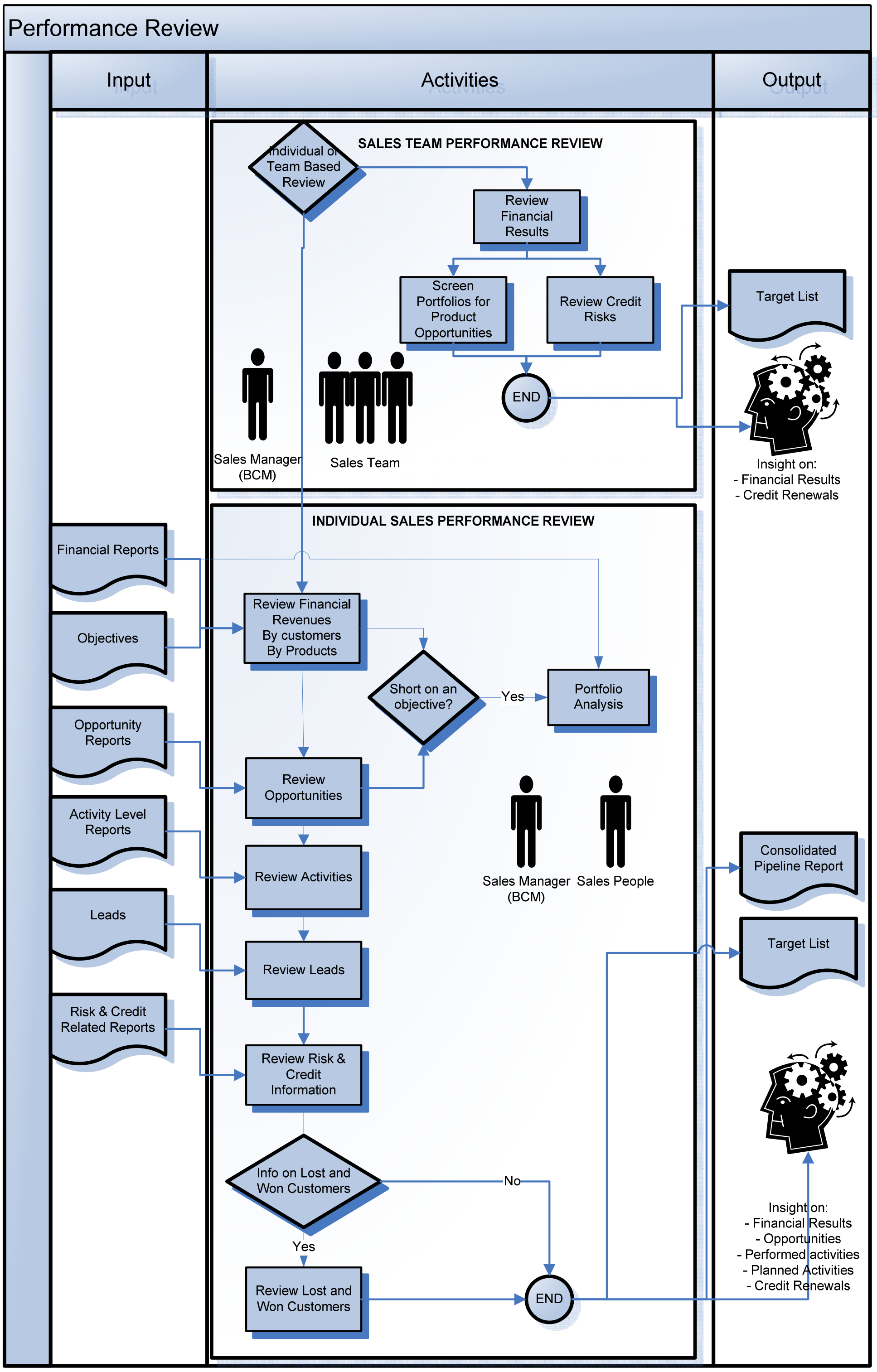
5.1.7.4 Periodical Performance Review

Within the context of relationship selling how do sales managers perform Performance Reviews of their sales people?

Sales managers perform two types of performance reviews. One through a team meeting and the other one is through an individual meeting with each sales person. Individual meetings are also referred to as coaching meetings. The objective of the individual performance review meetings is to review the performance of a sales person. The review starts, when financial figures are available, with a review of the financial results and then with a breakdown of these results by product. The following step is to review the outstanding opportunities which the sales person working on. This enables the sales managers to have an overview of how far the sales person is from reaching his or her objective today and whether the sales person is likely to reach his or her objectives with what is available in the pipeline. The next step is to review the activities performed with the sales person. During this review the sales person and his manager review the leads sent and received together with visit reports filed by the sales person. This provides them with a review of how the customers are evolving and whether enough activities are being performed by the sales person in their portfolio to reach their objective. Some sales managers also take the opportunity to review the whole portfolio of the sales people when they feel it is needed and that the sales person results are lagging. The main outcome of the exercise for both the sales person and the sales manager is insight into the results and the customer evolutions.

During the team meetings or sales meetings the sales managers usually focus on the team objectives and report how far the team is from reaching them. When the team is lagging on a specific product the meeting is also used to screen all the sales people's portfolio to search for potential product opportunities.

Figure 5-21: Performance Review Process Description



Source: Original

These findings enable the construction of the following propositions:

Within the context of relationship selling sales managers review individually with their sales people on a regular basis; their financial results, opportunity evolutions, activity levels, leads, customer risk and credit information and their portfolio evolutions in order to obtain and share insights about the evolution of each individual customer with the sales people and to enable them to create a consolidated pipeline report of the whole sales team for their own management.

Within the context of relationship selling sales managers review with their complete sales teams on a periodic basis the financial results of the overall team, the status of their credit risks and the opportunities available in their portfolio for a specific product for which the team is lagging behind in order to obtain a target list to follow up on and to share insight into the evaluation of the team objectives.

Within the context of relationship selling why do sales managers review their sales people performance the way they do?

The process diagram shows that sales managers make one major decision during the monitoring process:

1. *whether to use individual performance review or to have a team based performance review.*

The analysis of the interviews showed that sales managers decide to organise individual performance review meetings when:

- it is becoming more difficult to find new business in the market place. The sales people need to start cross selling more and the sales manager feels the need to follow up the sales people much more closely.

- the sales manager manages a large sales team. Within small sales teams all members interact frequently and the sales managers do not feel the need to organise formal review meetings with each sales person individually. In large teams however the sales manager has fewer opportunities to interact with his or her sales people and therefore has the need to individually meet with each sales person on a regular basis.

- problems occur with some customers in the sales person's portfolio. Some sales people did mention that the individual review meetings while formally defined on a regular basis in practice only happen when some problems occur within a customer portfolio.

The sales managers in France mentioned that their market growth was slowing down and that they would start to move from what they called an oral culture towards a formal culture. While they claimed that formal individual review meetings between a sales manager and his sales people should be implemented they lacked the formal rules and procedure to implement it systematically across all sales teams.

Two sales managers mentioned that while individual review meetings should happen every month the lack of available financial results made it often difficult to organise the review as there is very little to discuss. This meant that the review meetings were contingent on the availability of new financial data to discuss.

Analysis of the interviews revealed that the individual review meetings are only for farmer sales people while hunters review their performance on a regular basis during their weekly meetings. The difference was explained by one sales manager who manages a team consisting of both hunters and farmers. With farmers the sales managers need to review each customer individually which would in a team meeting not be relevant for any of the other sales people. With hunters the discussion is more about the selling situation and therefore more relevant to the other sales people.

Based on the analysis of the interviews we can conclude that the need and the application of individual performance review can be expressed as follows:

Table 5-17: Rules and Procedures for Performance Review

	Rules and Procedures On Conducting Individual Performance Reviews	
	Unavailable	**Available**
Market Maturity (new opportunities are not easily available)	Not applied / Needed	Applied / Needed
Emerging markets (new opportunities are easily available)	Not applied / Not Needed	Not applied / Not Needed
Small Sales Team	Not applied / Not Needed	Not applied / Not Needed
Large Sales Team	Not applied / Needed	Applied / Needed

Source: Original

These findings enable the construction of the following proposition:

Within the context of relationship selling the need for periodical individual performance reviews is based on market maturity and sales team size and is conditioned on the availability of rules and procedure on how to conduct such reviews.

5.1.7.5 Previous Propositions

Based on the information obtained during this phase of the project we are able to adapt the previously stated propositions of the pilot study as following:

Within the context of relationship selling sales control processes include; Objective Setting, Sales Planning, Monitoring ~~and Benchmarking~~, Periodical ~~Individual~~ Performance Reviews ~~and Yearly Performance Review~~.

Within the context of relationship selling the degree of data quality limits a sales manager's ability to perform their control activities.

Within the context of relationship selling the type of selling approach applied by the sales people influences the type of information needed by the sales manager to control his or her sales force.

5.1.7.6 Theory Saturation

During the interviews some references were made to two distinct concepts being the Global Relationship Manager and the Product Specialist. At the time of the interviews Commercial Banking had only a few large global accounts and was only starting to set-up a special sales role to manage them. Several sales managers did mention that rules to manage these accounts and how to coach the sales people still needed to be defined. Managing global key account is however already common place within another division of the bank called Merchant Banking which looks after all the large corporate and international customers. At the time of our research the bank had decided to implement a large common new CRM system and offered us (the researcher) the possibility to participate in a business process mapping exercise with Merchant Banking and all the separate product entities within the bank.

The next two pieces of research were aimed at analysing:

- Are the sales control processes different when managing large corporate or small to medium size companies?

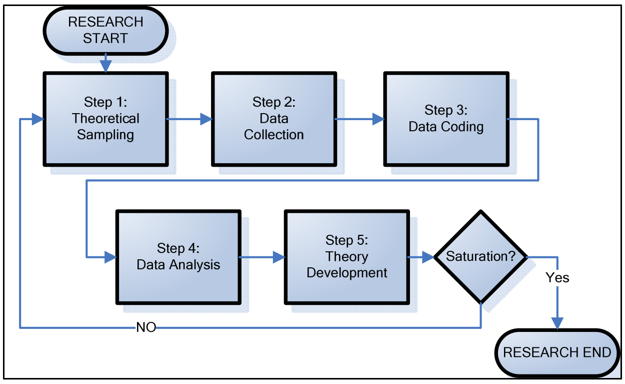
- Are the sales control processes different when managing a product driven sales force as opposed to managing a relationship driven sales force?

5.2 Phase 3: Merchant Banking Study

"Are the sales control processes different when managing large corporate or small to medium size companies?"

Figure 5.22 shows the research process adopted to perform this phase of the project.

Figure 5-22: Merchant Banking Process Overview



Source: Adapted from Strauss and Corbin (1998)

5.2.1.1 Theoretical Sampling

Merchant Banking is organised into separate business lines which each covering a specific market sector. Each business line was interviewed two times. The first time was to present the project and to gather some high level information about how they operated internally. Based on the first interview a draft set of the sales management processes were made. During the second interviews these process maps were refined and validated. The following business lines were involved in the interviews:

1. Global Fund Solution. This business lines focuses on selling financial services to Funds and Hedge Funds managers.

2. Energy, Commodities and Transport. This business lines focuses on namely the energy, commodity traders and transport sectors.

3. Institutional Banking. This business line focuses on selling financial services to other financial institutions.

4. Corporate Banking. This business line focuses on all the remaining industry sectors.

The following table shows a list of the number and the position of the people that participated in the interviews.

Table 5-18: Sample Interviewed

	GFS	ECT	Institutional Banking	Corporate Banking	TOTAL
Sales Managers	2	2	1	1	**6**
Sales People	2	0	2	2	**6**
Total	**4**	**2**	**3**	**3**	**12**

Source: Original

The amount of people who participated in these interviews was much smaller than for commercial banking. This can be explained as follows:

- Merchant Banking is a much smaller commercial organisation (approximately 800 Sales People) that Commercial Banking (approximately 1,500 sales people).
- Merchant Banking has only recently started to implement some sales management rules and procedures as opposed to commercial banking which has a longer history (8 years) of streamlining and automating their commercial organisation.
- The objective was to look for the differences with regards to commercial banking.

The selection of the people to interview was made by the marketing department of Merchant Banking. This department was also responsible for implementing the new sales and team management approaches within Merchant Banking. Again monthly meetings were organised to report the progress of the interviews and like with commercial banking after a number of interviews it was judged that no further insight was going to be found by adding any new interviews.

5.2.1.2 Data Collection

The interviews were very interactive and focused on mapping out all the processes and understanding their ways of working. For that reason the interviews were no longer taped but written notes and process schemas drawn on a white board with the interviewees form the basis of the data collected for this phase of the project. Those notes and process schemas were all imported into Atlas.ti and coded accordingly. Following the same methodology as for the previous part of this research all codes were grouped in to process related codes and into properties.

5.2.1.3 Data Coding

The main difference with the pilot and the Commercial Banking study is that looking to understand the concept of sales control was no longer the priority. Instead an attempt was made to identify and understand the differences between managing a sales force with small to medium size customers and one with large global corporations. The process of validating and further refining the existing categories is known as selective coding. As described by Strauss and Corbin (1987) the process consists of going back over all the data or by selectively collecting more data through theoretical sampling.

5.2.1.4 Data Analysis

Categories

Central to the organisation of the commercial activities of Merchant Banking is the concept of the Client Service Team. The analysis enabled further refinement of the understanding of the Sales Team Category and its relationship with the sales management activities. Figure 5.23 shows how the Sales Team category has been further developed into three separate sub categories: Sales Team, Global Relationship Management Team (GRM) and Client Service Team.

Figure 5-23: Types of Sales Teams

	Commercial Banking	Merchant Banking
Sales Team		
Roles		
Sales Managers	X	X
Internal Organisation		
Team or individual Obj Depends on how the work is organised in the Sales Team		
Sales Teams: Roles and Responsibilities		
Sales Managers decide whether to give personal Obj or not		
Generalist - Relationship Managers		
Hunters	X	X
Farmers		
Generalist - Global Relationship Managers		
Farmers - of international companies - GRM	X	X
Size		
Large	X	
Medium	X	
Small	X	X
Departments		
All members work in the same department of the same business line	X	X
Customer Type		
Small to Medium Size organisations	X	
Large international Corporations		X
Organised		
by Geography - Business Centres	X	
by Industry Sector - Merchant Banking		X
GRM Team		
Roles		
Global Relationship Manager	X	X
manage the overall risk exposure and therefore approves all credit requests		
Relationship Manager	X	X
manages the local risk and commercial relationship of an international organisation		
Departments		
All members work in the geographically different departments of the same business line	X	X
Customer Types		
Small to Medium Size Organisation which have legal entities located in different countries	X	
Large international Corporations which have legal entities located in different countries		X
Customer Service Team		
Roles		
Global Relationship Manager		X
manage the overall risk exposure and therefore approves all credit requests		
Relationship Manager		X
manages the local risk and commercial relationship of an international organisation		
Product / Skill Specialists		X
manages the product related commercial relationship with the customer		
Service Desk		X
manages the day to day requests from the customer		
Executive Involved		X
member of the Fortis Management Board and assist the Global Relationship Manager		
Departments		
Cross Departmental and business lines		X
Customer Types		
Large International Corporations		X
Degree of Formality		
Formal Customer Management Processes described in Booklet		X
customer management processes are formally described and agreed on		X

Source: Original

Axial Coding

Table 5.19 shows on overview of the different categories identified and how they relate to the each of the sales control processes.

Table 5-19: Axial Coding Overview

Categories	Objective Setting	Sales Planning	Montoring	Individual Perf Rev	Team Based Perf Review
Sales Team		**Account Planning Type**	**Type of Monitoring**		**Type Team Based Performance Review Meeting**
Client Service Team		Formal CST planning	Formal CST monitoring		CST Review Meeting
Sales Team		Informal Account Plan			Department Sales Meeting
Data Quality					
Ability to Measure	**Type Of Objectives**	**Process Effectiveness**			**Process Effectiveness**
Reporting: Ease of use					
SFA Tool Design			**Process Effectiveness**		**Process Effectiveness**
SFA Tool Use and Adoption					
Selling Approach					
Hunting - Farming	**Type of Individual Objectives**	**Type of Sales Plans**			
Hunting		Territory Plans (lack structure and rules)			
Farming		CST / Account Plans			

Source: Original

While the Selling Approach category was still mentioned and impacts to some extent on the sales management activities it is remarkably less central than with Commercial Banking. What is central within Merchant Banking is the farming activity and more specifically the management of the customer sales team. The axial coding analysis revealed that there are two types of sales control process. One type describes how a sales manager controls the sales people as part of his sales team while the other one describes how a Global Relationship Manager as part of the Customer Service Team controls the sales people part of that team.

Interestingly is also the lack of importance which is given to the process of Report Based Coaching or Individual Performance Review. It happens to some extent but it is certainly not a formalised process. Several interviewees mentioned that the sales people within Merchant Banking were senior enough not to require any coaching.

Coding for Process

Coding analysis of the control processes resulted in the following condition / consequence matrix:

Figure 5-24: Condition / Consequence Matrix

	Conditions		Action / Interaction	Consequeces	
	Macro	Micro		Micro	Macro
	Customer Importance	Client Service Team	Setup a Formal Client Service Team		
		Client Sales Team			
OBJECTIVE SETTING		Data Quality: Accuracy of Data	Assign Team objectives instead of individual objectives	Unable to assign individual objectives	Ineffective Objective Setting Process
PLANNING		Client Service Team	Requires a CST Planning Processes	Long process requiring the collaboration of all teammembers	
		Data Quality: Data Availability	Manually search / collect all the available financial data on a customer for planning purposes	Very time consuming excercise	Ineffective Sales Planning Process
				Planning is often based on inaccurate or incomplete customer data	
TEAM BASED PERFORMANCE REVIEW		Data Quality: Data Availability	Team Performance Review based on inaccurate results	Discussion and inability to use individual objectives	Ineffective Team Performance Review Process
		Data Quality: Data Accuracy			
		Tools: Sharing of information	Manually exchange files and information	Inaccurate Customer and Portfolio Results	Ineffective Team Performance Review Process
		Tools: SFA tool not used		No common customer database	

Source: Original

Like in the previous phase of this project the content of the matrix is used together with the process related information and is presented in the theory development section which follows.

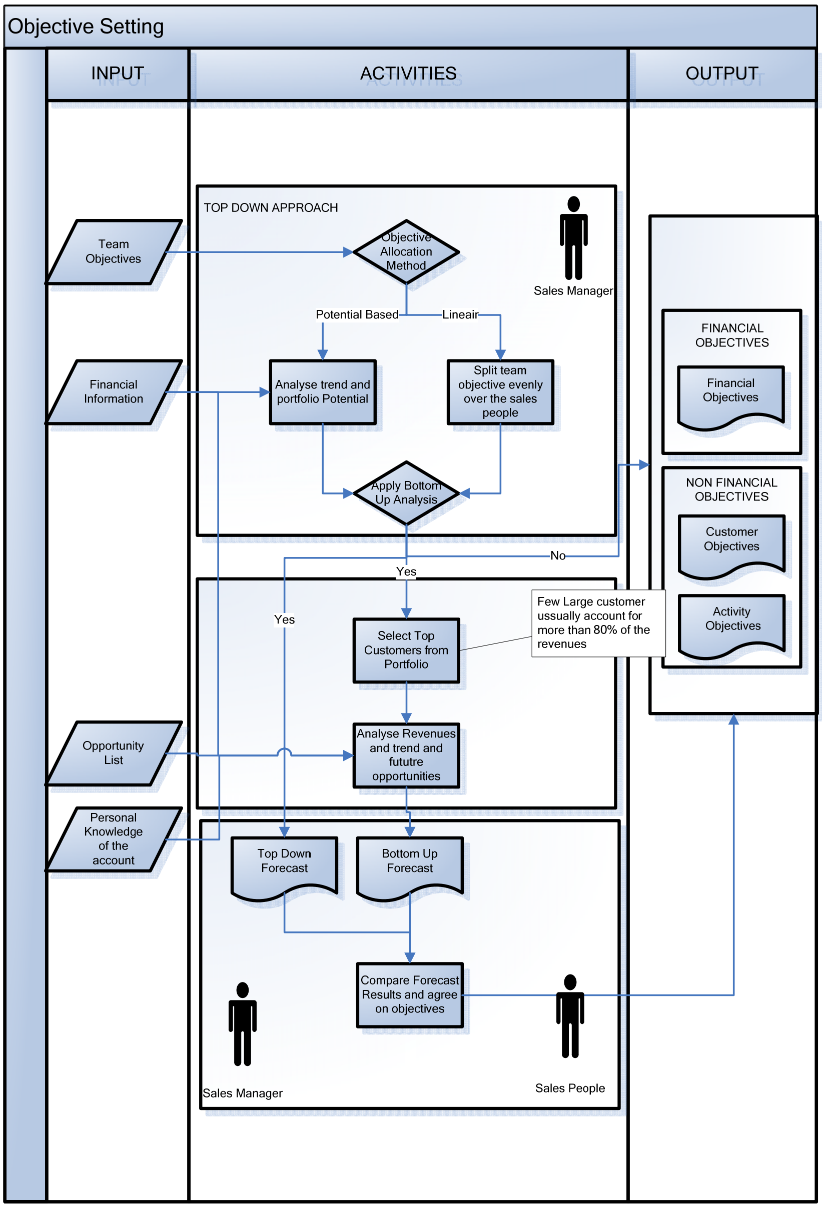
5.2.1.5 Theory Development

5.2.1.5.1 Objective Setting

Within the context of relationship selling how do sales manager assign objectives to their sales people?

The objective setting process diagram from Merchant Banking is very similar to that of the commercial banking in that there is a bottom up and the top down process. The main differences consist of the type of objectives. Merchant Banking receives no leads objectives and no product objectives. The reason why the concept of leads does not exist within Merchant banking comes from the fact that they are organised into formal client teams whereby the whole team is responsible to collaborate in order to conclude a transaction. It is also the nature of the customer which influences the type of objectives.

Figure 5-25: Objective Setting Process Description



Source: Original

These findings enable the following propositions to be constructed:

Within the context of relationship selling sales managers assign individual financial and non financial objectives to their sales people by dividing the overall sales team objective based on the sales person's experience, his or her past sales result history and based on the number of sales people available in the team.

The previously stated proposition remains unchanged as no substantial difference can be identified between the process from commercial and merchant banking.

Within the context of relationship selling why do sales managers assign objectives to their sales people the way they do?

The process diagram shows that sales managers from merchant banking make three decisions during the objective setting process:

1. *assigning team based or individual objectives.* Table 5.20 shows that the main difference between Merchant and Commercial Banking is that within Merchant Banking the Farming sales people also receive individual objectives. Another difference is the impact of the Data Quality which at commercial banking impacted the type of non financial objectives that could be assigned. At Merchant Banking it impacts also whether or not individual financial objectives are assigned or not. Because the main difference between Merchant and Commercial is the type / size of the customers. For that reason we conclude that the type of customer a sales person manages impacts the objective he or she receives.

Table 5-20: Merchant Banking Study, Types of Objectives

CUSTOMER TYPE	Objective Types Selling Approach	Non Financial Objectives	Financial Objectives

COMMERCIAL BANKING CUSTOMER	**Hunting**	*Individual Level*	**Team Organisation**	**Individual Organisation**
			Team Level	*Individual Level*
	Farming	*Individual Level*	*Team Level*	
MERCHANT BANKING CUSTOMER	**Hunting / Farming**	*Individual Level*	*Team Level*	

Source: Original

Although the table has changed in comparison with commercial banking both propositions still stand.

Within the context of relationship selling sales managers assign non financial objectives to all individual sales people.

Within the context of relationship selling sales manages assign financial objectives at an individual or at a team level based on the selling approach and the way the sales activities are organised within the team.

2. *which objective setting method to use. No differences where found with the previous findings.*

No changes were needed to the following proposition:

Within the context of relationship selling the sales managers apply a potential or a linear based allocation method depending on nature of the process being top down only or top down and bottom up.

3. *top down process or allow a bottom up process.* No changes were needed to the following proposition:

Within the context of relationship selling sales managers adopt a top down or a top down and bottom up process based on the selling approach of the individual sales persons.

Notes on Data Quality

At the time of the interviews Customer Service Teams did not receive individual objectives. The Sales Objectives were still defined at the level of the Team or the Portfolio. As the concept was only being introduced recently the organisation was still struggling with the change management aspects of the concept. The main obstacles that were delaying the introduction of customer objectives were:

- the complexity of aligning such objectives within the budgeting process of the whole organisation.
- the complexity of introducing a worldwide customer based accounting system across 600 legal entities part of the Fortis Organisation each with their own P&L accounting systems and rules.

During the period of the research a project had started aiming to develop a global customer based profitability reporting system.

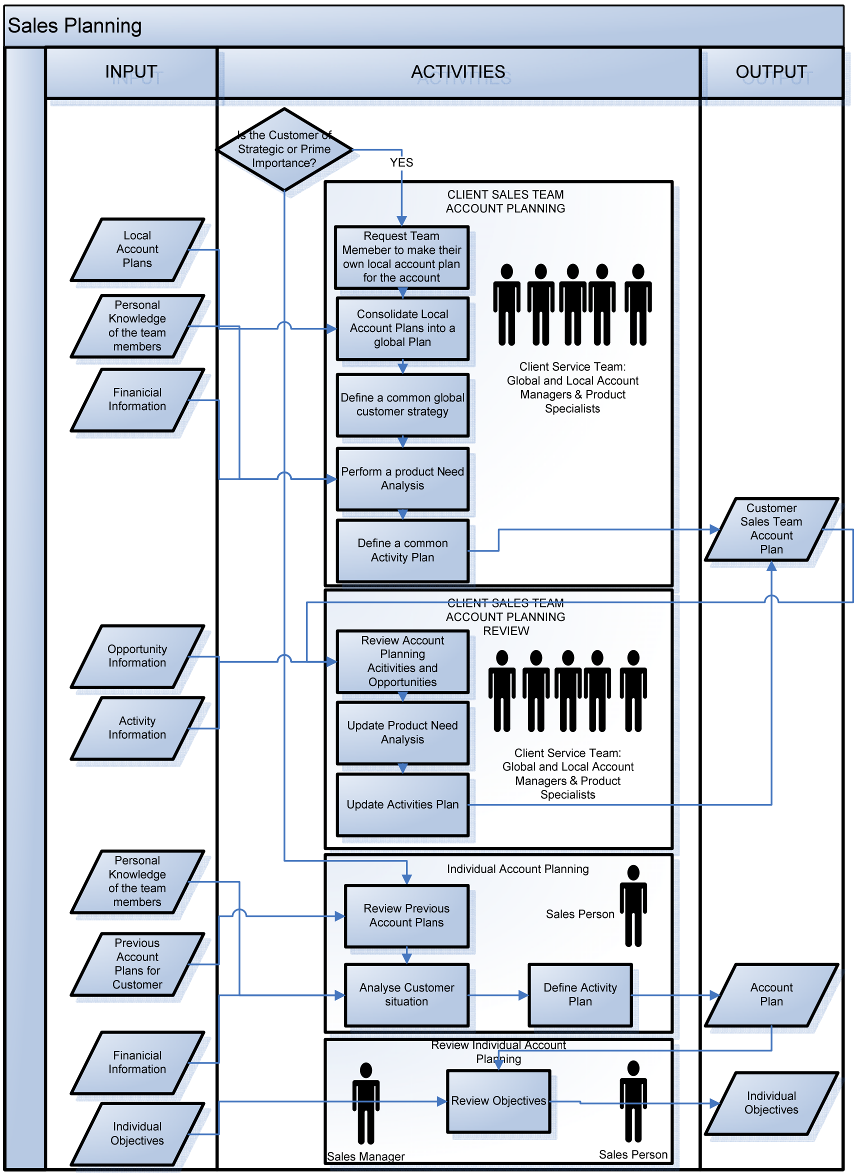
5.2.1.5.2 Sales Planning / Review

Within the context of relationship selling how do sales managers control the sales planning activities of their sales people?

The analysis of the planning process reveals two types of account planning, that made by a sales team and that made by the relationship manager alone. Within Merchant Banking all customers are segmented into 4 segments. Prime and Strategic customers are the highest segments and for each of these customers there is a team of sales people who formally work together and at least in theory share the same customer objective. This team is called the client sales team and includes different relationship managers, operating in different geographical regions where the customer is active, and product specialists. Once a year they come together and based on their local plans they make a global account plan for the customer. Standard and Lean customers are the two lowest customer segments whereby lean customers are managed by a service centre which do not make account plans. Standard customers are managed by a sales person and for which the sales person makes an individual account plan but without inviting any other product specialists. The content of the account plan consist of 3 parts and is the same for all customers. The first part is a free text in which the customer's business and their strategy is described. The second part contains what is called a "product gap" analysis and consists of a list of all the main groups of products and services the bank has. The sales person must for each group of product identify whether the customer already uses the product, has a need for it and whether the customer uses the product or service with Fortis. On that basis a number of potential opportunities are identified upon which the sales person works during the year. The third part contains an activity plan which explains what the sales person has done and will do to work on these potential opportunities.

The process map, shown in figure 5.26, does show that for standard customers account plans are made but there seems to be no follow up process to review whether the sales person actually followed the plan. That this follow up process does not exist was confirmed by the marketing department who pointed out that, at the moment, the management focus was geared towards the follow up of the account plans made by the sales team for the prime and strategic customers only. The client service teams are expected to meet on a quarterly basis to review the status of the opportunities and the activities. It is the responsibility of the global relationship manager to coordinate and monitor the good execution of the account plan across all the team members.

Figure 5-26: Sales Planning Process Description



Source: Original

The findings enable to adapt some of the following propositions:

Within the context of relationship selling sales managers request their sales people *<u>who manage non strategic accounts</u>* to make sales plans and this is reviewed in order: to communicate the sales plans in the form of a target list to the members of the sales teams; to develop insight into their portfolio and to plan pro actively commercial activities towards their customers.

Within the context of relationship selling sales managers request their sales people who manage their strategic accounts to make a sales plan together with all the members of the client service team in order to jointly agree on the account potential, the products to target at the account and the activities to perform.

Within the context of relationship selling sales manager request their sales people who manage their strategic accounts to review on a periodical basis the status of the plan together with all members of the client service team in order to share account information by reviewing the opportunities and to coordinate future activities.

The process diagram shows that sales managers within Merchant only make one decision during the planning process:

1. *what type of planning process to implement.* Table 5.21 shows that in comparison with Commercial Banking the dimension are the same. What differs is the type of customers they serve as a large customer for Commercial is considered a small for Merchant Banking.

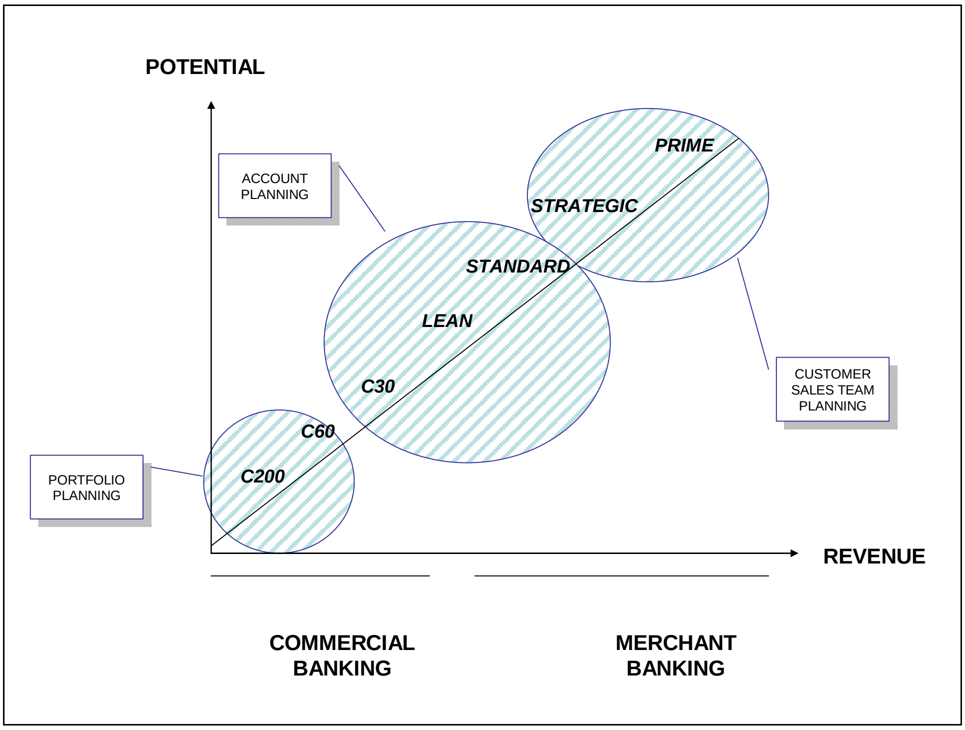
Table 5-21; Types of Sales Plans Made

Selling Approach	**Type of Sales Plan**			
Hunting	*Prospect Plan*			
Farming	***Commercial Banking***		***Merchant Banking***	
	Low – Medium Customer Potential	*Medium High Customer Potential*	*Low – Medium Customer Potential*	*Medium High Customer Potential*
	Portfolio Plan	*Account Plan*	*Account Plan*	*Customer Sales Team Plan*

Source: Original

While commercial and merchant banking could be seen as two separate commercial and even banking organisations they are actually one because they serve different customer segments (shown in figure 5.27). When the research was started within Merchant Banking it was looked at comparing it with Commercial Banking. Actually it was realised that while they are two different banking organisations they cannot really be compared like for like because they serve different types of customers. This also shows that when researching sales organisations only organisations that target similar types of customers should be compared because otherwise the comparison is incorrect.

Figure 5-27: Types of Sales Planning Processes



Source: Original

Despite the change in the table the wording of the proposition still stands.

Within the context of relationship selling sales managers request their sales people to make different types of sales plans based on the selling approach and the importance of the customer as part of the sales person's portfolio.

The process map of Commercial Banking included two more decisions a sales manager had to make when organizing a sales planning process.

2. *whether to apply a sales planning process or not.* Within Merchant Banking the option of not creating an account plan does not exist. It is assumed that an account plan is made for all customers. Commercial banking sales people make detailed account plans for their top customers. Top customers of commercial banking are the bottom customers for Merchant Banking. More over the need for coordination and communication among all the sales people is far greater within Merchant Banking as more people are involved for a single customer.

No changes were made to the previously made propositions.

Within the context of relationship selling sales managers request their sales people to make sales plans when they perceive that; the sales people lack knowledge on their own accounts; that the growth in sales results is slowing down or that there is a need to communicate and coordinate activities with other sales forces working on the same accounts.

Within the context of relationship selling sales managers believe that the sales planning process; fosters customer insight for the sales people; induces pro-active behaviour of the sales person versus their customers and ensures communication and coordination between the customer sales team members.

3. *whether the process is a one-off internal process or whether it is distributed and followed up on.* During the interviews nothing was mentioned about a follow up on the individual account plans. Instead all the attention during the interview went to discuss the Customer Sales Team Planning and Review Process. This review process is formally defined in terms of rules and procedures and is part of the team based performance review. This does not change any of the previous findings but it confirms that if the

condition of making an account plan is to communicate and coordinate activities and information with team members than these plans are followed up on.

On this basis the following proposition is adapted as follows:

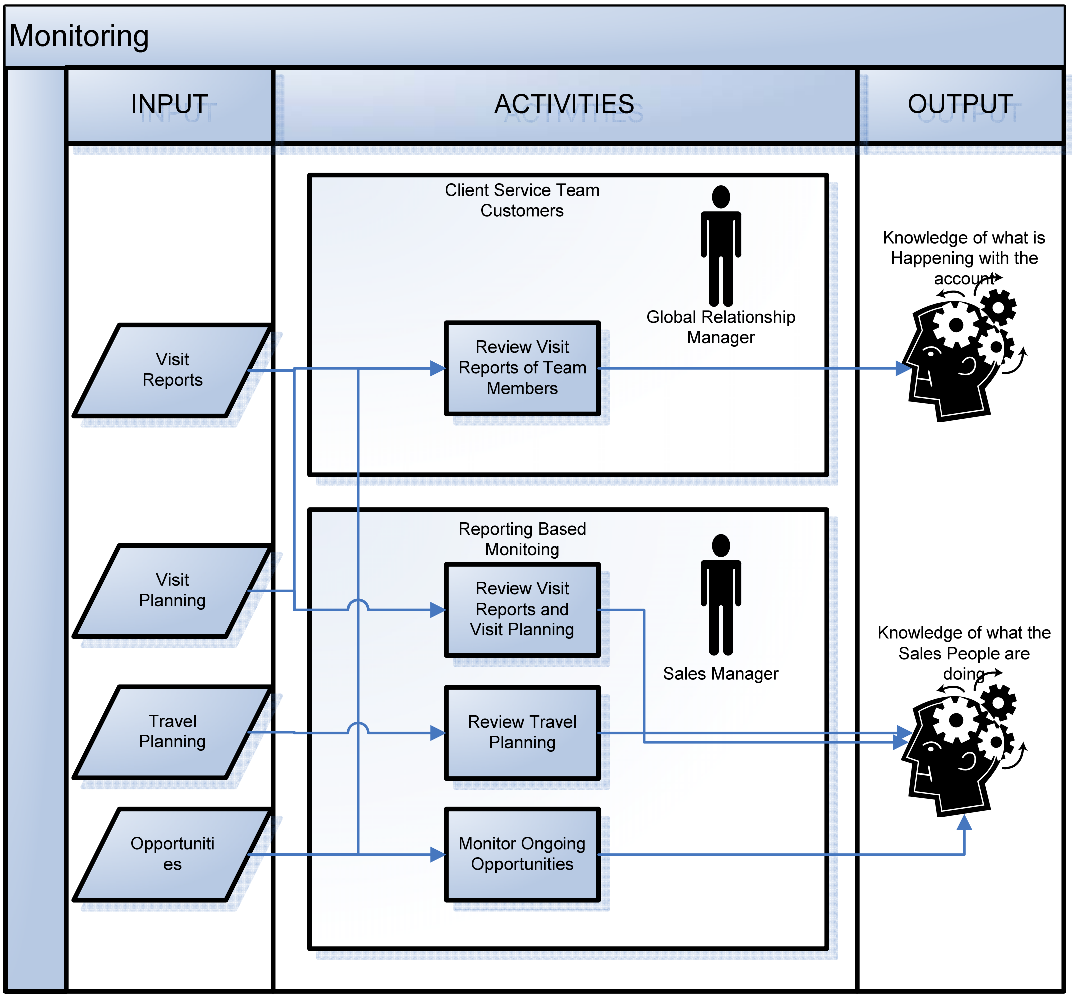
Within the context of relationship selling sales managers are more likely to follow-up on the sales plans made by their sales people if one of the reasons for making a sales plan was the need to communicate and coordinate with other customer sales team members.

5.2.1.5.3 Monitoring

Within the context of relationship selling how do sales manager within Merchant Banking monitor their sales people?

The process map, figure 5.43, shows that there are different types of monitoring processes. The first is the process whereby the global relationship managers monitors the visit reports made by the sales people as part of their customer sales team. The second process is where the sales manager monitors the visit reports, opportunities and travel requests made by the sales people as part of their functional team.

Figure 5-28: Monitoring Process Description



Source: Original

Very little information was obtained during the interviews on the monitoring process. Given the number of people interviewed and the fact that nobody could really explain the process, leads to believe that within Merchant banking very little monitoring is done. One reason for this may be the fact that at the time of the interviews the Customer Sales Team concept was in full implementation mode throughout Merchant Banking. For this reason the previously stated proposition remained unchanged but a new proposition is added to describe the monitoring process of the client service team.

Within the context of relationship selling sales managers monitor their sales people activities, opportunities, financial results based contact reports, opportunity reports and target lists obtained from the individual sales people. This is compared with financial information obtained via central reporting systems and dashboards with the aim to obtain knowledge on what their sales people are doing and to correct and review information needed to report for their higher management.

Within the context of relationship selling sales people responsible for managing strategic customers monitor the activities of their client service team members with the aim to obtain knowledge on the activities performed at the account.

Within the context of relationship selling why do sales managers monitor their sales people the way they do?

The process diagram shows no real decisions that needs to be made by the sales manager. It does however show that there two types of monitoring processes as shown in the table 5.22:

1. Monitoring the Client Service Team by the Global Relationship Manager

2. Monitoring the Sales Team by the Hierarchical Sales Manager.

Table 5-22: Types of Sales Control Monitoring Processes versus Sales Approaches

	REPORTING BASED MONITORING			**SALES TEAM BASED MONITORING**	**CLIENT SERIVCE TEAM MONITORING**
	Financial Monitoring	Opportunity Monitoring	Activity Monitoring	Weekly Team Meetings	Activity Monitoring
HUNTING		Focus on follow up of activities.	Focus on amount of activities	Team Meetings with the hunter sales people only.	

FARMING	Financial Analysis and Benchmarking	Focus on forecast	Focus on the content and purpose of the visit. (-> they monitor the evolution of the Customer Relationship)		Focus on the content and purpose of the visit.

Source: Original

On this basis the following propositions are adapted as follows:

Within the context of relationship selling sales managers choose to monitor their sales people through reports or through regular meetings based on the selling approach of the sales people.

Within the context of relationship selling sales managers monitor their hunting sales people through the number of sales visit reported to ensure that enough visits are being made and through the opportunity evolution to ensure that the visits made are effective.

Within the context of relationship selling sales managers monitor the farmer sales people through the content of the visits reports to ensure the relationship with the customers remains adequate, through the opportunity evolution to forecast future revenues and through financial benchmarking reports to ensure that the financial revenues are not behind in comparison with other sales teams.

Within the context of relationship selling sales people responsible for managing the strategic account choose to monitor the content of the activities through the visit reports.

5.2.1.5.4 Performance Review

Within the context of relationship selling how do sales managers at Merchant Banking perform Performance Reviews of their sales people?

The process map, figure 5.29 shows that there are three types of performance reviews:

1. Individual Performance Reviews. These reviews are far less formal and elaborate than with commercial banking. They focus much more on the financial results and on the deals available in the pipeline.

2. Customer Service Team Account Plan Reviews. These meetings are organised every quarter with all the team members to review the opportunities and the activities versus the account plan that was made.

3. Team Based Sales Meeting. The content of the team meeting consist of a review of:

    a. Financial results

    b. Pipeline information

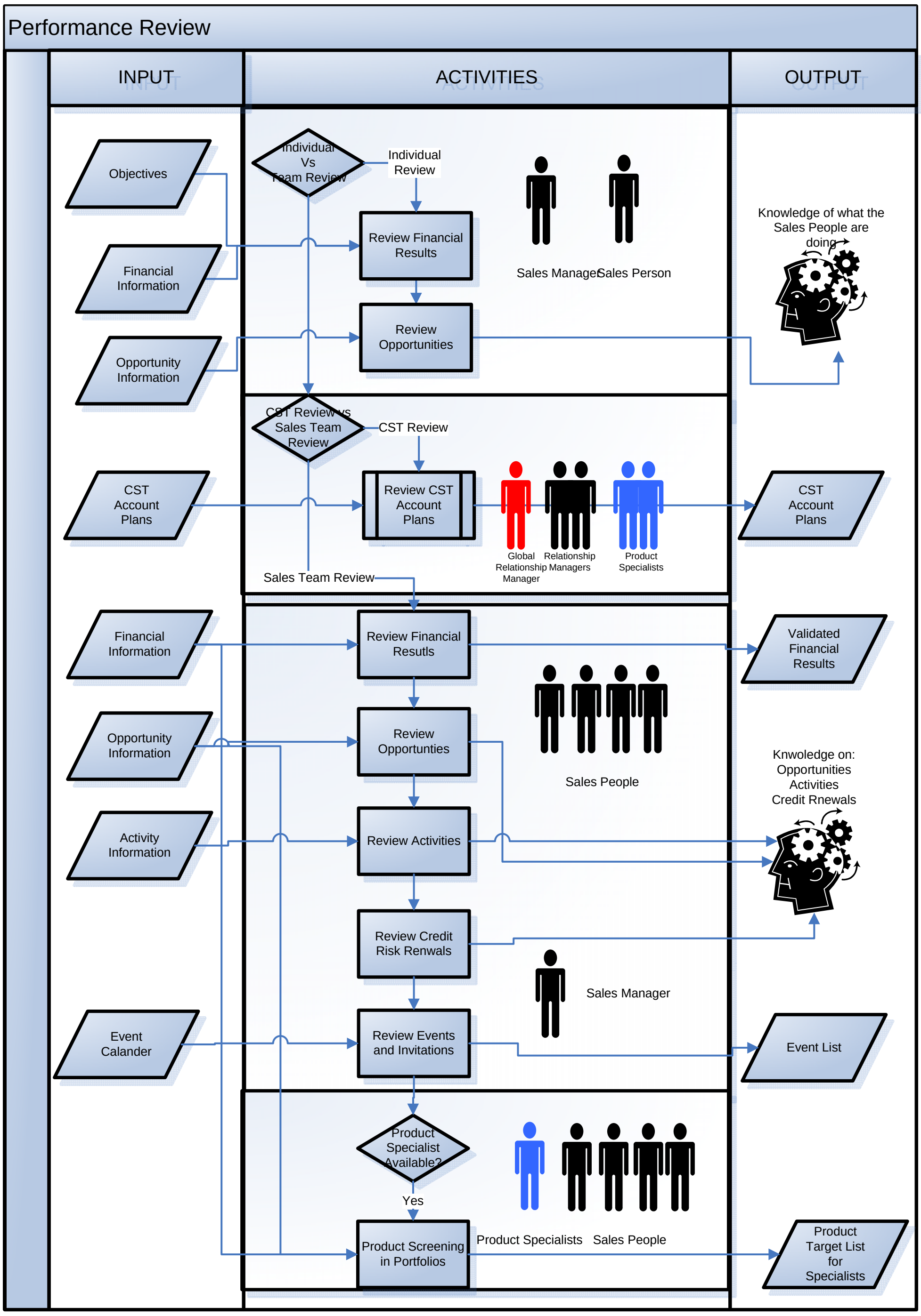
    c. Past and future activities

    d. Credit Renewals

    e. Marketing Events

    When requested by a product specialist the meeting can be used to screen all the portfolios to find potential opportunities for a specific product.

Figure 5-29: Performance Review



Source: Original

At the time of the interviews there was an initiative from the marketing department to promote individual performance reviews between the sales managers and their sales people. As the initiative only recently started the process was still far less applied and formalised in comparison with Commercial Banking. Because Merchant Banking regarded Commercial Banking as the best practice in terms of how to conduct individual performance reviews the previously defined proposition remained unchanged.

Within the context of relationship selling sales managers review individually with their sales people on a periodic basis; their financial results, opportunity evolutions, activity levels, leads, customer risk and credit information and their portfolio evolutions in order to obtain and share insights about the evolution of each individual customer with the sales people and to enable them to create a consolidated pipeline report of the whole sales team for their own management.

Within the context of relationship selling sales managers review with their complete sales teams on a periodic basis the financial results of the overall team, the status of their credit risks and the opportunities available in their portfolio for a specific product for which the team is lagging behind in order to obtain a target list to follow up on and to share insight into the evaluation of the team objectives.

Within the context of relationship selling why do sales managers review their sales people performance the way they do?

The process diagram shows that sales managers make two decisions during the performance review process:

1. *whether to use individual performance review or to have a team based performance review.* The main constraint for Merchant Banking not to implement individual performance reviews was the lack of rules and procedures and also the lack of accurate data to support this process. Because Merchant Banking has fewer customers and fewer transactions the low quality of the data is much more visible. It is also much more an issue as for large customer transactions are booked all over the world on different booking platforms of Fortis. Collecting all the information centrally to produce reports seems to be a real problem. On this basis having individual performance reviews is difficult since there is less quantitative data available to use during the meeting. As a result individual performance reviews are not centrally encouraged at the moment.

   The proposition remained unchanged.

   Within the context of relationship selling the need for periodical individual performance reviews is based on market maturity and sales team size and is conditioned on the availability of rules and procedure on how to conduct such reviews.

2. *whether to apply a Client Service Team(CST) review or a sales team review.* It is important to notice that the one type of sales meeting does not exclude the other one. A sales person will attend a CST meeting as part of that customer team and he or she will also attend a sales meeting organised by their hierarchical sales manager.

   On this basis the following proposition is constructed:

Within the context of relationship selling sales people which are part of the customer service team will participate in sales performance review meetings of their functional sales teams and of their client service team.

5.2.1.6 Conclusions and Previous Propositions

The analysis of the interviews revealed that in comparison with Commercial Banking very few formal rules and procedure exist within Merchant Banking. The reasons given were:

- fewer customers to manage leading to far less focusing on efficiency of internal processes and much more focus on servicing each customer individually leading to the setup of Customer Sales Teams.

- merchant banking sales people (called corporate officers) are senior and are expected to need far less supervision and control than their counterparts at commercial banking.

This leads to the following conclusion:

While there are less formal rules regarding the control of a sales team there are very formal rules defined on the roles and responsibilities of all the members within a client service team. The need to formally describe all these roles and procedures stem mainly from the fact that a Client Service Team introduces the concept of matrix organisation structure within the bank. Each sales person is part of one or several client service teams is accountable to his direct sales manager within the business lines but also to the individual Global Relationship Managers of the Client Service Team.

On this basis the following proposition is constructed:

Within the context of relationship selling the need for formal rules and procedures on how to control the sales people is dependent on the size of the sales force and on the seniority of the sales people part of the sales force.

Previous Propositions

Based on the information obtained during this phase of the project, the previously stated propositions of the pilot study were adapted as following:

Within the context of relationship selling sales control processes include; Objective Setting, Sales Planning, Monitoring, and Periodical Performance Reviews.

Within the context of relationship selling the degree of data quality limits a sales manager's ability to perform their control activities.

Within the context of relationship selling the type of selling approach applied by the sales people influences the type of information needed by the sales manager to control his or her sales force.

5.2.1.7 Theory Saturation

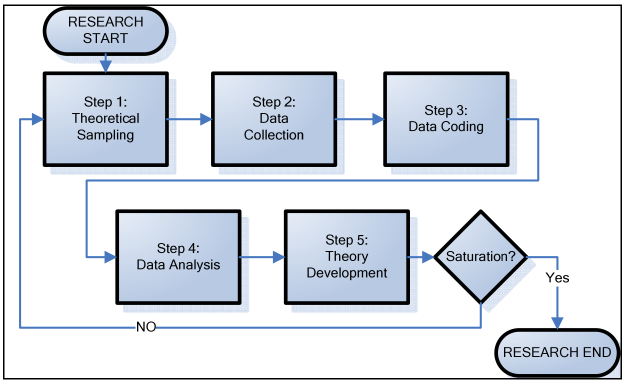
At the time of the interviews many issues regarding budgeting, objective setting and evaluation had still not been formally defined. Further study is required on how the Sales Control process of the Client Service Team coexists with the Sales Control processes of the sales teams within the business lines. However at the time of the research the Fortis Case would not have enabled us to explore these aspects further. For that reason we conclude that sufficient information regarding control processes of traditional sales teams and individual customer sales teams was gathered.

5.3 Phase 4: Product Specialists Study

"Are the sales control processes different when managing a product driven B2B sales force as opposed to managing a relationship driven sales force?"

Figure 5.30 shows the research process that was following for this phase of the project.

Figure 5-30: Product Specialists Process Overview



Source: Adapted from Strauss and Corbin (1998)

5.3.1 Theoretical Sampling

Fortis is organised into commercial entities which are the Commercial Banking and Merchant Banking (the generalist sales people) and product entities which are: Leasing, Global Export and Project Finance, Global Security and Fund Groups, Loan Syndications, Commercial Financial Commercial Mergers, Global Markets among others. The entities interviewed were selected based on their willingness to participate. The following table shows a list of the number and type of people that participated in the interviews.

Table 5-23: Sample of Interviewees

	Leasing	GEPF	GSFG	Loan Syndications	CFCM	Total
Sales Managers	4	1	2	1	1	9
Sales People	4	1	1		2	8
Total	**8**	**2**	**3**	**1**	**3**	**16**

Source: Original

The marketing department of Merchant Banking is also responsible for the product specialist groups with the exception of Leasing. For that reason it is through them that access to the product specialists was obtained. Access to Leasing was actually done directly as they asked to be part of the review. Leasing wanted to implement the same commercial tools and processes as Commercial and Merchant Banking and therefore were keen to provide access to their commercial teams. Leasing is a separate legal entity which has their own central marketing department. This department made it possible for accessing several of their sales forces in Poland, France, Belgium, UK and the Netherlands which are the main countries in which they are active.

Based on the type of activities these entities can be grouped into two main commercial categories; Deal Oriented and Customer Oriented Category. The deal oriented category comprises:

- Global Export Finance (GEPF), who finance large export deals or projects such as financing power plants in Africa or Asia.

- Commercial Finance and Commercial Mergers (CFCM), who manage mergers, acquisitions and IPO's

- Loan Syndications, who collaborate with other financial institutions to finance investments which are so large that no one bank can take the risk on their own.

The customer oriented category comprises:

- Leasing, who maintain relationships with their customers continuously aiming to convince their customers to use leasing as an alternative to traditional loans.

- GSFG, who maintain relationships with the fund management companies and offers very specialized trading services.

5.3.2 Data Collection

The data collection method was exactly the same as with Merchant Banking.

5.3.3 Data Coding

The data coding method was exactly the same as with Merchant Banking.

5.3.4 Data Analysis

Analysis of the interviews from the customer oriented business units (GSFG and Leasing) show very little to no differences with the management control processes identified within Commercial Banking. This can mainly be explained by the fact that both organisations used to be completely separate entities that were initially setup to acquire and maintain their own customers. For these reasons they are not further taken into account into the analysis. The focus is on the Deal Oriented companies.

The categorisation of the coding revealed a new form of sales team known as the Deal Team. As opposed to work on a portfolio of customers the focus is here on working on winning a deal. Each time a deal is identified a deal team is formed to work on it.

Table 5-24: Characteristics of a Deal Team

Deal Team
Roles
Bid / Deal Manager
Participants
We spend about 60% of our time working on deals and 40% on commercial activities.
Focus
Opportunities
Departments
All members are part of the same department

Source: Original

Another main difference is on the selling approach. Just like the other business lines they are involved in hunting. Nevertheless there is difference in that they do not hunt for new customers they are hunting for particular deals. The main difference is that the natures of the deals are not often leading to long lasting customer relationships. Examples of the type of deals are: a merger of two companies or the financing of a project to build a dam in Asia and owned by several companies who form a partnership for the project.

Table 5-25: Selling Approach Category Description

Selling Approach		
	Customer Oriented	
		Hunting
		Farming
	Activities	
		Type of Selling Activities
	Deal Oriented	
		Hunting

Source: Original

Coding for Process

Close analysis of their sales control processes show that they are limited to just one activity which is Monitoring. The nature of their sales activities make it so:

- that they cannot set individual objectives,
- they cannot make account or prospect plans,
- there is no need for individual performance reviews because all the work is done in teams
- team based performance reviews are not needed because they have weekly or biweekly team meetings to monitor the progress of the deals they work on.

These reasons explain why it was not possible to capture any substantial amount of detailed information on their sales control processes and hence no process maps were made.

Axial Coding

Table 5-26: Product Specialist Study, Axial Coding

Categories	Portfolio Design	Objective Setting	Sales Planning	Montoring	Individual Perf Rev	Team Based Perf Review
Sales Team						
Size				Informal / Formal		
Deal Team		Team Based Objectives				
Market						
Few Large Deals Available			Not Applicable			
Data Quality						
SFA Tool Design				Process Efficiency		
Selling Approach						
Deal Oriented	Not Applicable		Not Applicable			

Source: Original

The fact that they work globally does require them to communicate a lot. The lack of a good Sales Force Automation system requires a lot of manual work to ensure that all team members are always informed about everything.

Condition / Consequence Matrix

The information obtained from the matrix shown in figure 5.27 is used in the theory development section together with the process data obtained.

Table 5-27: Condition / Consequence Matrix

	Conditions		Action / Interaction	Consequeces	
	Macro	Micro		Micro	Macro
OBJECTIVE SETTING		Deal Team Oriented	Customer are not assigned into portfolios	Team Based Objectives	
PLANNING		Few very large deals are concluded yearly	Business opportunities cannot be planned	No planning process	
MONITORING	Small Sales Teams	No centralised Tools for reportig are available	A manual process of collecting on a monthly bases all the visit and opportunity information form each of the operating countries. The information is centralised and distributed again.	Very inefficient and long procedure to share information.	
		Deal Team Oriented	Monitoring through sales meetings		

Source: Original

5.3.5 Theory Development

5.3.5.1 Objective Setting

Within the context of relationship selling how do sales manager assign objectives to their sales people?

No process map available. The sales managers do not assign individual objectives.

Within the context of relationship selling why do sales managers assign objectives to their sales people the way they do?

From the condition / consequence matrix we conclude that the type of deals organisations do impact how they organise their sales teams and in turn impacts how objectives are assigned. Table 5.28 shows how the selling approach of each of the business lines together with the type of objectives they assign to their sales people.

Table 5-28: Type of Objectives by Business Line

<table>
<tr><th>CUSTOMER TYPE</th><th>Objective Types
Selling Approach</th><th>Non Financial Objectives</th><th colspan="2">Financial Objectives</th></tr>
<tr><td rowspan="3">COMMERCIAL BANKING CUSTOMER</td><td rowspan="2">Hunting</td><td rowspan="2">Individual Level</td><td>Team Organisation</td><td>Individual Organisation</td></tr>
<tr><td>Team Level</td><td>Individual Level</td></tr>
<tr><td>Farming</td><td>Individual Level</td><td colspan="2">Team Level</td></tr>
<tr><td>MERCHANT BANKING CUSTOMER</td><td>Hunting / Farming</td><td>Individual Level</td><td colspan="2">Team Level</td></tr>
<tr><td>DEAL ORIENTED</td><td>Hunting</td><td>Team Level</td><td colspan="2">Team Level</td></tr>
</table>

Source: Original

Based on the new insight the following proposition had to be abandoned on the basis that is to descriptive:

~~Within the context of relationship selling sales managers assign objectives, to their sales people by dividing the overall sales team objective based on the sales person's experience, his or her past sales result history and based on the number of sales people available in the team.~~

5.3.5.2 Sales Planning / Review

Within the context of relationship selling how do sales manager control the sales planning activities of their sales people?

Not applicable for Deal Oriented Sales Teams

Within the context of relationship selling why do sales managers organise the sales planning activities of their sales people the way they do?

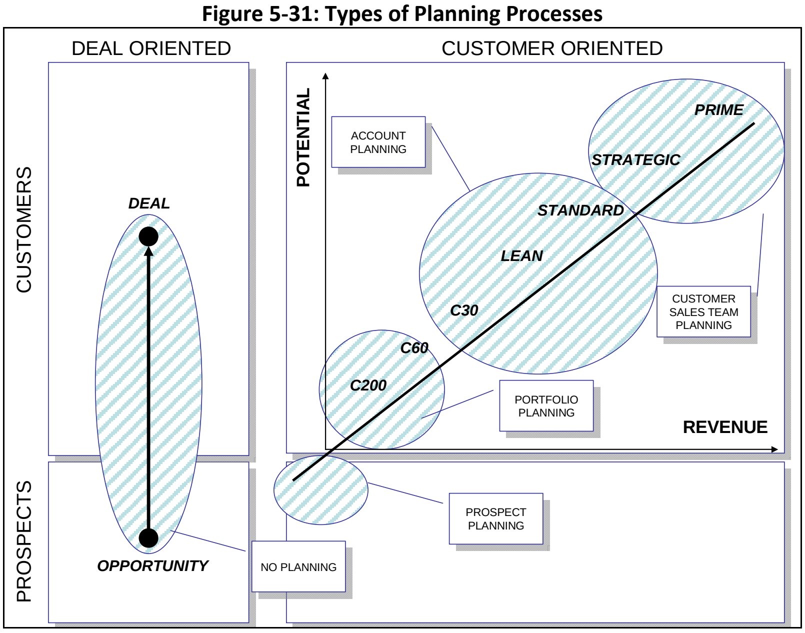
Deal Team Oriented sales teams do ask their sales people to make individual sales plans. On this basis the previously developed table 5.29 is extended.

Table 5-29: Types of Sales Plans Made

Selling Approach	Type of Sales Plan			
HUNTING	***Sales Team Oriented***	***Deal Team Oriented***		
	Prospect Plan	*No Planning*		
FARMING	***Commercial Banking***		***Merchant Banking***	
	Low – Medium Customer Potential	*Medium High Customer Potential*	*Low – Medium Customer Potential*	*Medium High Customer Potential*
	Portfolio Plan	*Account Plan*	*Account Plan*	*Customer Sales Team Plan*

Figure 5.31 shows the difference between a new deal for a deal oriented sales team and for a customer oriented sales team. For a customer oriented sales team a new deal is the start of a relationship which can be further developed. For the deal oriented sales team it is a one off.

Figure 5-31: Types of Planning Processes



Source: Original

5.3.5.3 Monitoring

Within the context of relationship selling how do sales manager within Merchant Banking monitor their sales people?

No process map available.

Within the context of relationship selling why do sales managers monitor their sales people the way they do?

The analysis of the interviews show that the members of the different deal teams do share a vast amount of information and that they do come together many times to discuss and monitor the progress of the deal there are working on. The question raised when analysing the activities is whether their team meetings are for monitoring or for performance review purposes? The question is even more pertinent when the analysis also reveals that they do not have any type of performance review meetings. It was decided to categorise these meetings as monitoring meetings rather than performance review meetings for the following reasons:

- The objective is to coordinate each other's individual activities on the opportunity.
- Financial results are not discussed during these meetings but the focus is on the deals and the activities.
- GEPF has it twice a month and CFCM has it on a weekly basis.

This also raises the suspicion that some form of performance review meeting does happen but that the interviewees did not deem it to be relevant during the interviews. Table 5.30 shows how this extends the previous findings.

Table 5-30: Type of Monitoring Activities

	REPORTING BASED MONITORING			SALES TEAM BASED MONITORING	CLIENT SERIVCE TEAM MONITORING	DEAL TEAM MONITORING
	Financial Monitoring	Opportunity Monitoring	Activity Monitoring	Weekly Team Meetings	Reporting based Activity Monitoring	Weekly or Biweekly Team Meetings
HUNTING		Focus on follow up of activities.	Focus on amount of activities	Team Meetings with the hunter sales people only		Team meeting with the members of the deal team.
FARMING	Financial Analysis and Benchmarking	Focus on forecast	Focus on Customer Relationships		Focus on Customer Relationship and Opportunities	

Source: Original

5.3.5.4 Performance Review

Within the context of relationship selling how do sales managers at Merchant Banking perform Performance Reviews of their sales people?

Not applicable

Within the context of relationship selling why do sales managers review their sales people performance the way they do?

Not applicable

5.3.6 Conclusions

Analysis of the customer oriented business lines within the Product Specialist group revealed that they used exactly the same sales control processes as the ones described within commercial banking and thereby they confirmed the current propositions.

One may wonder why the findings of the deal oriented sales teams were analysed and reported when the objective of this research project was to study sales control processes within a relationship selling context? Throughout the interviews sales managers have reported their ways of working but very few were able to explain why they were doing it that way. Often the lack of rules and procedures was given as the reason why they were not doing particular activities the way they wanted to. This does raise the question whether the methods they used to control their sales people was not simply based on established practices in the culture of sales management defined by a few at the top of the organisation. It was reported that the resemblance between the control processes of Leasing and commercial banking were due to the fact that the managing director of leasing used to work within Commercial Banking and introduced the practices he used within Leasing. The analysis of the deal oriented sales teams within Fortis provided the researcher with the confidence that there were other sales management practices currently applied within the organisation and that the current control processes within commercial and merchant banking were not just based on a copy-paste concept because no other practice is available.

5.4 Discussion on the findings

During the analysis of the interviews information pertaining to the following questions emerged:

- How do you organise a sales force to implement a relationship selling approach?
- What are the different types of sales control systems?
- What are the properties and dimensions of Team Based Selling?
- What is the importance of Data Quality on team based selling?

5.4.1 *How do you organise a sales force to implement a relationship selling approach?*

Throughout the research journey within Fortis areas of relationship selling such as Key Account Management, Strategic Account Management, Sales Team Selling all played a big role in the shaping the sales control process. The names or labels used were however not the same. Key Account Managers are called Account Managers or Relationship Managers whereas Strategic Account Managers are called Global Relationship Managers or Client Directors. Several different forms of sales teams were encountered. Some were functional sales teams while others where customer driven sales teams. It was found that there are different types of selling approaches being hunting and farming. While these terms are used within Fortis the sales people are still labelled as relationship managers even though they may be hunters and not manage any customer relationships.

During the interviews it was noticeable that the roles and responsibilities of the sales people were relatively new. This was mainly noticeable during the interviews where some interviewees still referred to their previous sales titles and their admission not to be fully aware of the new responsibilities that came with the new roles.

Table 5.31 shows the different types of sales roles and functions that were identified during the interviews.

Table 5-31: Types of Sales Roles

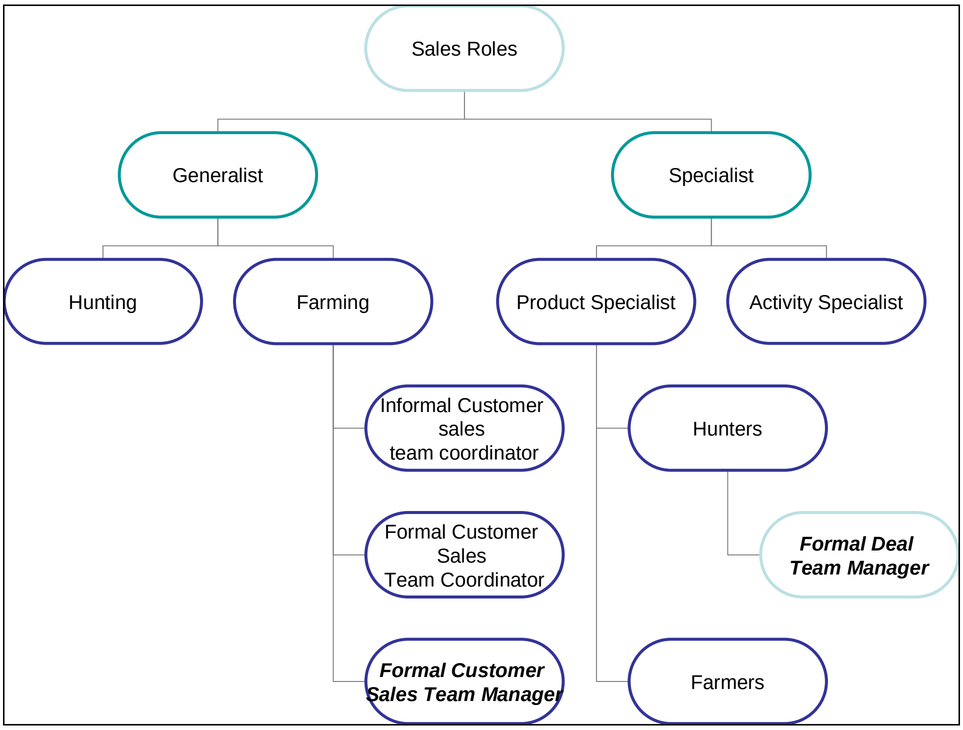
	Generalist Sales Roles			**Specialists Sales Roles**		
ROLES	Relationship Manager (RM)	Global Relationship Manager (GRM)	Client Director (CD)	Product Specialist (PS)	Call Centre	Customer Service Centre
RESPONSIBILITIES	Acquire new or Develop existing relationships with customers or prospects.	Develop existing relationships with customers.	Develop existing relationships with customers.	Assist the RM with the acquisition and the development of their prospects and customers.	Cold call on prospects to obtain meetings for the RM.	Function as commercial point of contact for some types of customers

	Coordinate customer or prospect activities with the PS.	Formally coordinate customer activities with local RM and PS.	Formally **control** and coordinate customer activities with local RM and PS.	Formally **control** and coordinate deal team activities with all product specialists involved.		
RELATIONSHIPS TYPES	Prospects and Customers	Customers with an international presence which are locally managed by relationship managers.	Very high potential and revenue generating (Corporate Banking) customers with an international presence.	Prospects and Customers	Prospects	Low potential customers for commercial and merchant banking

Source: Original

When mapped on an organisation chart the organisation of roles and responsibilities looks as shown in figure 5.32:

Figure 5-32: Sales Organisation Map



Source: Original

Close analysis of the new sales roles within relationship selling shows two new interesting dimensions which are:

- The fact that sales people no longer work individually but are part of one of several different sales teams.
- The fact that the introduction of customer sales teams also introduces the concept of the sales person as a sales manager controlling the activities and results of the customer sales team members.

The analysis of the sales roles also shows that while the focus on relationships replacing the older transactional selling approach, it applies only to the farming side of the sales function. This does raise the question whether and how relationship selling affects the hunting selling function?

5.4.2 What are the properties and dimensions of Team Based Selling?

The analysis revealed that sales teams consist of several dimensions:

- <u>Functional Sales Teams.</u> These are teams comprising sales people which belong to the same functional organisation. Within Commercial Banking there are about 130 different sales teams spread throughout Europe. Within these teams sales people are grouped in either farmers or hunters. Another form of a functional team is the deal team. Their sales management process was researched in two business units within Fortis being Global Export and Project Finance (GEPF) and in Corporate Finance and Commercial Mergers (CFCM). Their type of work is highly specialized and requires a lot of expertise which they hold within their department. Because these two teams contain all the expertise needed they operate autonomously and therefore fall under the category of functional sales team. However it should not be concluded that a deal team by definition is a functional sales team. There could also be cross functional deal teams. It just so happens that those do not exist within Fortis.

- Cross Functional Teams. Cross functional teams are organised based on the type of customers as opposed to the functional teams which are organised based on the geography and business unit. Within Fortis three types of cross functional teams were identified:

    1. Client Sales Team. These are informal teams consisting of one generalist and several specialist sales people all involved with the same customer. All the members operate more or less separately from each other but there are general guidelines which stipulates that all team members must inform each other when they had contacts with the customer. The understanding is also that the generalist sales person is the owner of the relationship and is expected to coordinate the activities among the different product specialists.

    2. Global Relationship Management Team. When a customer is internationally active, meaning they have several legal entities across more than one country, it is assigned several relationship managers in each of the countries it has a legal entity. One of the relationship managers will be assigned as the global relationship manager. This is a formal structure whereby the global relationship manager must coordinate all generalist sales people who in turn must locally coordinate the commercial activities with the product

specialists. To support this coordination all financial transactions performed with the customer must be approved by the global relationship manager.

3. Customer Service Team. This is the most formal type of sales team. It is only used for the very strategic important customers which are part of Merchant Banking. The team is also headed by a Global Relationship Manager which in some instances is called the Client Director to make it clear that this team is different from a global relationship management team. To ensure that the team operates correctly the rules and procedures of how to manage such a team is documented formally.

The differences between the different types of sales teams is further shown in table 5.32

Table 5-32: Types of Sales Teams

	FUNCTIONAL TEAMS			**CROSS FUNCTIONAL TEAMS**			
	SALES TEAM			**CLIENT TEAMS**			
	FUNCTIONAL SALES TEAM			**DEAL TEAM**	**CLIENT SALES TEAM**	**GLOBAL RELETIONSHIP MANAGEMENT TEAM**	**CLIENT SERVICE TEAM**
		HUNTING SALES TEAM (part of the functional team)	**FARMNG SALES TEAM (part of the functional team)**				
MEMBERS	Sales Manager Relationship Managers (generalists)	Hunting Relationship Managers	Farming Relationship Managers	Product Specialists Bid Manager Deal Manager	One Relationship Managers One or several Product Specialists	One Global Relationship Manager Several Relationship Managers One or several product specialists	One Client Director Several Relationship Managers One or several product specialists
ORGANISED	By Geography By Sector	By Geography	By Geography	By Geography	Locally	Decentralised across geography	Centrally organised

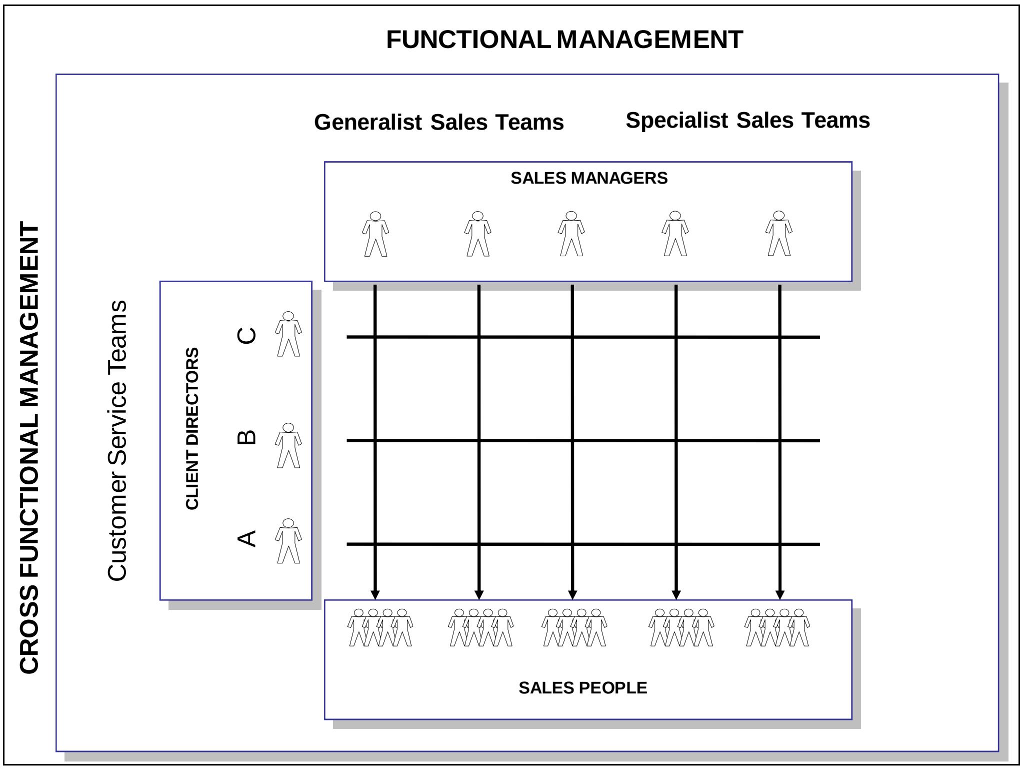
MATURITY	Stable	Recently setup dedicated hunting teams	Stable	Stable	Recently setup	Recent setup – few rules and procedures	Very Recent Setup - with formal rules and procedures
SIZE	Small = < 5 members Medium = < 10 members Large = > 10 members	Small = < 5 members	Small = < 5 members Medium = < 10 members Large = > 10 members	Small = < 5 members	Small = < 5 members	Small = < 5 members Medium = < 10 members	Small = < 5 members Medium = < 10 members Large = > 10 members
FOCUS	Customer	Customer	Customer	Deal	Customer	Customer	Customer
CUSTOMER TYPE	All	SME	All	n/a	SME	International SME or Corporate Customers	International Corporate Customers
RULES AND PROCEDURES	Small = informal Medium = semi informal Large = formal	Small = informal	Small = informal Medium = semi informal Large = formal	Formal	Informal	Semi Formal	Formal

Source: Original

The introduction of a formal management role for the Client Service Teams also introduces a matrix sales force management model which is shown in the figure 5.33. The matrix structure does however introduce some difficulties in terms of:

- Who evaluates the cross functional teams?
- How do you allocate objectives? Are you still assigning functional objectives or only customer objectives?
- Should sales people organise their sales activities giving priority to their customer team or their functional teams?

Figure 5-33: Matrix Sales Management Organisation:



Source: Original

During the research these questions had still not been addressed within Fortis. For that reason while they implemented a matrix organisational structure their objectives and the evaluations were still performed functionally.

5.4.3 What is the importance of Data Quality on team based selling?

By having generalist and specialist sales teams, management accounting difficulties arise because the legal P&L Reporting does not correspond with the Management (commercial) Reporting. All the sales managers complained about the low quality of the sales data they received. The addition of the cross functional sales teams introduces even more complexity. Despite the huge challenge in consolidating all the different management reporting it is considered a condition for success in order to implement the team based approach. Without proper management reports it is generally considered that the cross functional teams will fade away due to the fact that all the sales people will be evaluated by their functional sales managers based on the functional objectives.

Throughout the analysis of each sales control process data quality played a mediating factor in the ability for a sales manager to adopt the wished control approach. Table 5-33 shows the properties and which business lined reported them, regarding data quality:

Table 5-33 : Data Quality Categories

	Commercial Banking	Merchant Banking	Deal Oriented Product Entities
Data Quality			
Causes			
Ability to Measure			
Stopped with visit objective because we could not measure it	X		
Our customer financial results are not accurate and stops us from assigning individual objectives		**X**	
ERP Reporting is too late		**X**	
EPR Reporting is not accurate		**X**	
Unable to accurately measure individual financial results	X		
Lack of history of what has been proposed to a customer (pipeline)	X		
Reporting: Data Access			
Account Financial Information is not easily available	X		
Gathering customer financials is too time consuming	X		
Reporting: Ease of use			
Difficult to link the different manual reports together	X		
Reports are comlex	X		
No information on the status of the target list of the RM	X		
Reporting: Accuracy			
Reports are not very accurate	X		
Financial Reports are not correct	X		
Reporting: Availability			
Lack of Volume / Trend Reporting	X		
Need for a **formal** pipeline report	X		

Pipeline Report would enable us to react quicker	X		
We lack volume / Trend reports	X		
Reporting: Timeliness			
Financial Reports are too late	X		
SFA Tool: Ability to Sharing information		X	X
SFA Tool Use and Adoption			
User adoption problems	X	X	
SFA Tool: Appropriate Design			
Lack of Opportunity Reporting in the SFA tools	X		
We do not know how to record hunter's activities for PM purposes			
SFA does not support prospecting activities	X		
SFA does not support team based activities	X		
Tools are farming oriented			
The SFA does not support team work concepts	X		
Sharing information is difficult	X		
Consequences			
Manual Tool Development	X		
Excel Reports are needed	X		

Source: Original

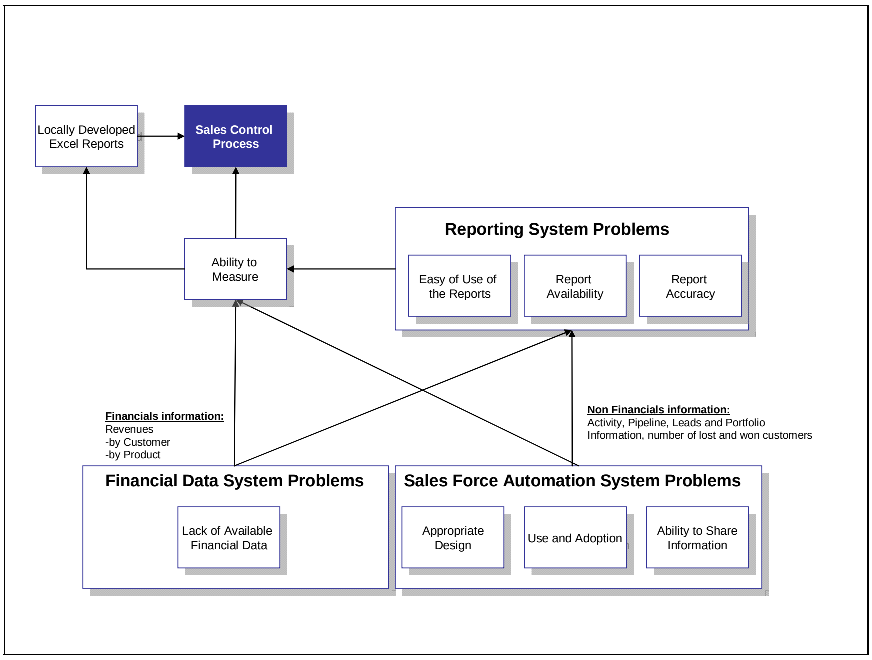
The properties of the Data Quality category enables us to identify that part of the problem is related to the Sales Force Automation system and another part is related to the reporting of the financial results from the back office systems. On these bases it can be concluded that:

- The quality of the sales reports depend on the quality of the data from the financial and sales force automation system.

- The perception that an organisation is able or not to measure sales results and activities is dependent on the perceived quality of the reporting, financial data and sales force automation systems.

- When sales managers are not able to measure their financial and non financial results through centrally available systems they will introduce local systems to support their sales control process.

Figure 5-34: Effect of Data Quality on the Sales Control Process



Source: Original

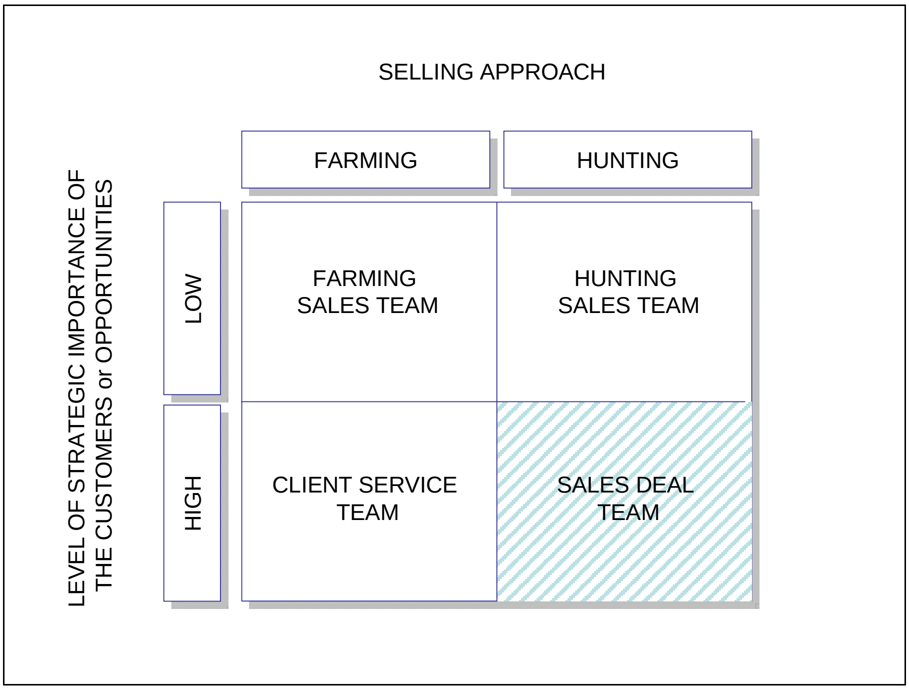
Within the context of relationship selling when sales managers perceive that the central systems are not able to measure their financial and non financial results they will implement local systems to support their sales control process.

Within the context of relationship selling the ability to measure financial and non financial results is dependent on the perceived data quality of the reporting, financial data and sales force automation system.

5.4.4 *What are the different types of sales control systems?*

The analysis leads to the conclusion that having a product orientation or a customer orientation does have an impact on how the sales control processes are performed. Analysis of the Sales Control Category enables to distinguish the following four types of sales controls:

Figure 5-35: Types of Sales Control Approaches



Source: Original

Within the context of relationship selling the nature of the sales control processes differs depending on the type of selling approach adopted by the sales people and by the level of strategic importance of the customers managed by the sales people.

How the different control types translate into individual differences between the main control processes is displayed in table 5-34.

Table 5-34 : Description of the Sales Control Processes

	Farming		Hunting	
	CST team	**Sales Team**	**Sales Team**	**Deal Team**
Objective Setting				
Input		Sales Team Objectives Financial Results # Sales People in the Sales Team Sales Person Exeprience and Capabilities Personal Knowledge on the customer	Sales Team Objectives Financial Results # Sales People in the Sales Team Sales Person Exeprience and Capabilities	
Activities		Top Down Objective Setting Bottom up Objective Setting Allign Objectives	Top Down Objective Setting	
Output		Team Based Objectives or Individual Objectives	Individual Objectives	Team Based Objectives
Planning				
Input	Local Account Plan by Product Unit Personal Knowledge of the customer Customer Financial Information Customer Ongoing Opportunity Information	Personal knwoledge of the customers Customer Propensity to Buy information Financial Results by Customers Event Lists Customer Segmentation Activity Reports LY Portfolio / Customer List	Customer Propensity to Buy information Prospect List	
Activities	Request Team Members to make theor local plans Consolidate local into global Account Plans Define common customer strategy Perform Product Gap / Need Analysis Define a common activity plan	Portfolio Planning Account Planning Planning Review	Prospect Planning Planning Review	
Output	Customer Sales Team Account Plan	Portfolio Plan Account Plan Target List Insight into Portfolio & Customers	Prospect Target List	
Monitorting				
Input	Visit Reports	Financial Results Opportunity Information Visit Reports Travel Plans	Opportunity Information Visits Performed and Planned	Opportunity Information Visit Reports
Activities	Review Customer Visit Reports from Client Service Team Members	***Report Based*** Benchmarking Activity Monitoring (read visit reports) Opportunity Monitoring Analyse financial results and identify corrections needed Report to Higher Managements Review Travel Plans	***Team or Individually Based*** Review Financial Results Review and Discuss Opportunities Review past and planned visits Monitor follow up on previous activities	***Team Based*** Review and Discuss Opportunities Review past and planned visits
Output	Knowledge on what is happening with the customer.	Benchmarking Reports Reports financial corrections Report global opportunity list to management Knowldedge of financial results, ongoing opportunities and activities	Best Practice Sharing Knowledge of financial results, ongoing opportunities and activities Report on lost customers	Knowledge on Sales Activities Performed Knowledge on ongoing opportuntiies
Individual Performance Review				
Input		Financial Results Opportunity Report Activity Reports Lead Report Risk & Credit Related Reports		
Activities		Review Financial Results Review individual opportunities Review Leads send and received Review Credit and Risk related issues Review Lost and Won customers		
Output		Report on lost customers		
Team Based Performance Review				
Input	Customer Sales Team Account Plans Customer Activity Reports Customer Opportunity Reports Customer Financial Reports	Financial Reports Opportunity Reports Acitivity Reports Risk & Credit Related Reports	Financial Reports Opportunity Reports Acitivity Reports Risk & Credit Related Reports	
Activities	Review Planned Activities Review Status of ongoing opportunities Agree and Update Product Gap / Need Analysis Agree and Update Activity Plan	Review Financial Results Review Credit Risk Screen Portfolios for specific product opportunities Review Opportunities Review Events and Invitations	Review Financial Results Review Credit Risk	
Output	Customer Sales Team Account Plan	Knowledge and Insigth Event List Validated Financial Results and Corrections Product Target Lists	Knowledge and Insigth	

Source Original

These findings support the conceptual model that the Control Process differs based on Type of Sales Approach and the type of key account. It was also found that the more the strategic the account is the more senior management is actively involved. This does support the proposition that the more strategic an account is the higher in the organisational hierarchy the sales person will be.

5.4.5 *Theory Saturation*

By the end of the interviews 35 individual sales managers had been interviewed and the intermediate results were presented at various sales management meetings which confirmed that what was found was representative of what happens in their sales forces. On this basis it was decided to conclude the research as it was not expected to find any new information within the Fortis organisation.

5.5 Conclusions on the findings

Throughout the analysis of the findings different propositions were introduced and adapted as the research progressed across the different stages of the project. To conclude this chapter all the propositions that were identified are presented again.

1. Within the context of relationship selling sales managers assign non financial objectives to all individual sales people.

2. Within the context of relationship selling sales manages assign financial objectives at an individual or at a team level based on the selling approach and the way the sales activities are organised within the team.

3. Within the context of relationship selling the sales managers apply a potential or a linear based allocation method depending on the nature of the process being top down only or top down and bottom up.

4. Within the context of relationship selling sales managers adopt a top down or a top down and bottom process based on the selling approach of the individual sales persons.

5. Within the context of relationship selling sales managers request their sales people who managed non strategic accounts to make sales plans and reviews them in order: to communicate the sales plans, in the form of a target list, to the members of the sales teams; to develop insight into their portfolio and to plan pro actively commercial activities towards their customers.

6. Within the context of relationship selling sales manager request their sales people who manage strategic accounts to make a sales plan together with all the members of the

client service team in order to jointly agree on the account potential, the products to target at the account with and the activities to perform.

7. Within the context of relationship selling sales managers request their sales people who manage strategic accounts to review, on a periodic basis, the status of the plan together with all members of the client service team in order to share account information by reviewing the opportunities and to coordinate future activities.

8. Within the context of relationship selling sales managers request their sales people to make different types of sales plans based on the selling approach and the importance of the customer's part of the sales person's portfolio.

9. Within the context of relationship selling sales managers request their sales people to make sales plans when they perceive that; the sales people lack knowledge of their own accounts; that the growth in sales results is slowing down and that there is a need to communicate and coordinate activities with other sales forces working on the same accounts.

10. Within the context of relationship selling sales managers believe that the sales planning process; fosters customer insight for the sales people; induces pro-active behaviour of the sales person versus their customers and ensures communication and coordination between the customer sales team members.

11. Within the context of relationship selling sales managers are more likely to follow-up the sales plans made by their sales people if one of the reasons for making a sales plan was the need to communicate and coordinate with other customer sales team members.

12. Within the context of relationship selling sales managers monitor their sales people activities, opportunities, and financial results based on contact reports, opportunity reports and target lists obtained from the individual sales people and based on financial information obtained via central reporting systems with the aim to obtain knowledge on what their sales people are doing and to correct and review information needed to report to their management.

13. Within the context of relationship selling sales people responsible to manage strategic customers monitor the activities of their client service team members with the aim to obtain knowledge on the activities performed at the account.

14. Within the context of relationship selling sales managers choose to monitor their sales people through reports or through regular meetings based on the selling approach of the sales people.

15. Within the context of relationship selling sales managers monitor their hunting sales people through the number of sales visits reported to ensure that enough visits are being made and through the opportunity evolution to ensure that the visits made are effective.

16. Within the context of relationship selling sales managers monitor the farmer sales people through the content of the visits reports to ensure the relationship with the customers remains adequate, through the opportunity evolution to forecast future revenues and through financial benchmarking reports to ensure that the financial revenues are not behind in comparison with other sales teams.

17. Within the context of relationship selling sales people responsible for managing the strategic account choose to monitor the content of the activities through the visit reports.

18. Within the context of relationship selling sales managers review individually with their sales people on a periodic basis; their financial results, opportunity evolutions, activity levels, leads, customer risk and credit information and their portfolio evolutions in order to obtain and share insights about the evolution of each individual customer with the sales people and to enable them to create a consolidated opportunity report of the whole sales team for their own management.

19. Within the context of relationship selling sales managers review with their complete sales teams on a periodical basis the financial results of the overall team, the status of their credit risks and the opportunities available in their portfolio for a specific product for which the team is lagging behind in order to obtain a target list to follow up on and to share insight into the evaluation of the team objectives.

20. Within the context of relationship selling the need for periodical individual performance reviews is based on market maturity, type of selling approach and sales team size and is conditioned on the availability of rules and procedure on how to conduct such reviews.

21. Within the context of relationship selling sales people who are part of the customer service team will participate in sales performance review meetings of their functional sales teams and of their client service team.

22. Within the context of relationship selling the need for formal rules and procedures on how to control the sales people is dependent on the size of the sales force and on the seniority of the sales people who are part of the sales force.

23. Within the context of relationship selling sales control processes include; Objective Setting, Sales Planning, Monitoring, and Periodical Performance Reviews.

24. Within the context of relationship selling the degree of data quality limits a sales manager's ability to perform their control activities.

25. Within the context of relationship selling when sales managers perceive that the central systems are not able to measure their financial and non financial results they will implement local systems to support their sales control process.

26. Within the context of relationship selling the ability to measure financial and non financial results depends on the perceived data quality of the reporting, financial data and sales force automation system.

27. Within the context of relationship selling the nature of the sales control processes differs depending on the type of selling approach adopted by the sales people and by the level of strategic importance of the customers managed by the sales people.

6 Literature Comparison Phase

The final step is to compare the emerged theory with the existing literature and examine what is similar, what is different, and why. Eisenhardt (1989, p. 545) states:

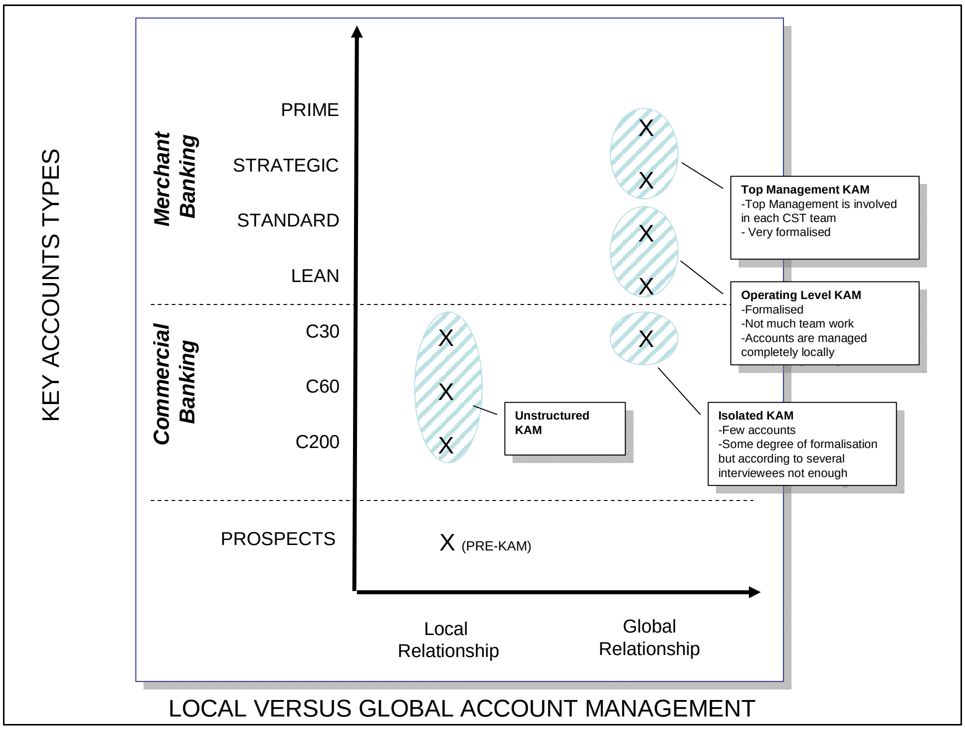
"Overall, tying the emergent theory to existing literature enhances the internal validity, generalisability, and theoretical level of the theory building from case study research ... because the findings often rest on a very limited number of cases."

6.1 Relationship Selling and Key Account Management

Shapiro and Moriarty (1984) analysed and categorised the different types of account management systems organisations have implemented into 5 categories. Their research was further developed by Homburg et al (2002) which further detailed it into 8 separate categories. As researchers agree that there is no real right or wrong in terms of which type of program an organisation wishes to implement, Kempeners and van den Hart (1999) researched the process of implementing a program and developed a framework consisting of 15 questions or decisions that need to be taken in order to define a program.

The literature on the key account management programs assumes that there is only one program or system for each organisation. The findings suggest that for each type of account a different program is implemented. The literature also alternates the use of program and system which is confusing as within Fortis both Merchant and Commercial Banking have their own program yet within each program they implemented different systems. While the aim of this research is not to analyse the KAM program implemented at FORTIS based on the information it was possible to map the theory on the existing practice as shown in figure 7-1.

Figure 6-1: KAM Program at Fortis



Source: Original

Key Account Management and the Core Sales Team

An important component of many KAM strategies is the core selling (CS) team, or “enterprise team” (Dixon, Gassenheimer, and Barr 2003; Macy forthcoming; Rangarajan et al. 2004). “The core selling team consists of selling organisation members assigned to a particular [key] customer who are actively involved in the development or implementation of the sales strategy for that customer” (Moon and Armstrong 1994, p. 21).

Therefore, it is becoming increasingly common in selling companies to find that the key account manager is in charge of a "dotted line", semi-formal team. Members of teams tend to have different line managers, but meet regularly with the key account manager and the key account and have objectives relating to customer requirements. In most cases of "dotted lines", operational staff were required to report to the key account manager as well as their line manager about contacts with buying companies. The key account manager must be able to plan and monitor who is talking to whom at what level. (Mc Donald et al, 1997).

The properties that describe a sales centre are described by Moon and Armstrong (1994) as its size and its lateral and /or vertical involvement within the organisation. The size of the CS is defined by the number of individuals who participate and are defined by the complexity of the sales job.

The lateral involvement is defined as the number of different departments that are represented in the selling centre (Johnston and Bonoma 1981; Moon and Armstrong 1994). The selling centre's vertical involvement is defined as the number of levels of the organisation's authority hierarchy that are represented in the selling centre. Using those three dimensions of a CS, Moon and Armstrong (1994) developed the following propositions:

"P1: As the technical complexity of the seller's products or services increases, core teams will be larger.

P2: As purchase situations become more novel to buyers, selling centres will exhibit greater degrees of vertical and horizontal involvement, will be more extensive, and will be more connected.

P3: As sales situations become more novel to sellers, selling centres will exhibit a greater degree of vertical and horizontal involvement, will be more extensive, and will be more connected.

P4: As the importance of the sales opportunity to the selling organisation increases, selling centres will exhibit a greater degree of vertical and horizontal involvement, will be more extensive, and more connected.

P5: As the importance of the sales opportunity to the buying organisation increases, selling centres will exhibit a greater degree of vertical and horizontal involvement, and they will be more extensive and more connected.

P6: Selling centre members who have low levels of experience will be more highly central than will high-experience members.

P7: Selling centres whose members have high levels of experience will be less vertically integrated than will selling centres whose members have low levels of experience"

Moon and Armstrong's (1994) propositions are very much focused on the CS as a team which comes together for a particular opportunity. The approach is based on the research performed by Johnston and Bonoma (1981) who researched roles and processes involved in a buying centre. The research on which they base their proposition does show that there are two types of core sales teams; one which is customer oriented and one which is opportunity or deal oriented. Since the topic of this research was not on sales team design no further comment can be made on these propositions. Based on the limited data collected on this subject it is noticeable that the geographical component is not part of the propositions of Moon and Armstrong (1994). Within Fortis the degree of vertical involvement of a sales team is directly linked to the degree a customer is active on an international level.

Key to the success of the CS team is the degree of collaboration between the members. According to Cespedes, (1992) the factors that have the greatest impact to encourage collaboration is sales force control and more specifically:

1. the type of compensation,
2. how conflicts are managed,
3. how performance feedback is conveyed,
4. the extent to which sales goals are set with input from the sales people,
5. the amount and quality of information given to the sales people about the company's strategy.

Cespedes (1992) research also revealed that the emphasis placed on each of these control elements depends on the factors shown in table 7-1.

Table 6-1: Factors affecting the sales control

	Large Accounts, Complex Products, Long Sales Cycles	**Small Accounts, Simple Products, Short Sales Cycles**
Formal Controls	Important	Less Important
Method of Coordination of activities between sales team members	Through Planning	Through feedback and information sharing
Conflict Resolution and other personnel issues	Very Important	Less Important
Compensation	Less important – Fixed Salary	Very Important - Incentive

Source: Cespedes (1992)

These findings support the findings that there are different sales control approaches which differ based on the type of accounts the sales people manage.

Conclusions on the KAM literature

So far literature on KAM and on Core Sales Teams supported the findings in that:

- Support was found that the account management system must be differentiated based on the type of accounts. The dimensions of each of the account management systems also lead to the conclusion that each of them requires a different control strategy. (Shapiro and

Moriarty, 1984; Homburg et all, 2002; Nigel F. Piercy and Nikala Lane, 2006). This finding is further supported by Cespedes (1992) who claims that the sales control strategy must be differentiated based on the type of accounts a key account manager manages.

- Moon and Armstrong (1994) supported the findings that there are sales teams focusing on key account and also on single opportunities or deals. Given the nature of key account management which is the development of existing customer and opportunity or deal based selling further supports the categorisation of farming and hunting.

On these bases it is concluded that sales control strategy must be adapted based on the nature of the sales team. The latter is dependent on the selling approach (farming or selling) and the size of the accounts that the sales teams are focusing on. This supports the following proposition:

Within the context of relationship selling the nature of the sales control processes differs depending on the type of selling approach adopted by the sales people and by the level of strategic importance of the customers managed by the sales people.

McDonald et al (1997) mentioned that key account managers must coordinate and monitor the activities of their account teams in a “dotted line” organisation structure. This is futher supported by Cespdes (1992) who argued that depending on the type of key account the member of the selling team must coordinate their activities either via a common planning activities for large customers, or by sharing information and providing each other with feedback. This supports the following propositions:

Within the context of relationship selling sales managers request their sales people who manage their strategic accounts to make a sales plan together with all the members of the client service *team in order to jointly agree on the account potential, the product to target at the account and the activities to perform.*

Within the context of relationship selling sales managers request their sales people who manage their strategic accounts to review on the periodical bases the status of the plan together with all members of the client service team in order to share account information by reviewing the opportunities and to coordinate future activities.

Within the context of relationship selling sales people responsible to manage strategic customers monitor the activities of their client service team members with the aim to obtain knowledge on the activities performed at the account.

Within the context of relationship selling sales people responsible for managing the strategic account choose to monitor the content of the activities through the visit reports.

Within the context of relationship selling sales people which are part of the customer service team will participate in sales performance review meetings of their functional sales teams and of their client service team.

Within the context of relationship selling sales managers request their sales people to make sales plans when they perceive that; the sales people lack knowledge on their own accounts; that the growth in sales results is slowing down and that there is a need to communicate and coordinate activities with other sales forces working on the same accounts.

Within the context of relationship selling sales managers believe that the sales planning process; fosters customer insight for the sales people; induces pro-active behaviour of the sales person versus their customers and ensures communication and coordination between the customer sales team members.

Within the context of relationship selling sales managers more likely to follow-up the sales plans made by their sales people if one of the reasons for making a sales plan was the need to communicate and coordinate with other customer sales team members.

6.2 *Objective Setting*

6.2.1 Type of Objectives

The literature concerning the types of objectives and compensation plans assigned to sales people is based on control-oriented theories (e.g., Anderson and Oliver 1987; Cravens et al. 1993; Oliver and Anderson 1994,1 995). The type of objectives assigned to sales people are defined by the type of sales control strategy adopted. According to the organisation theory on management control systems the measures used to control the sales force are limited by:

- Ability to measure inputs and outputs accurately and completely.
- Knowledge of the transformation process of inputs to outputs.

This supports the findings and the following proposition:

Within the context of relationship selling the degree of data quality limits a sales manager's ability to perform their control activities.

There is a lack of reseach on how to define objectives and evaluate results when the key account manager is part of a sales team (Cespedes, 1992; Ryals and Rogers, 2005). According to Ryals and Rogers (2005) when it comes to reward a team, justice perception is vital to motivating the sales force.

Sales people are commonly evaluated individually and based on their functional performance. Differing bases for rewards can create barriers to effective integration. Therefore, it has been argued that team-based rewards must be developed that correspond to objectives of collaborative efforts (Mohrman, Cohen, and Mohrman 1995).

Gomez-Mejia and Balkan (1989) report, for example, that team-based compensation is more effective than individual incentives in increasing overall project performance. Griffin (1997) finds that “best-practice” firms use non-financial rewards such as project completion dinners, noting that firms have not created adequate team based rewards. Pascarella (1997) argues that rewarding results penalizes those who take unsuccessful risks, thus, individuals should be rewarded for behaviours.

While the control system determines the main categories of objectives assigned of sales people Strahle and Spiro (1986) argue that the market share strategy should determine the individual objectives. Their research show the link between the four market share strategies, "build", "hold", "harvest", "divest" and the sales people objectives, activities and compensation plans.

Several authors have been researching the methods applied to calculate objectives and come up with the territory response function. (Craven et al, 1972) According to Craven et al (1972) the sales revenues generated from a territory is a function of the following factors:

- Market Potential
- Territory Workload
- Salesman Experience
- Salesman Motivation and Effort
- Company Experience

- Company Effort

The research findings here are in line with the literature on the following points:

- The combination of non financial objectives and financial objectives point towards the use of a more hybrid control systems at Fortis
- Financial objectives are assigned only at a team level to reflect the team effort. Nevertheless non financial objectives are assigned to individual sales people who according to the literature would enable them to balance the objectives and to provide some motivational aspect.
- The fact that farming sales people do not receive individual objectives indicates the strong degree of behaviour based control which is in line with a more relationship based sales approach.
- The fact that sales planning is an activity strongly developed among farming sales people can be explained by the fact it is supported by the behavioural control strategy adopted by their sales managers.
- The fact that the hunting and farming sales people receive slightly different objectives can be explained by the market share strategy which is for a hunter always "built".

The literature supports therefore the following propositions:

Within the context of relationship selling sales managers assign non financial objectives to all individual sales people.

Within the context of relationship selling sales managers assign financial objectives at an individual or at a team level based on the selling approach and the way the sales activities are organised within the team.

Within the context of relationship selling sales managers request their sales people who managed non strategic accounts to make sales plans and reviews it in order: to communicate the sales plans, in the form of a target list, to the members of the sales teams; to develop insight into their portfolio and to plan pro actively commercial activities towards their customers.

6.2.2 Objective Setting Process

McDonald and Rogers, (1998) argue that business forecasting and planning must involve those people who are actually taking care of the day to day relationship with the key accounts. Cespedes (1992) argued that one major aspect to the KAM and Sales Team Coordination is the extent to which sales goals are set with input from the sales people.

The literature does explain and support the findings that farmers or KAM are involved in the objectives setting process via a bottom up approach as opposed to the hunters or the Pre – KAM sales people who have to accept the objectives that are assigned to them. This supports the following proposition:

Within the context of relationship selling sales managers adopt a top down or a top down and bottom process based on the selling approach of the individual sales persons.

6.2.3 Objective Setting Methods

No specific literature was found on the type of forecasting method to use for key accounts. Common sense however does support the finding in that a simple objective attribution method will be used when the sales manager knows that it will be reviewed during the bottom up part of the process. It is also common sense to assume that in the absence of a bottom up process, sales managers will use the best available method to allocate objectives to their sales people based on their portfolio or territory potential.

Within the context of relationship selling the sales managers applies a potential or a linear based allocation method depending on nature of the process being top down only or top down and bottom up.

6.3 Planning

Part of the KAM activities is the analysis of the characteristics of the key accounts together with their needs and problems (Wilson and Millman, 1995; McDonald and Rogers, 1998; Ojasalo, 2001). Ojasalo (2001) describes the analysis of key accounts as assessing the relevant economic and activity aspects of their internal and external environment. This, for example, includes the account's internal value chain, inputs, markets, suppliers, products, and economic situation. Analysing the relationship history involves assessing the relevant economic and activity aspects of the relationship history. This includes volume of sales, profitability, key account's objectives, buying behaviour, information exchange, special needs, buying frequency and complaints. Among the above mentioned aspects, knowing/estimating relationship value plays a particularly important role (Möller and Halinen, 1999). The revenues from each key account should exceed the costs of establishing and maintaining the relationship within a certain time span (Blois, 1999). Research conducted by Shi et all (2004) concluded that one of the key activities of KAM is intelligence acquisition. They conclude that managing global accounts requires the integration of new and complex knowledge, such as planning and interacting with customers, local and country best practices, and so on.

McDonald and Rogers (1998) argue that when implementing a KAM program the key account managers must be included into the planning process of the organisation. They even argue for a bottom-up approach starting with the individual key account plans which merged together into a strategic marketing plan and ultimately into a global business plan.

Planning is not just an activity to analyse accounts and understand their needs and problems it also a tool to coordinate activities among team members. Cespedes (1992) research found that for large and complex accounts planning was the preferred method to coordinate activities among team members. For small accounts the need for coordination can be achieved through communication and information sharing.

The literature supports the finding in that the type of account plan must be in line with the type of account. This supports the following proposition:

Within the context of relationship selling sales managers requests their sales people to make different types of sales plans based on the selling approach and the importance of the customer's part of the sales person's portfolio.

6.4 Monitoring

How a sales manager monitors his or her sales people depends on the type of sales control strategy he or she adopted. An outcome-oriented control system is characterized by little monitoring and managerial direction but objective measures of outcomes. Behaviour-based management systems represent an opposing philosophy, with considerable monitoring, high levels of managerial direction, and subjective and complex methods of evaluating and compensating sales people (Anderson and Oliver 1987).

It has previously been established that Fortis operates a hybrid control system whereby the characteristics of the control system for the farmers is very close to a behaviour based control system. Anderson and Oliver (1995) concluded that within a hybrid control system sales managers spend a lot of effort monitoring their sales people. They explained this finding by suggesting that sales managers are trying to link activities with outcomes and therefore require much more information than if they would adopt a full behavioural or outcome based approach.

The findings suggest that the amount of monitoring of hunters is far greater than for farmers. The reasons that were given are the need to sustain high level of activities while ensuring that the activities are followed up on and deliver the right results. As one manager in the UK puts it: "*The reason we do it weekly is because in the past have been very busy generating a lot of activities but we have not targeted our activities well enough. We have too many inefficient activities.*" This supports the following proposition:

Within the context of relationship selling sales managers monitor their hunting sales people through the number of sales visit reported to ensure that enough visits are being made and through the opportunity evolution to ensure that the visits made are effective.

Piercy et al (1997) define monitoring as a process consisting of the following activities:

1. spend time with sales people in the field
2. monitor day to day activities
3. joint sales calls,
4. observing the performance of sales people,
5. regularly review call reports,

6. monitor sales travel,
7. monitor expenses,
8. monitor customer credit terms

In comparison with the findings two main differences with the existing literature were noticed:

1. *the absence of monitoring sales results.* The literature corresponds with activities performed when monitoring hunters but it does not match with that of monitoring farmers. Most of the literature considers the analysis of results being part of the evaluation process. This raises the philosophical discussion of what is monitoring and what is evaluating. From a behavioural point of view monitoring is viewed as the process of collecting information while evaluating is the process of analysing this information. For instance when observing the performance of sales people, which is labelled a monitoring activity, a sales manager will not abstain from any judgmental evaluation. From an organisational point of view it can be argued that monitoring and evaluating behaviours are so interlinked that they cannot be considered as two separate managerial processes. From the point of view of monitoring and performance review processes both contain evaluation behaviours. The difference is that during the monitoring process sales manager evaluate activities and results versus benchmarks or versus personal expectations and includes little to no feedback to the sales person themself. On the other hand during the performance review process the sales manager evaluates the activities and results mainly versus the previously agreed objectives and provides extensive feedback to the sales person.

2. *the unit of measure for activities.* Throughout the literature measuring or monitoring sales activities is assumed to be the same as measuring or monitoring the sales person's amount of visits. Several authors have been criticizing the use of sales calls as a performance measure of being a measure of the old transactional selling era and that new performance criteria's need to be developed to match the era of relationship selling and key account management, (Rachham and De Vincentis 1997; Donaldson (in Baker) , 1999; McDonald and Rogers, 1998). The findings suggest that while sales managers monitor all the sales people's call reports instead of counting them they use them to create an understanding of what is happening with each customer in terms of their needs and problems and how the sales person is addressing them. For hunters, sales managers mentioned that call reports lack any qualitative measure and that they prefer measuring the sales activities through the status and evolution of the pipeline or opportunity reports.

On these bases there is partial support for the following propositions:

Within the context of relationship selling sales managers monitor their sales people activities, opportunities, and financial results based on contact reports, opportunity reports and target lists obtained from the individual sales people and based on financial information obtained via central reporting systems and dashboards with the aim to obtain knowledge on what their sales people are doing and to correct and review information needed to report for their higher management.

Within the context of relationship selling sales managers choose to monitor their sales people through reports or through regular meetings based on the selling approach of the sales people.

Within the context of relationship selling sales managers monitor the farmer sales people through the content of the visits reports to ensure the relationship with the customers remains adequate, through the opportunity evolution to forecast future revenues and through financial benchmarking reports to ensure that the financial revenues are not behind in comparison with other sales teams.

6.5 Performance Review

Jaworski et al (1993) found a direct link between the size of the business unit and the degree of formal management controls used. They researched the extent to which an organisation relies on formal and informal sales controls. Their findings show that the sales control form which relied highly on formal and informal controls produced the highest job satisfaction and had the lowest relationship with role conflict and role ambiguity. Formal controls are defined as outcome and process controls where as informal controls are defined as cultural controls based on values and beliefs within the organisation.

One of the main elements contributing to sales performance is role clarity or role perception (Churchill and Walker et al, 1972). Role Perception refers to the how the sales person perceives the expectations in terms of activities or behaviours the organisation has for them. Job dissatisfaction can occur when the sales person's perception and the firms expectation of which the activities he or she should be doing are not aligned.

Challagalla and Shervani (1996) research showed that role perception and clarity can be enhanced by:

- setting clear activity, capability and outcome goals
- monitoring the individual sales people's activities, capabilities and outcome

- provide guidance on improvement where needed

- reward or punish the sales person on the basis of their performance.

Jobber and Lancaster (2006) argue that while monitoring through reports and measures offers some information, real insight can only be obtained by reviewing the measures and the results together with the sales people individually. Providing regular feedback as well as reviewing and discussing results is also viewed as part of the coaching activities of a sales manager. According to Doyle and Roth (1992) coaching in relationship selling requires frequent interactions to jointly discuss account relationships, potentials and projected economic returns aiming at developing insight rather than evaluate sales call behaviour. They argue that the sales person must keep a diary of the interactions held with his or her customers. This diary should be well structured in terms of the information that will be kept and how it will be analysed to prevent coaching discussions deteriorating in a series of fuzzy blue-sky monologues. These coaching discussions are led by the sales person who analyses data for every call and describes the progress and problems encountered in the accounts. The sales manager should encourage insight by asking self reflective questions such as “Why do you think the customer did that?”, “What could you have done to prevent that?”, “Any early warning signals that could have alerted you?”, “What have you learned as a result of this call?”

The literature closely corresponds with the findings on the process of individual performance review. The findings show the need for individual performance review sessions were aimed at gathering insight that could not be obtained through monitoring. It is also aimed at providing guidance on how to analyse one’s portfolio in order to find new opportunities needed to achieve one’s objectives. The findings also strongly show the use of a question based method to conduct these sessions. The process analysis and the mapping was based on a review of the questions were exhaustively coded during the analysis of the transcripts. The findings also show that the individual performance review meetings are performed only with the farming sales people which is in line with the view that individual coaching meetings are linked with relationship selling. The findings that the evolution in the market requires more individual performance review is also supported by the fact that high volatility or sales uncertainty calls for a behaviour control strategy which in its turn call for individual performance review.

On these bases the literature supports the following propositions:

Within the context of relationship selling the need for formal rules and procedures on how to control the sales people is dependent on the size of the sales force and on the seniority of the sales people part of the sales force.

Within the context of relationship selling the need for periodic individual performance reviews is based on market maturity and sales team size and is conditioned on the availability of rules and procedure on how to conduct such reviews.

Within the context of relationship selling sales managers review individually with their sales people on a periodic basis; their financial results, opportunity evolutions, activity levels, leads, customer risk and credit information and their portfolio evolutions in order to obtain and share insights about the evolution of each individual customer with the sales people and to enable them to create an consolidated pipeline report of the whole sales team for their own management.

7 Conclusions

7.1 Learning objectives and outcomes

7.1.1 Learning objectives

My personal learning objectives at the start of this research project were the following:

1. Acquire a deep understanding on the existing theories regarding selling and sales force management. This objective came from having been professionally active in several sales roles without having any knowledge of selling or sales management theory.

2. Develop a conceptual model of all the components which play a role in the management of a sales force.

3. Acquire a deep understanding of the theory and practice of performing qualitative and quantitative research. This objective comes from the fact that as a business consultant I am constantly performing some type of management research for which a qualitative or a quantitative research methodology is needed.

4. My personal objective is to pursue a professional career as a business consultant as well as an academic. I am personally convinced that there is a lack of knowledge with regards to theory and models within the professional community and a lack of research within the academic community with regards to sales force management. I therefore believe that a career that combines both professional and academic activity would be a very successful combination of combining industry practice and academic research rigor

and knowledge. Obtaining a PhD is therefore a must have in order to obtain both professional and academic credibility.

7.1.2 Learning Outcomes

Having obtained a MBA in 2000 and having operated in various sales functions I believed that I had a good knowledge about selling and sales management. During the MBA the topic of selling and sales management was reduced to one of the many forms of sales promotion part of the marketing function. This made me believe that I stepped into an academic green field in terms of sales management research. While performing a literature review I have been extremely surprised with the amount of available text books and research that had already been performed in the area of sales force management. While the amount of literature enabled me to greatly enhance my knowledge on the subject it remained a very difficult process to go through. The literature is very fragmented. Even the text books provide a very fragmented view on the different aspects of selling and sales management. It was only half way down the project that I came across the research performed by David Cravens and Nigel Piercy which looked at sales force performance effectiveness. Their research has great merit in the sense that they start linking all the components related to sales force management together into a conceptual model. Their work has provided me with the framework I was looking for when starting this research project. Through this framework I have been able to structure all the reading I have done on the subject.

In terms of literature and knowledge available on the subject of sales management I conclude the following:

1. Like me prior to start this project none of the sales managers that have been interviewed during the course of this project have received any lecture or read any text

books on the subject of selling or sales management. While a lot of text books are available and the fact that selling and sales management is one of the most important functions within an organisation the subject should be included in at least the Master level course of business studies.

2. The available literature in comparison with other business domains is very small but mainly it is very fragmented. Most text books if they address the subject of sales force performance management address it at the very end of the book and at a very high level. In my opinion there is a need for text books that focus on the area of sales force performance and from there explain each element of the performance framework in more detail. The lack of linkages between all the elements of sales force management within text books creates a perception that sales management is still an area which is much under researched.

Most of the work of a business consultant consists of interviewing people, analysing data and presenting their findings. While various business analysis methods exists they are often very information system oriented and focused on requirement analysis or statistically driven such as the Six Sigma methodology. The grounded theory methodology used in this project was a complete and very insightful method to conduct business research. The method together with the tools such as Atlas.ti provide, in my opinion, a much better methodological framework to conduct business research than any other combination of information systems driven analysis methods. Just like the theory of sales management, the theory of conducting business research also suffers from the lack of awareness within the professional community.

The project could also have been performed as a business consulting project. I am convinced however that the results would have been much different. Throughout the project there was a tendency of the Fortis people involved in the project to interpret the data being analysed in such ways that it confirmed earlier beliefs. The rigor needed to ensure that academic validity of the project to which Fortis agreed forced them to consider the facts for what they were and not to make conclusions for which no or little facts were available. This has resulted in new insight for Fortis most notably the great difference between the hunting and farming activities which previously was considered as one construct being selling. While they often labelled my approach as too theoretical they did agree that the approach has uncovered a lot of new insight into how their sales teams operate. Looking back at the project I am led to believe that the academic dimension forced us to analyse all the information very rigorously and challenge our own previous beliefs. Herzberg states that there is a difference between experience and happenings whereby he states that experience is based on the analysis of happenings. The grounded theory approach and the fact that this project was an academic project forced us to process the happenings into experience or in this case knowledge. This does confirm my belief that there is a need for more research based projects which combines academic rigor with practical business issues.

7.2 Contribution to Knowledge

7.2.1 Data Quality

Effect of Data Quality on the Sales Control Approach

In contrast to previous research the findings show that data quality or "ability to measure" are not a determining factor in the choice of the sales control approach. Fortis has chosen to implement different versions of a Hybrid Control process. Their ability to measure their inputs and outputs does not deter them from this approach but rather influence the degree of sophistication or maturity of their control process. The model presented by Boles et al (1995) with their 5 classes of sales force evaluation is more appropriate to explain these findings. The findings show that HR and the availability of unions, in Belgium, are determinant factors in the choice of the sales force control approach. The findings also show that the performance or effectiveness of the selected approach depends on the ability to measure inputs and outputs. This means that if some measures are not available or are unreliable sales managers find other ways to measure them being it through some locally developed tools or through more qualitative approaches.

The findings show that while there are different sales control approaches for each of them there is also a different degree of sophistication which is dependent on the data quality.

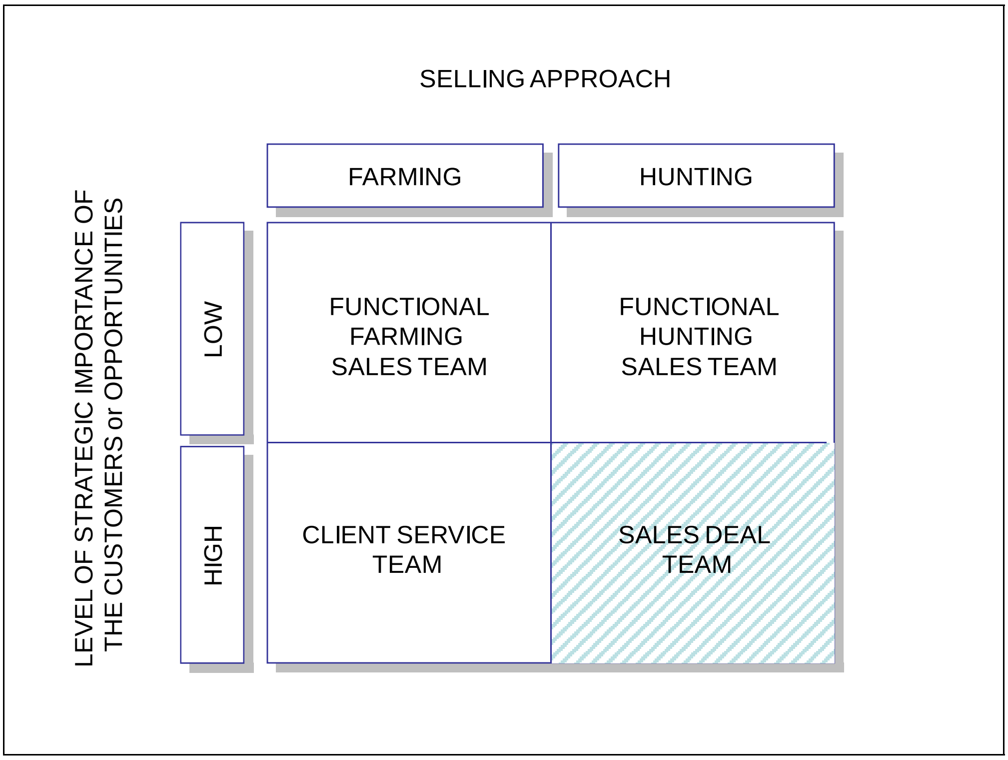
Effect of Data Quality on the Controlling Sales Teams

The findings showed that within functional sales team sales managers find alternatives to complement their lack of measures and information. Within the concept of the Client Sales Team which are made of employees from different departments this is no longer possible. The research shows that team based selling requires accurate data but also globally agreed rules and procedures in order to successfully operate.

7.2.2 Hybrid Sales Control Process

The research uncovered that within the category of hybrid sales control approach there are four types of sales controls sub approaches. The choice of which control to use is dependent on the size of the customers or opportunities the sales people work with and the selling approach which is either hunting or farming as shown in figure 8.1.

Figure 7-1: Hybrid Sales Control Approaches



Source: Original

7.2.3 An organisational Process view on the Sales Control Process

Previous research labelled the sales control process by describing the sales manager's behaviours such as Leading, Steering, Coaching, Motivating etc. This research shows how an organisation breaks down the process of sales control into individual organisation sub processes, activities and tasks which enable a sales manager to lead, steer, coach and motivate his or her sales people. So far, research on sales management in general has focused completely on analysing and describing how people behaved without investigating how the organisation structured the sales management function. Organisational processes do steer the behaviour of people in particular ways. For that reason analysing sales control processes from an organisational point of view is essential. This research is a step towards viewing the sales management function from an organisational perspective.

7.2.4 Hunting and Farming

The selling concepts of hunting and farming seems to have made way from newer concepts such as transactional, relationship selling and key account management. Nevertheless the activities which hunting and farming stand for are still essentially selling activities and need to have their place in the new concepts and terminology. The research showed that while farming can be relabelled as key account management, hunting remains a major sales activity requiring not only different selling approach it also requires a different types of sales control processes than for farming.

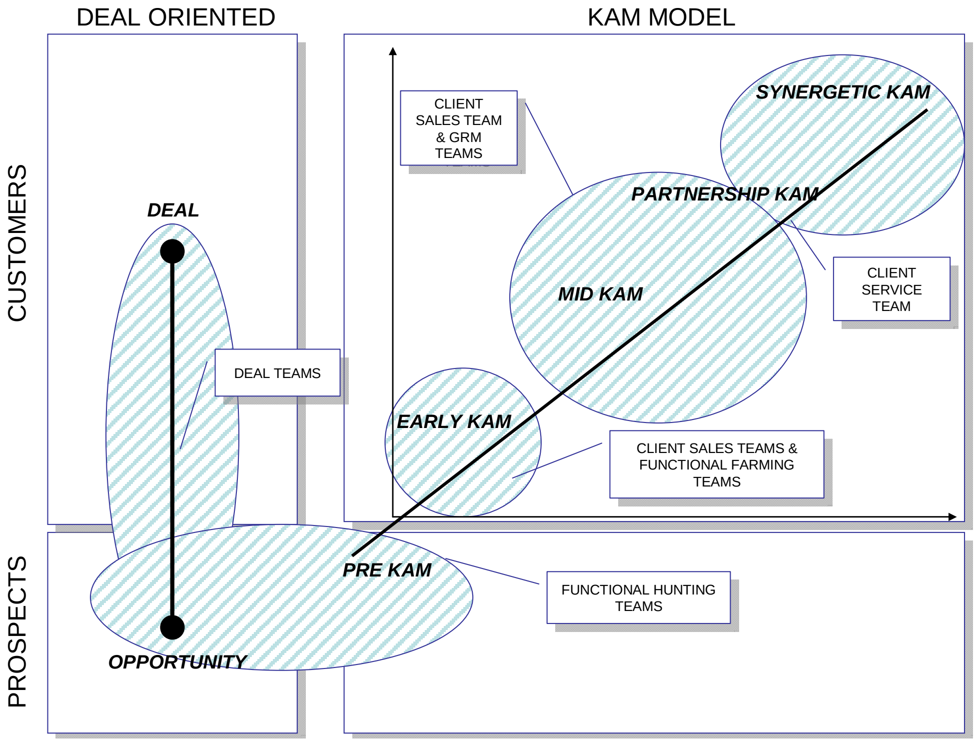
7.2.5 Control Process Activities

This research has the merit to have analysed in detail what a sales control process really is, how it works and who participates in it.

7.2.6 Team Based Selling

The literature does mention the evolution from the lone-wolf sales person to the sales team as part of the relationship selling phenomenon. However, very little is written about the type of sales team that exists. Most of the available literature does position the sales team as the counter part of the buying team. The results on the types of sales teams shows that this is very narrow vision of the sales team and mainly applies to the deal team which in our results do not even fall under the category of relationship selling. The findings show that organisations setup different types of sales teams depending on the importance and the type of relationship the organisation has with its customers.

Figure 7-2: Sales Teams and KAM Model

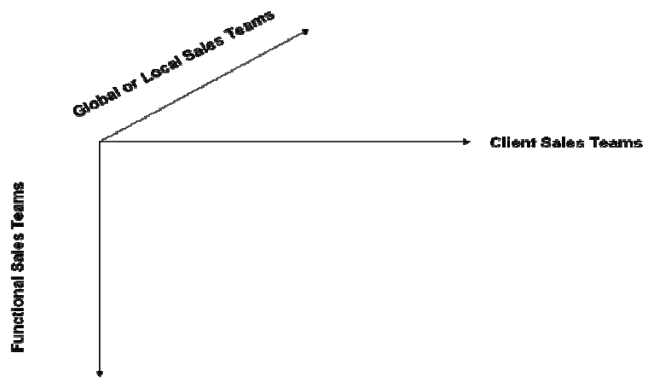


Source: Adapted from Millman and Willson (1995)

Figure 8.2 shows how the research uncovered different types of sales team which can be plotted on the KAM model developed by Wilson and Millman (1995). The research also shows that the concept of sales teams is multidimensional and that each sales person can belong to three different types of sales teams at the same time as shown in figure 8.3.

This research showed that there are different types of sales teams. The types of sales team uncovered correspond to the stages of the KAM model and therefore extend the existing model with an extra type of sales team dimension. Each individual sales person can belong to one or several sales teams which create new challenges for the sales control process.

Figure 7-3: Sales Teams Dimensions



Source: Original

The research identified the main issues related to the multidimensional sales team model which are objective setting and measuring and evaluating the performance of individual sales people. The research also identified that while sales control processes were previously seen as a sales manager's activity the introduction of sales team also includes the sales person to control his or her sales team members. This means that the sales control function is, according to our research, a two dimensional process.

Figure 7-4: Sales Control Dimensions

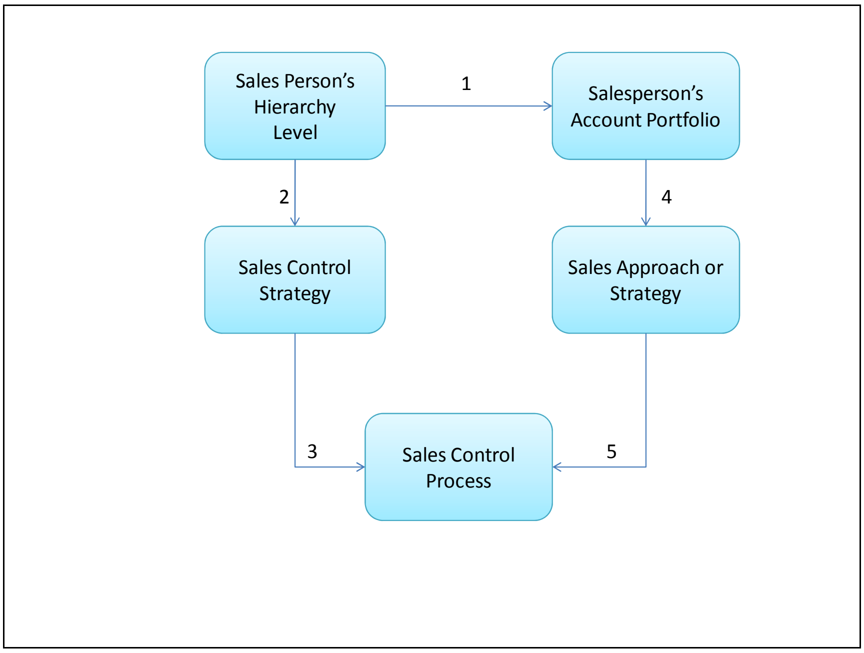
Source: Original

7.2.7 Conceptual Model

The findings of this research project support the initial conceptual model. In contradiction with the research on organisational control the sales and sales management research has been aiming to categorise the sales control approaches into behavioural, hybrid and outcome based systems. The findings support the idea that the sales control strategy is mainly a hybrid system and that the outcome and behaviour focus are dimensions which vary in importance based on the control system in place.

No hard evidence was found to support the idea that the higher the sales person is in the hierarchy of the organisation the more the control approach he or she is subject to is outcome based. Evidence was found that the sales people managing the more strategic key accounts are higher in the hierarchy of the organisation. This is needed because they require some authority to manage the customer sales team. Evidence was also found that the control process is different in nature for more strategic key accounts than for less strategic ones. Evidence was found that the sales approach is different for each type of key account relationship and the sales control process differs by type of sales approach. Based on findings of this project it is concluded that we have found support for all parts of our conceptual model.

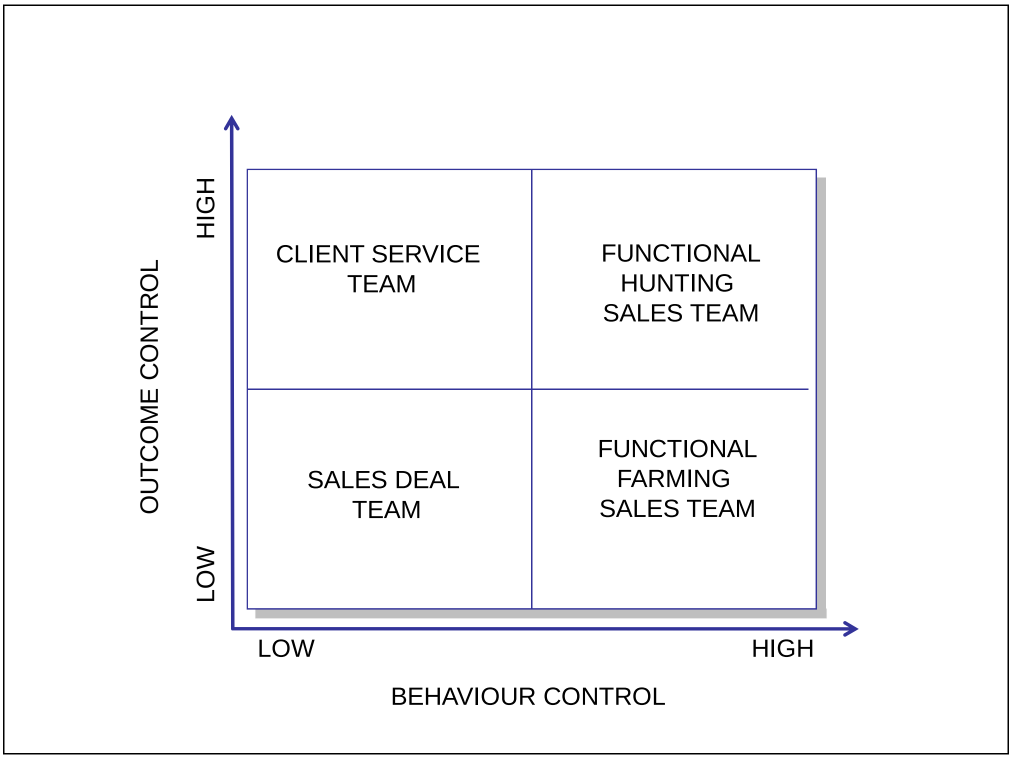
Figure 7-5: Conceptual Model



Source: Original

The aim of this study consisted of identifying different forms of hybrid control systems which could be subsequently be further researched using any or a combination of management control theories.

Figure 6: Forms of Hybrid Control versus behviour and outcome control



Source: Original

The sales control processes within the sales deal teams showed very low amount of behaviour control combined with a low amount of outcome control. These teams show a high degree of interdependence on each other to make the deal and no one has very formal individual objective in terms of outcome. The control processes show much resemblance with Ouchi's (1980) clan control system.

The members of client service team are also dependent on each other to manage their accounts but they differ with the deal team on aspects all members have individual objectives and are located in separate departments. Members of a client service team are more senior than other sales people and are therefore experiencing less behavioural control and relatively more outcome control.

Members of functional farming team do not receive individual hard outcome objectives as such. They do however receive some outcome objectives but the end evaluation is whether the whole functional team collectively achieved their objective which counts. They are on the other hand exposed to a high amount of behavioural controls. The reason for not assigning individual objectives is mainly due to an inability to accurately divide the team objectives among all team members while taking their portfolio potential into account.

Members of a functional hunting team do receive individual outcome objectives because the organisation believes it can more accurately assign outcome objectives to their hunters than their farmers. While receiving outcome objectives they still are exposed to a very high amount of behavioural control as well.

7.3 Future research and limitations.

7.3.1 Single Case Study Research.

Strictly speaking the research project is based on a single case which is Fortis. It can therefore be argued that the findings are not generalisable and could be only applicable to the Fortis organisation. The aim of grounded theory research is to develop theory and not to test and generalize it. Generalising the theory by testing it across various organisations and industries is another research project. The question is then to what extent are we confident that the theory we formulated will be replicable and is not just descriptive of the Fortis organisation. The findings are not just descriptive of the Fortis organisation and they are likely to be replicable across other organisations and industries for the following reasons:

1. The Fortis organisation is a group which is based on the merger and acquisitions of various banks and insurance companies across Europe. The group itself is made up of 600 legal entities which operated until recently more or less independently from each other. The very reason why Fortis agreed to collaborate was based on the fact that they had until now allowed all their individual branches and business units to operate separately from each other much in the same way they operated before being part of the group. This means that this research provided the opportunity to have access to several different individual organisations within a single group.

2. Many of the people interviewed were new to the Fortis organisation and brought their own knowledge and experience on sales force management with them and implemented them within their sales teams. This means that at the time of the research there was not a uniform imposed way of managing the sales forces and everybody was able to bring and implement their ways of working. This also means that the data could be viewed as if 16 different organisations were interviewed.

3. The Fortis organisation covers all industry segments and all types of companies. This means that there is no bias in the data with regards to the type of business to business companies that the sales forces are dealing with.

4. The Fortis organisation is organised into a matrix structure which means that the data includes all different types of sales forces and selling situations.

7.3.2 The theoretical methodology

Practitioner Involvement

The aim of Fortis was not just to obtain a better understanding of their own sales force management processes but to develop a new sales force automation and reporting system which would fit the needs of their sales managers. The project was divided into several phases:

1. The first phase was called the As-Is analysis which constitutes an analysis of the current sales management processes and a review of the systems they use.

2. The second phase was called the To-Be Analysis during which the new sales force automation but also the new sales force management rules and procedures were defined and validated.

3. The third phase was the development phase of the tools and systems.

4. The fourth phase was the implementation of the new systems and the new ways of working across the sales force.

During the project the researcher also operated as a business consultant on the project. The first phase was an academic phase in which it was agreed with Fortis that they would collaborate with the research project. For the other phases there was no such agreement. Being involved in all phases of the project led to consider using the action research approach but this could not be done for the following reasons:

- There was no agreement with Fortis that they would collaborate on an academic project during other than for phase 1.

- The study of how to implement a large scale project had less to do with sales force management and more with project management and change management.

- Performing a post project evaluation which is part of the action research approach is not within the habits of the organisation and could be highly political.

- The researcher was offered the sole responsibility to perform the As Is analysis but for the following phases other departments within Fortis and other external consulting companies received the lead of the project. This would not be a position to ensure that the methods used to perform the activities in the following phases would be rigorous enough for a research project.

The combination of the roles as researcher and business consultant on the same project does include a form of bias. During the project phases 2 to 4, interaction with the sales managers who participated in the first phase of the project was on a very frequent basis. In order to limit the bias all the transcripts were recorded again four months after the project ended at Fortis. The analysis and conclusions presented in this research has also been performed after the project in order to limit any form of bias. The main bias that remains was that when recording the transcripts after leaving the projects (which lasted two years) enabled a much better interpretation of the interviews which did have a great impact on the coding. While some may see it as a bias it is also strength because the quality of the coding greatly improved due to the insight gathered.

7.3.3 End of Year Evaluation Process

The end of year evaluation process was not analysed in detail which is a weakness in this research. The sponsors at Fortis believed that it was too much driven by HR and also too sensitive to include in the study. Cravens et al (2004) also found that compensation and end of year evaluation was a separate process from the sales control process and that in large organisations this process was streamlined by the HR division within an organisation. Nevertheless this is a weakness in this research because setting the objective in the beginning of the year, the account planning, monitoring and benchmarking of sales results, organizing individual bilateral performance review meetings and sales team meetings processes all culminate to the end point which is the end of year performance review.

7.3.4 Response Bias

The understanding of the sales control processes is not based on participation or monitoring the actual process but on interviews of the actors being the Area Managers, Sales Managers and Sales People. During the pilot study it was noticed that the tape recorder and line of questions being asking made some people uncomfortable. This was made clear when some people asked whether the transcripts would be made available to Fortis or not. If they were, two interviewees told me they would be less forthcoming in their answers. While the interviewees were guaranteed that the transcripts would not be provided to the management of Fortis it was felt that some degree of response bias was most probably available in their answers. Interestingly it was suspected during the pilot study that the interviewees were using the interviews to ventilate all their problems and things they would like to see changed in the systems and procedures of the bank regardless of their relevance to the topic of the interviews. To minimize response bias in the following phases of the project the interviewees were always asked to provide a copy of all their reports / information they use during each step of the control process. This proved to be very useful during the interviews to challenge the interviewees when they talked about they were performing as part of the control process but for which no information or report was provided beforehand. The result was always either that not all the information and reports were sent up front, or the admission that the activity they were describing was not an activity they were performing but one which they would like to perform. Nevertheless for the individual performance review process which was perhaps the most complicated process and the one where most of the coaching was done some monitoring would have been very insightful and perhaps would have enabled better evaluation of the responses given by the interviewees. Access to the these meetings was not requested because the insight that could be obtained would be about people's behaviour rather than on the organisation process focusing on the input, activities and outputs which is the focus of this research project. The description of the monitoring process may also have suffered from the interview approach because the activity of joint sales visits was almost never raised which is in contrast with literature on monitoring of sales people. This could be explained by any of the following:

- Joint sales calls do not require preparation in the form of gathering information and reports to prepare and therefore was not addressed during the interviews.

- Joint sales calls in the relationship selling is less about monitoring the sales person and more about monitoring the relationship with the customers. A process that is also performed by reading all the of visit reports made by the sales people. Because the sales managers explained in detail how they would read all of the visit reports to monitor the evolution of the customer relationship they may not have found it necessary to also mention that they regularly visit the customers to assess it at first hand for themselves.

- In the context of relationship selling very few sales managers perform joint sales calls with their sales people. While you could conclude that from the data collecting during the interviews, this is not true. It is known that all sales managers must sign all credit approvals made by the sales people. Depending on the credit amounts the sales managers do need to see the customers personally. Here again it could be questioned whether the customer visit is about monitoring the sales person's behaviour and performance or to evaluate the customer, the relationship and the risk that the bank will take in continuing doing business with this customer.

Based on the insight gained into the Fortis organisation there is strong belief that joint sales calls at Fortis are not about coaching sales people on selling or interacting with customers but about monitoring the customer relationships and the risks the bank exposes itself with each customer.

7.3.5 Team Based Selling

Client Service Teams

The implementation of the client service teams across the Fortis organisation was at the time of the project being introduced and several problems were still left unresolved. The main problems were:

- How to assign objective to Client Sales Teams?
- Large client sales require the setup of a matrix management structure. How and by whom are the sales team member evaluated?
- How is the customer's profitability going to be measured across all the business units within Fortis?

At the time of the research the organisation was undergoing some changes regarding the rules and procedures to control the sales force in both their commercial and merchant bank divisions. Simultaneously projects were working on providing the sales people with better qualitative sales information. The question is how will those new elements affect the findings of the study? Although this research project was lucky to have been able to study these control processes within a large organisation such as Fortis perhaps another large organisation would have been more mature in their internal sales force organisation and provided us with the additional insight. While this may question the choice of a single case study approach it is also noted that many sales managers interviewed in the UK, France and the Netherlands did mention that the financial organisations they came from were struggling with exactly the same internal organisational problems.

The Deal Team

The approach taken to embark on this research project was to investigate how relationship selling impacted the sales control function. The interviews revealed that while relationship selling is the new hype the more traditional types of selling which involves hunting for new customers alone or in the form of a deal team also exist and also requires sales management attention. More effort could have been put in researching the deal team, how they operate and how they are managed. Most of the literature encountered on the core selling team was geared towards the deal team and much less towards the client service team.

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8 Appendix A: Interviews

8.1 Email letter requesting the interview

Overview of my Research Project

Who am I?

My name is Regis Lemmens and I am part time PhD student at the Robert Gordon University in Aberdeen.

What is the general context of this research project?

The topic of the project is **Managing a Sales Force in a Relationship Selling Environment**.

Why this topic?

Many authors have argued that the role of the sales person is drastically changing from persuasive or aggressive selling to managing relationships with customers and prospects. It is argued that this is a result of a more profound change in the way business is performed which matured through three stages Product Orientation, Sales Orientation and Marketing Orientation

This also means that the nature of the selling function is changing to the extent that it renders obsolete many of the currently available sales management practices. Subsequently it also questions sales performance measures, which have been focussed on training, reward and sales volumes rather than relationship performance. While the change in the sales function has occurred both academic and commercial literature suggests that the methods used to measured and evaluated sales activities has remained unchanged.

What would be the objective of our meeting?

The objective of the meeting is to present the latest thinking we have gathered on the subject of sales force management and gather your experiences and views on this subject. The information gathered during the interview will be transcribed into the final thesis and will be used to either enforce or challenge the views we have put forward in our research.

What is in it for you?

If sales management and relationship selling are currently important topics in your organisation, our meeting will provide you with a complete overview of the latest research and best practices in this area.

8.2 Interview questions

Table 8-1 Interview Questions

Questions
Can you please tell me about your markets, products and selling approach?
How are the sales objectives defined and what type of objectives are used in your organisation?
Can you take me through the process of defining sales objectives and defining territory plans?
How do you define the sales quota of each territory?
How do you translate/operationalise the sales quota into a sales strategy?
Can you accurately predict the outcome of the different type of sales activities (sales, servicing the account, etc)?
Do you have quantitative benchmarks for each strategy and for the activities?
How many steps are there in your sales process?
Do you measure each step of the sales process?
How do you measure the performance of each employee? (outcome / behaviour)
Do you use any benchmarking methods to evaluate your sales people?

9 Appendix B: Pilot Study

9.1 Questionnaire Protocol

Performance Review: Quantitative Evaluation
Which quantitative measures and ratios are you using when evaluating the performance of an ACMA of your business centre? [LIST]
What is the meaning of each of these measures?
How accurate, complete and available are those measures?
Performance Review: Qualitative Evaluation
Which qualitative measures are you using when evaluating the performance of an ACMA of your business centre?
How do you obtain those measures?
How accurate, complete and available are those qualitative measures?
Pipeline Measures
What are the opportunity measures really measuring? [LIST]
Can you translate an ACMA's objectives into objectives for each of these measures?
Are there opportunities which have a sales process that does not fit the stages as defined in the pipeline?
How do or could those opportunity measures help you in managing / coaching your ACMAs?
How accurate, complete and available are those measures today? Would you have any recommendations as to how the pipeline measures could be improved?.

9.2 *Interview Transcript (example of a transcript)*

Interview with "Anne Francken"

Commercial Steering: I use the amount of skill sold. And I use mainly the SKILL for those which are part of the Objective. I do not obtain all those measures from the Sales Metrics but I use other sources to obtain these measures. The reason being is that I have to wait too long for the Sales Metrics reports. Amount of SKILLS in pipeline I base my judgement through my weekly and monthly review meetings with all the ACMAs. So during those weekly meeting I take notice of what they are working on and once a month we look at the figures and we discuss issues such as where we are too low for the month. The measure of what is in the pipeline is something I do not use at all because I cannot trust it. The reason is that when an ACMA enters something into the pipeline I cannot judge what the probability will be that is actually will be sold. While when I qualitatively inform myself about the opportunity then I can much better judge what the chances are to close that opportunity. I can also get an idea about the timing, the amount of hurdles we still have to pass, whether the pricing will need to adapted. All the possible hurdles and all the possible things that I can do to help close this opportunity I can judge that much better when I judge it qualitatively then when I get measure about in Negotiation Phase with a probability of X. Where I am at all not certain that everybody (ACMAs) interpreter X in the sesame way there exist maybe some instructions as to how to fill in those measures but I do not trust them. For example. Gross Income: Some enter the estimated gross income for this year, the other one for next year. Some calculate it based on the fact that it is sold today while the opportunity is not closed. So I can't judge that by looking at the figures. Act as One points, you are not only dependent on the ACMA entering the data but you are also dependent on the other ACMA who received the lead, how does he handle the lead. The reporting on this subject is completely wrong. You have to put a lot energy to make sure that the measure you get there is correct. The act as one points are based on the input generated into SMS. So as an ACMA you have to send a lead. Another ACMA has to accept the lead in SMS. You have to set the opportunity to "sold". An the ACMA sending the lead must enter all the details about the customer and all that information must be entered correctly in order for that measure to be correct. For that reason we do not use that measure. I do use the statistics that I receive from the SKILL or from the Marketing. If I can get them sooner from the SKILL I will ask the SKILL for the report. I dislike having to discover three months later that we are running behind for a particular SKILL. It often happens that according to the reporting it seems that we have not sold anything for a particular product but then I heard from my people that they have closed deals but haven’t entered them into the system yet. The manner in which you have to enter all that data is incredibly complex. In addition it is also has a time lag which can lead to false impression that everything is going well while it isn’t. Amount of lead in the pipeline is have no idea where that measure comes from and I now this information based on the frequent contacts I have with my people. Amount of new customer. I do not need a measure for that there are so few and I have to personally sign a document for every new customer we make. Amount of customer lost. Well we are still losing less customers then that we are winning. And if we are losing a customer I now that up front without needed a special measure. The amount of P1 customers. This is a measure that I almost never use. We have received this week some statistics about what are the characteristics of a P1, P2, and P3 customer. For me a P1 customer is not always an important customer. It is not because you have a branch abroad that you are going to use our international skills. On the other hand it is not because you are a P2 customer that you are not very profitable. My most important customer is P2 customer. This customer is doing a lot in CREDIT I make the most amount of money on this customer. Following the definition this customer is a P2 customer. For me this is a P1 customer in the sense that it is the most important customer. So, now customer could have a bad Risk but because they have a branch abroad even if they are not a SKILL customer yet they are still a P1 customer. I do not use this notion. For me an important customer is one which has a high value contribution.

Sales Effectiveness. % of opportunity that generated a sale. That was the criteria were our business centre scored green on the report. We had to laugh with it because we know that we only entered the opportunities that were sold. Because the ACMAs are continuously under time pressure, the last thing they do enter visit reports other things that have to be done. So, what you notice is that only when an ACMA sold something he makes the effort to go and enter it into the system. So, according to those measures I have an enormous effective and productive sales team because they only go to those customers were there are opportunities and they also close these sales. I do believe that is not a correct conclusion. I notice that when an ACMA has sold something he will more easily enter the result then when he did not sold something. He may detect opportunities but because he judges that he cannot close the opportunity within the period he is not going to enter it. The reason is that he does not want me to tell him that he has opportunities but he is not working on them. There 1001 reasons like that why the ACMA will not enter all the opportunities. You are never going to make this happen. You can reach any conclusion out of these measures.

What I do use is the overview of that amount of contacts that the ACMA had. I do print out regularly an overview of the visit reports showing the first paragraph of each report. This enables me to get an idea of who we visited, what was discussed and relevant were these discussion. This enables me to discover whether there is anybody who is pulling my leg by entering a lost visit reports while when I look at these reports are irrelevant. The content of the visit reports is more relevant than the amount of visits. This is because having performed 20 visits can be good but can also be bad. It could be that the ACMA goes to visit the customer for futile reasons which could have been dealt with over the phone while it can also be a very dynamic ACMA who has meaningful visits with customers. Based on this measure I cannot judge that.

Act as One. I look once and while at the amount of leads send. Number of leads received. We received only two leads this year. We are very happy with them because we usually never receive any of them. So, I do not need a computer to follow that up because when we receive a useful lead then we are so impressed that we all know about it. If we then also close the lead ….. Then I do not speak about the lead such as those captured during a telephone conversation. Those also owned leads but I do not know how important to measure it is. It is more for the ACMA to use it as a reminder in the SMS. But as a measure I do not know how useful it is.

The financial measures. I look at all of these measures. I do not only look at Gross Income. Gross Income minus the Costs and Risk which is also expressed as a cost and that will define my value contribution. I look at all the elements of the Gross Income and I try to compare them with the region and the country to see whether we are evaluating differently. Then I am going to look customer by customer to see where we have greater discrepancies. For example if I have a increase in gross income of 5 % I compare it with the region If they have an increase of 10% that we are not doing well and if they are increasing by 0% we are doing well. In fact it is market comparison.

[REGIS: Are you then doing a customer by customer evaluation to see where you can increase further?]

Well, if we are doing well then I will seek less far but if I see that I do not score well on what particular topic (SKILL) then I will look into customer by customer why we are not doing well for the topic and see how we can improve. Beside that I also look at which customer evolve in terms of gross income and how they evolve to see whether there are any patterns. But can only take action at a customer level. You can act globally but those are more national actions (marketing).

[REGIS: This related to the two other measures 10% increase and decrease in Gross Income by customer]

Yes, but I do not use these measures. Knowing that there are a group of customer who are increasing and decreasing does not tell me anything. I look through the customer listing because I need to see that customer X has increased with 10% and then I can see why. For instance they recently took a new Credit. But if customer X who took a new credit is decreasing by 10% then I must ask myself together with the ACMA what is happening. Perhaps the customer is buying financial products from somewhere else. The percentages of customer increasing and decreasing in Gross Income in itself does not tell me anything. Unless it is an indication that everybody (customers) is decreasing but then my total gross income will also decrease and I will get the signal from there. So I use the global measure of Gross Income to get the signal whether something is globally wrong and I review the customer list one by one to see which one are decreasing and increasing.

Estimated income in solution is a measure that I do not use because I saw the strangest figures appearing there. Estimated income from solution sold I do not use either because I see estimation being calculated on a year bases whereas the rest of our system do not function on a year bases but on a calendar year and the period remaining. The year from is from 1st of

January till the 31st of December. When I sell something in May I know it starts on the 1st of May and continues to the next year. But the Credit line can have decreasing repayment scheme and most ACMA do when filling in the estimates do not really take those things into account and enter more general figures which are not correct. If the ACMA fear that these figures are going to be used to calculate their objective of next year then they will completely falsify the data entered. That's reality.

[REGIS: What qualitative measures do you use to evaluate the performance of the ACMA?]

That is a difficult question

[REGIS: what measures do you use during your weekly meetings?]

The quality of the customer contacts. The quality of the ACMAs credit request. I qualitatively judge the amount of opportunities and ACMA has for a customer and the amount of opportunities I believe his customer has. I actually judge on a qualitative basis what the sales metrics are trying to achieve a quantitative basis.

[REGIS: Do you experience any problems with the qualitative evaluation itself?]

There is always a subjective aspect to the evaluation.

[REGIS: do you experience that subjectivity as being a problem?]

It is always subjective even if you have quantitative measures. If you tell me that I need to sell 5 commercial finance products and I sell only 4 I can have the subjective feeling that it is incredibly good performance. Because we have done everything we can do to sell those 4 products whereas his rational interpretation of this measure would suggest that the performance is bad.

[REGIS: Are the objectives then not good?]

The objectives are not linked to the potential of the territory. We (the bank) are not able to estimate the potential of a territory and translate that into a real objective. The objectives are translated into the amount of people that you have in the business centre. For example we have the same objective for Documentary Credit then the business centre for the Port of Antwerp. That is not correct. But those aspects are not taken into account.

[REGIS: Which problems do you see with the qualitative evaluation and why do you think it is a problem?]

It is not easy to do a qualitative evaluation but I cannot see how you can do this through quantitative measures. Given the complex products that we are selling you will always have the problem that qualitative evaluation is needed.

The only aspect that should be more quantitatively measures is the potential. If it would be possible to calculate the potential for product, regions, territory and customer. It should go from small to big because at the end of the day you always end up selling a product to a customer. Let's assume that one region has more or less potential for a particular product then we can increase or decrease the objective for a particular product. But at the end of the day you will have to sell to a particular customer a particular product. A first step towards achieving this is being developed though the MDD project (Marketing database). But part of this project I have to collaborate at a Global Relationship Manager reengineering and I am asked to find a prospect that fits those requirements. But a prospect that complies with all the characteristics of a P1 customer. The few that I have identified in my regions seems to be branches of larges international companies. I have serious problems to find one in my region.

[REGIS: which of those pipeline measures do you use when evaluating the performance of the ACMA?]

I am not using any of those measures. I do not even know these measures were available.

[REGIS: Nevertheless can you tell me what these measures would mean to you and how you expect that you will use them in the future?]

To start with I already have problems with the stages PLAN, ANALYSE, NEGOTIATE. We have looked at the statistics of the opportunities but we say there was only one ACMA that has PLAN or another that had ANALYSE. Contentiously entering the phases for an opportunity, ACMAs will just not do it. They have all so much work that this to overload and just is not done. You see that the best ACMA do not enter any data and the worse ACMAs enter all the data so that you cannot hold anything against them.

Amount of opportunities in a particular phase does not tell me anything. By products could be interesting to help understand how we could obtain our objectives. An opportunity without a product does not tell me anything. Because it can be an opportunity to finance employee vacation money which is something I do not care about it is a service we offer to assist a customer but we do not seek those types of opportunities. But it can also be an opportunity for a SKILL where we earn much more money. All of those are one opportunity. So the amount of measures does not tell me anything. What is handy is that in the beginning of the year you make your plan you can decide who you are going to approach for which product and that you can enter that into the system and afterwards easily retrieve and so how many customers do I have to approach, can I achieve what I need to, which customer, how am I going to do it, and how far are we. But I find it currently very difficult due to the way our reporting system works. There are many opportunities that we detect last year but which have not yet been defined as planned in the system while in my mind there are planned because I know that those opportunities exists because I detected them last year. I also have the feeling that the people still do not know what they must be doing in order for it to appear in the right category. And the fact that they themselves do not look at the outcome (reporting) which enables me to understand that they do not se the importance of entering that information. Each time I have to convince that that rubbish is rubbish out, so please can you enter the data exactly. It is not that they against doing if but if something get not done then it is always that.

[REGIS: Dividing the opportunities into the different stages is that not useful?]

For whom?

[REGIS: For the ACMA to enable him to understand where his opportunity really stands to communicate with other about that opportunity]

The main amounts of opportunities are those that the ACMAS detect themselves so in those cases the stages LEAD, PLANNED are the same. So you end up having a list of opportunities that you have planned for a whole year. So as an ACMA in order to have that list he will have analysed whether it is possible or not to sell this opportunity. So, when you start with the opportunity you start negotiating with the customer, which you as an ACMA obviously know: So as an ACMA you do not have much help knowing in which phase you are. Receiving a list of opportunities for which you are negotiation what help does that give you? If I was an ACMA I would not know what to do. What can be useful is in the case that the ACMA has to sell a whole lot of stuff to obtain my sales results and I have to work and this and that and that I then I can see that I can sell those opportunities to those or those customer. As ACMA you know that for management it can useful but as sales manager I have small group I know it as well. For me the three first phases are not really different. For me, the Analyse phase is the same as the

Negotiation phase. You see it is not clear what those phases mean. For my Analyse phase mean I am behind my desk and I am going to think about each customer and see what I can sell to him. When I am going to see what the needs of the customer are. For instance during the last training the marketing department thought that they need to teach the sales people that they need to listen to the customer analyse their needs and then propose a solution. But I think that after 20 years of experience I do know these things without needing anybody from the marketing department to come and tell me. I was actually a little but offended by this course. What is the difference between Analysis and Negotiation? Well of course sometimes it is the same phase and sometimes they are different phases. It can be that I discover a need and that I need to search how I can propose something well in that case you have a difference. For instance I do have to do some research to see if I can set-up an internal cash management system for a customer. But in many cases it is not like that. In many of the cases you have a specific need and I know what the solution therefore that you therefore need and I will make a credit request and afterwards make a proposal. But all the way I am negotiation at one time internally to get the credit request approved and on the other hand to get is signed by the customer.

[REGIS: My understanding of these phases was that en opportunity is in ANALYSE stage until a formal proposal is send to the customer. Negotiation only starts when the proposal is made.]

So negotiation is discussing the modalities such as price and discounts. Why not? I found the difference is to very unclear to make a real difference and to follow it up statistically.

[REGIS: Is there a sales course that the people follow at Fortis?]

There is a sales course at Fortis but I am not sure that everyone has followed that course. I do believe we should have the courses more regularly. It happens once a while and then for everybody. Sometimes beginners are sent to the course. For instance it happened when we started a global marketing action we did send all the people to a negotiation course. But I actually notice that in other companies are training their sales people. You will notice that as I am not able to differentiate these different stages in the sales process.

The sales stages should be included in the sales training. I see that with the segmentation in P1, P2 customers I see that the same thing is happening. In the past I had my own interpretation of what a P1, P2, P3, and P4 customer was. With the new definition that we received I must admit that I have less feeling with the interpretation. In the past we segmented the customer based on feeling.

The opportunity ratios. I absolutely do not use these measures. I can't use these measures since we do not make the distinction between these different stages. I do not do and my people do not do it either. We only have opportunities. We work on these opportunities and we have a result. And that is qualitatively followed up on. That concept has only recently been introduced and the people still do not have the 100% discipline and the time to enter all the data. They have to enter all he info and the info must be correctly entered. They have to do so many different things that is something does not get done it is to enter the opportunity measures. However if tomorrow we start emphasising on it that it will be done but then something else will not be done correctly anymore. Were pressure is being put on happens and were less pressure is being put on happens less. When something is new you will have to press very hard on it if you want it to produce any results.

[REGIS: Do you not have the problem to qualitatively judge all the information that is given to you and to get a clear picture?]

No not really. I have 7 ACMAS and I work here since a long time. I know the customers and the ACMA. We have in the beginning of the year a planning discussion and every week we have a meeting. I do use the statistics to have some information so that I do not need the people to come into my office all the time. We have the monthly discussions were we discuss the look together were we are and which action we must take. I work perhaps too much based on gut feeling but..?

Conversion ratios. I would not know what I could learn from that. An opportunity for a straight loan and an opportunity for an international cash management solution are very different. If I sell 10 straight loans, or 1 cash management deal the cash management can generate much more revenue. Also the straight loans should be dealt with swiftly.

[REGIS: Are all the stages and opportunity measure adequate for all selling situations?]

One product you sell in 123 and one you do not sell 123.

[REGIS: Are these opportunities not more applicable for the products that are difficult to sell?]

Yes, if you have this information. Fro instance, knowing that it takes 3 months to close a deal for Fortis Commercial Finance that could be interesting. Nevertheless every deal is different. And the amount of those deals is not that many. So you do know that in order to sell a Commercial Finance product it does take a long time and you also know that company A is different from company B, because the data were not obtained on time. For me at the level of the business centre it would be nice to know but I would not really learn much. Of course if I might be surprised when I actually see the data to discover that there is something I do not know. The same way I learned I have to listen to the customer last week on the course. But I doubt that. I cannot believe you can sell something without having to listen to the customer. You would quickly get a very bad reputation if you did that.

I do understand that those measures are interesting at a higher level but it is else obvious that I know these things without needing any of those measures.

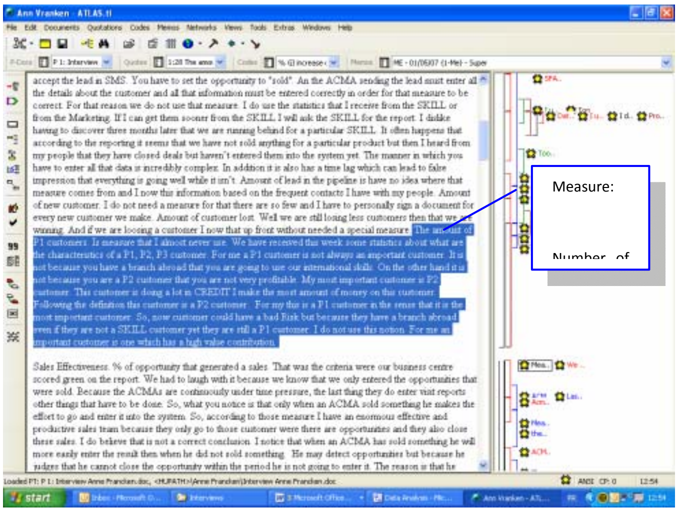
The reality is often difficult to the extent that you cannot measure it quantitatively. Or you should have so many measures that even then you would be able to understand them anymore. When I look at those sales metrics then I get overwhelmed with detailed information. I look at some of the data basically those that compare my business centre with the others. And we always score well because we enter the opportunities that are sold. It is joke and we laugh with it. When I last looked at all the measures for all the business centres I saw that they were all red expect for our business centre we were in the green for the hit ratio.

[REGIS: If they were all red does that mean that the comparison is not against one another but against another defined benchmark?]

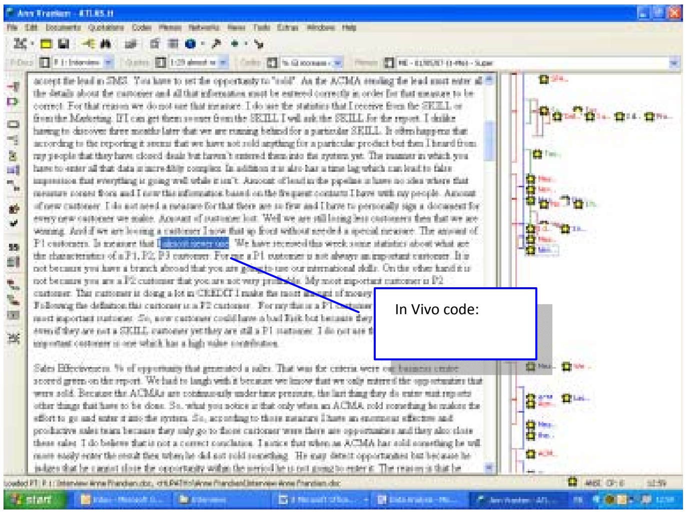
We are compared against a specific threshold that is defined by the marketing. This are not connected with the objectives. These are the measures from the metrics such as opportunities that generated a sale. Total of number of visits to prospects. For hat measure somebody in the marketing defines a threshold and if you pass that threshold you are in the green or otherwise you are in the red. With the exception of those measures that are linked to the objectives I do not know how to set the threshold. But if everyone scores red or green that the whole comparison is ridiculous. This could be perhaps they are new.

9.3 *Coding*

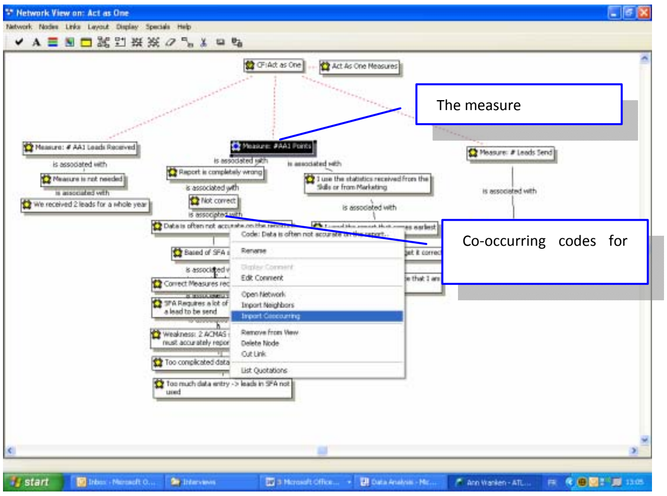
Coding measures at Sentence and Paragraph level



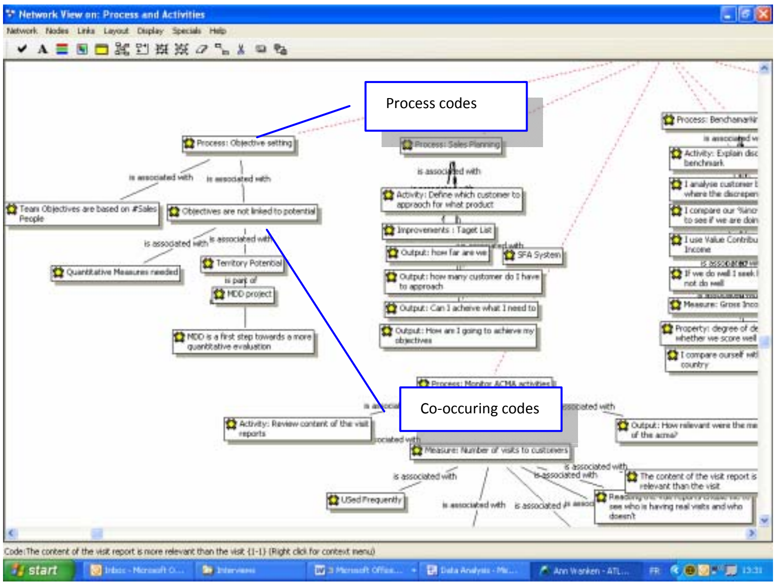
Coding granularity at Word Level



Graphical Network Map



Coding for Process



9.4 *Categories, Properties and Dimensions*

Process Related Categories

Categories	Dimensions	Properties
Objective Setting	Actors	*Input* Team Objectives Measures Financial Measures *Activities* Lineair Split over the ACMAS *Output* Formal Contract Activity Objective Product Objectives Team Objectives - FTE Based (method used) Team Objectives - Territory Potential Based (method not used) Team Objectives - Not negotiable Individual Objectives - Negotiable Cap and Floor defined on Objectives
Sales Planning	Actors	*Input* *Activities* Define Product Target List Estimate Customer Potential Planning Review *Output* Agree on Targets Insight Target List
Monitoring: Activities	Sales Team Size Actors	*Input* *Activities* Review Activities Evaluate Activities *Output* Aggregates Level - Need for KPIs
Benchmarking	Actors	*Input* *Activities* Seek for Descrepencies Compare with other BC - Regions - Countries *Output* Benchmarking Limitations - Market Benchmarking Limitations - Selling Approach
Monitoring: Weekly Review Meeting	Actors	*Input* Opportunity Measures *Activities* Team Based Discuss Issues Review Financial Results Review Opportunities Review Activities Evaluate Activities Evaluate Opportunties *Output* Frequency
Monitor: Product Sales Performance	Actors	*Input* Product Sales Measures *Activities* Gather Product Sales Results Review Product Sales *Output* Data Quality Selective Monitoring
Coaching	Actors	*Input* Opportunity Measures Financial Measures *Activities* Review Activities Review Opportunities *Output* Method: Coaching Questioning Data Quality
Evaluation Process	Sales Team Size Quantitative / Data Quality Actors	*Input* Financial Measures Objectives ACT as One Points Customer Measures Direct Observation Portfolio Measures *Activities* Evaluate Activities Evaluate Team Work Activities Evaluate Capabilities Evaluate Financial Results Evaluate Contribution to Team Objectives Evaluate Customer / Portfolio Evaluate Customer relationships Evaluate Business Opportunities Evaluate the Portfolio *Output* Reason for missing objective Training Need Rules and Procedures Degree of complexity

Steering Measures Category and Subcategories

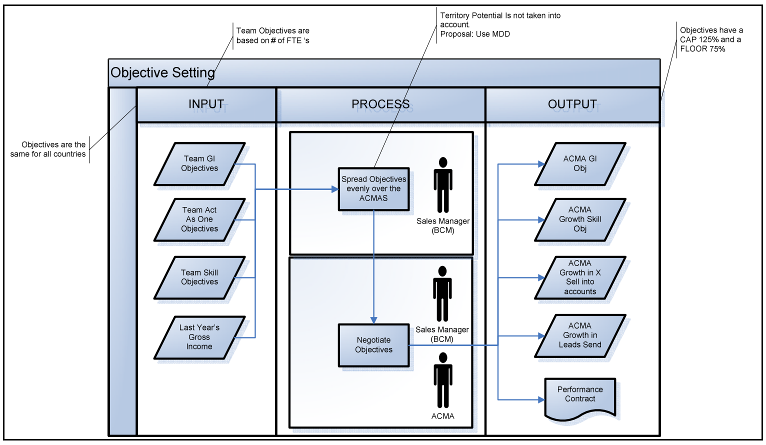
Steering Measures		Used / Not used Reporting Level Selling Approach Data Quality Sales Team Size
Steering Financial Measures	GI increase/decrease of 10% Estimated income from solutions sold Gross Income	
Steering Customer Measures	# of Lost Customers # of P1 customers # New customers	
Steering Opportunity Measures	Opportunity Stages # Visits by Opportunity Opportunity Ratios Opportunity Duration # of Opportunites Estimated Income in Act As One Points Leads Received Leads Send	Sub Categories
Steering Activity Measures	# of Customer Visits Opportunities to Customers opportunities to Prospects	

Other Categories

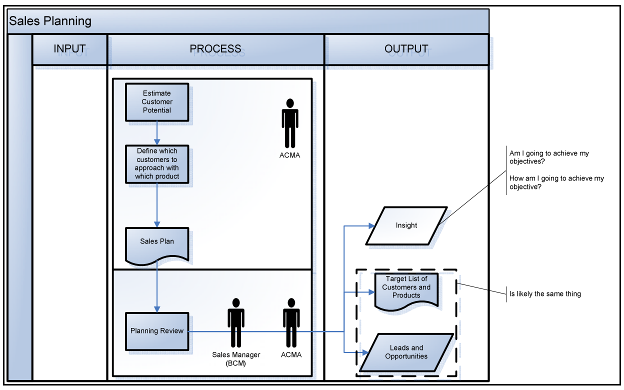
Reporting Level / Types	Users / Population	Measure Type Span fo Control / Sales Team Size Prupose of the Measure
Selling Approach	Hunting Farming	Type of Measure Used Countries Selling Activities
Sales Oranganisation	Sales Team Customer Sales Team GRM Team	Functions Roles and Responsabilities Internal Oranisation Effectiveness
Data Quality		Causes Effort Related Reaons Selective reporting Time Pressure Reasons Lack of Discipline Reporting in SFA -> low priority Perception Local Tools Problems interpreting the measures Priority Lack of Knowledge Added Value for the ACMA Organisational issues Lack of Common Definitions Common Data Base Referentials New system Timeliness Consequences Lack of available measures Lack of Benchmarks Measures are not used Inaccurate Analysis Consolidation Issues
Sales Person		Capabilities Behaviours and Actitvities Quality of the visits with customers Cutomer Relationships Team Work Ability to Achieve Objective
Portfolio / Territory		Workload Maret / Territory Potential Complexity
Business Opportunities		Lead Quality Opportunity Quality
Customers		Customer Potential
Sales Strategy		Sales Strategy Effectiveness

9.5 *Sales Control Process Maps*

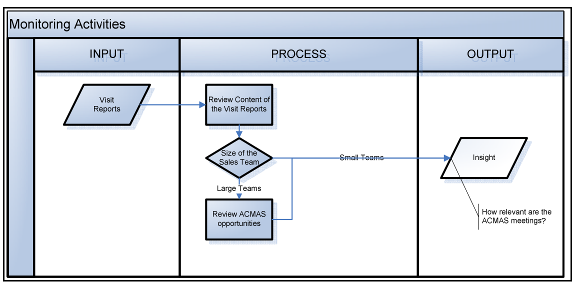
Objective Setting



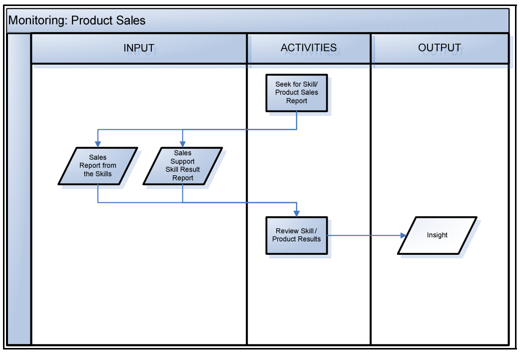
Sales Planning



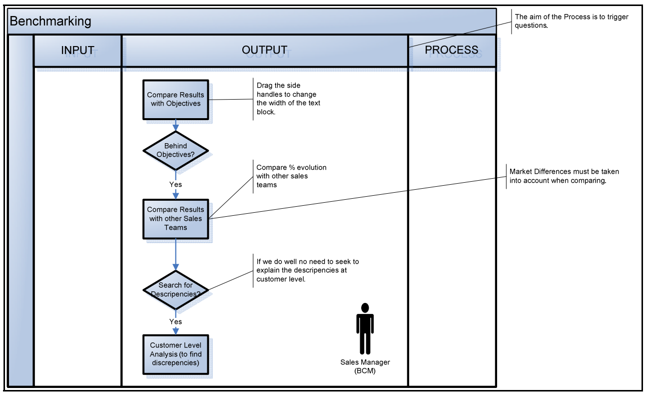
Monitoring Activities



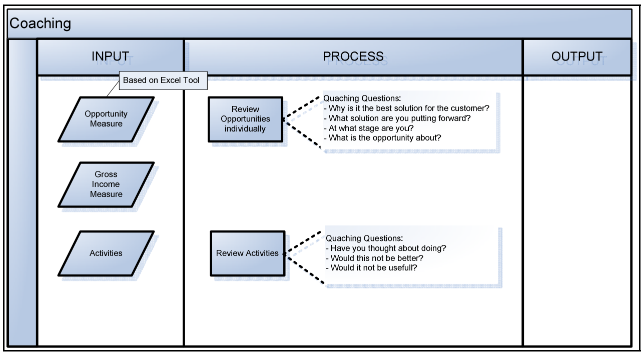
Monitoring Product Sales

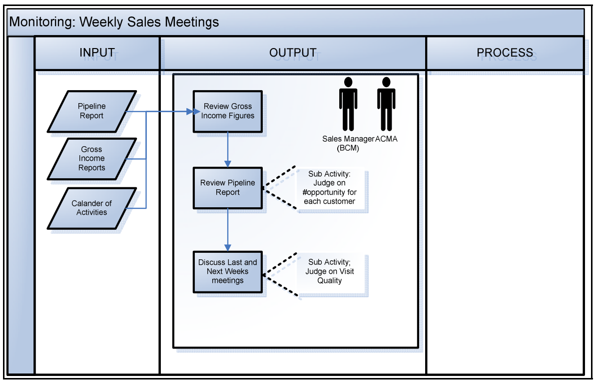


Benchmarking

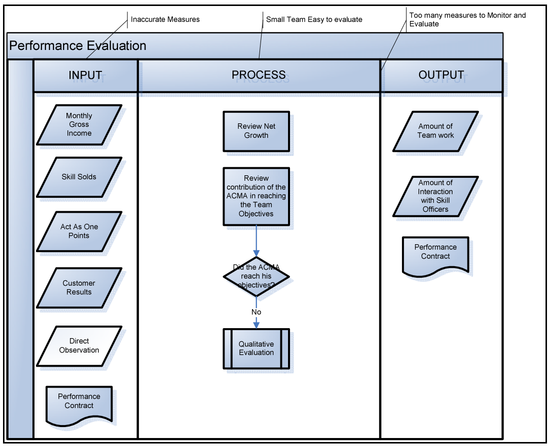


Coaching

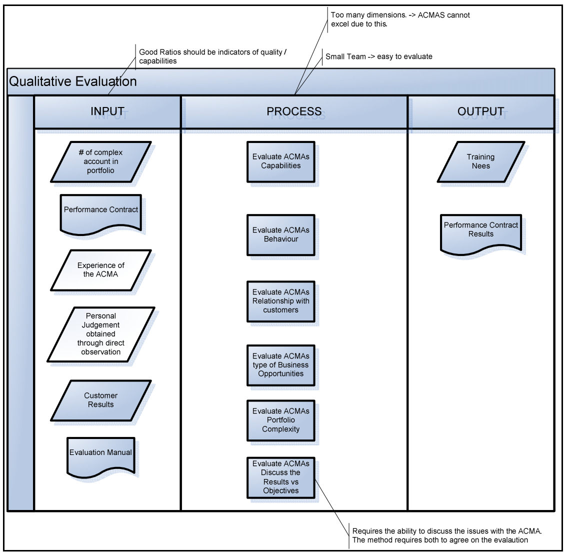




Performance Evaluation Process

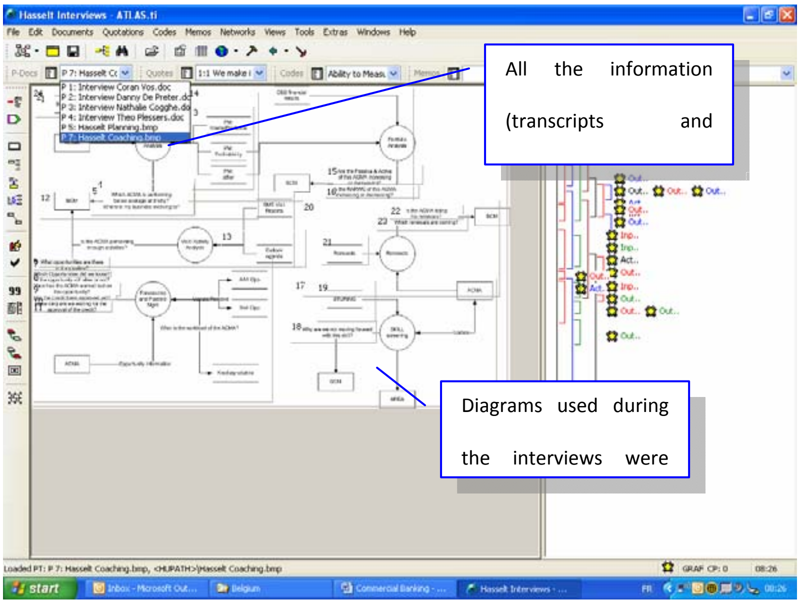


Qualitative Performance Evaluation


Too many dimensions -> ACMAS cannot excel due to this.
Good Ratios should be indicators of quality / capabilities
Small Team -> easy to evaluate
Qualitative Evaluation
INPUT
PROCESS
OUTPUT
# of complex account in portfolio
Performance Contract
Experience of the ACMA
Personal Judgement obtained through direct observation
Customer Results
Evaluation Manual
Evaluate ACMAs Capabilities
Evaluate ACMAs Behaviour
Evaluate ACMAs Relationship with customers
Evaluate ACMAs type of Business Opportunities
Evaluate ACMAs Portfolio Complexity
Evaluate ACMAs Discuss the Results vs Objectives
Training Nees
Performance Contract Results
Requires the ability to discuss the issues with the ACMA. The method requires both to agree on the evalaution

10 Appendix C: Commercial Banking

One Case Database by Sales Team / Sales Unit

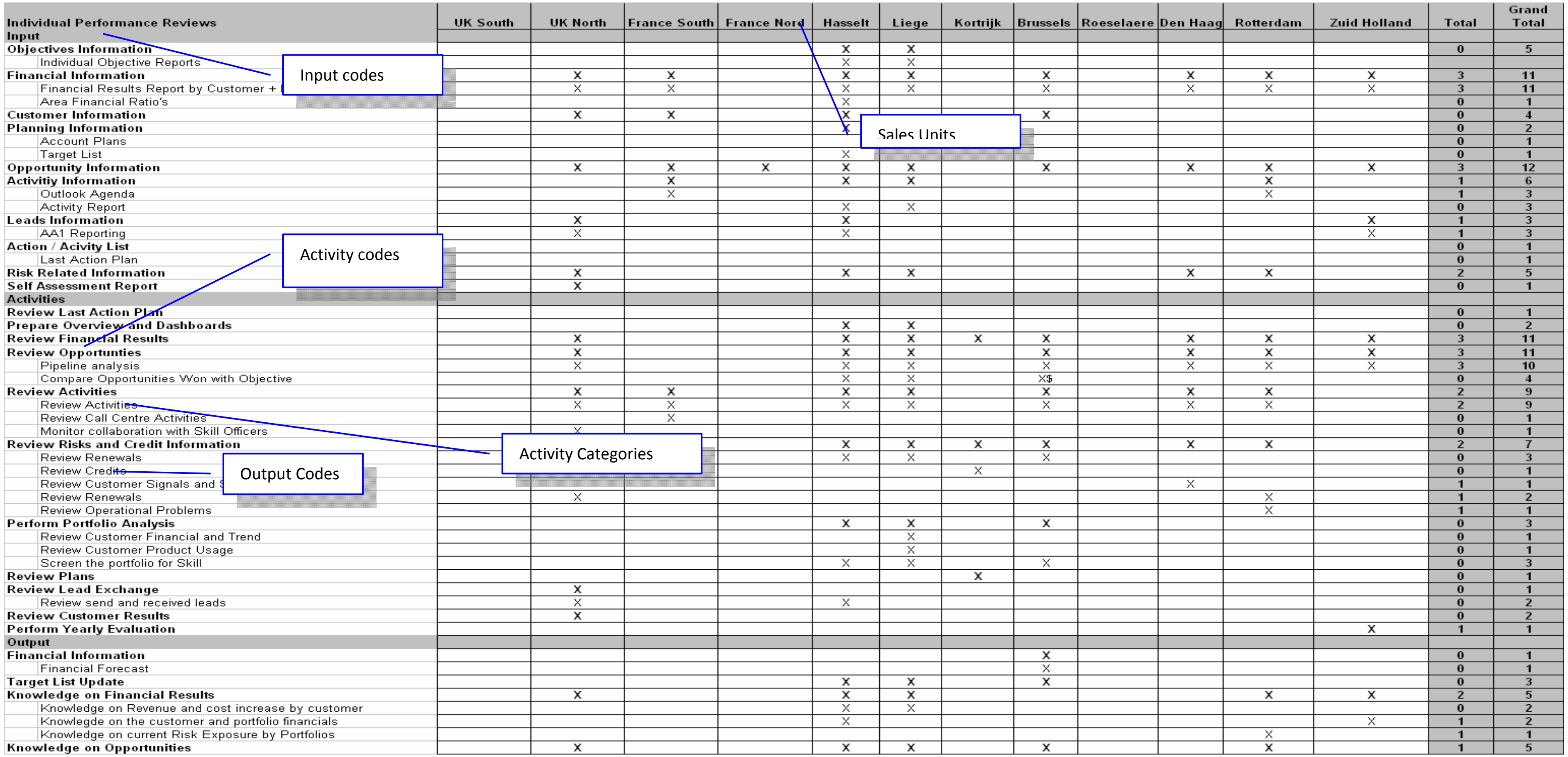


Excel Sheet Overview: Categorisation of the Properties

M84

		UK South	UK North	France South	France Nord	Hasselt	Liege	Kortrijk	Brussels	Roeselaere	Den Haag
2	**Objective Setting Process**										
51	**Properties**										
52	**Objective Setting Method**										
53	Team Objectives are too difficult to divide among the sales people										
54	Objective setting process is too complex and too long	X	X								
55	Individual Objectives are being loaded extra	X	X								
56	Visit Objectives should vary by potential										
57											
58	**Rules and Procedures: Roles and Responsibilities**										
59	Sales Managers decide whether to give personal obj or not										
60	Team or individual Obj Depends on how the work is organised in the Sales Team										
61											
62	**Data Quality**										
63	**Ability to Measure**										
64	Stopped with visit objective because we could not measure it			Cause							
65	Unable to accurately measure individual financial results										
66	**SFA Design**										
67	The SFA does not support team work concepts										
68											
69	**Portfolio Design**										
70	To much fluctuations in the portfolios					Cause					
71	One customer can greatly impact the results of a portfolio					Cause					
72	Portfolios are very different among sales people making obj difficult								Cause		
73	Sales People are too busy to prospect								Cause		
74											
75	**Dimensions**										
76	**Selling Approach**										
77	Objective levels are different for Hunters and for farmers	Cause			Cause						
78	Hunters have higher objectives then farmers	Cause									
79	**Unions**										
80	In Belgium sales people cannot be assigned objectives	Cause									
81											
82											

Cross Unit Analysis



Individual Performance Reviews	UK South	UK North	France South	France Nord	Hasselt	Liege	Kortrijk	Brussels	Roeselaere	Den Haag	Rotterdam	Zuid Holland	Total	Grand Total
Input														
Objectives Information					X	X							0	5
Individual Objective Reports					X	X								
Financial Information		X	X		X	X		X		X	X	X	3	11
Financial Results Report by Customer +		X	X		X	X		X		X	X	X	3	11
Area Financial Ratio's					X								0	1
Customer Information		X	X		X			X					0	4
Planning Information					X								0	2
Account Plans													0	1
Target List					X								0	1
Opportunity Information		X	X	X	X	X		X		X	X	X	3	12
Activitiy Information			X		X	X					X		1	6
Outlook Agenda			X								X		1	3
Activity Report					X	X							0	3
Leads Information		X			X							X	1	3
AA1 Reporting		X			X							X	1	3
Action / Acivity List													0	1
Last Action Plan													0	1
Risk Related Information		X			X	X				X	X		2	5
Self Assessment Report		X											0	1
Activities														
Review Last Action Plan													0	1
Prepare Overview and Dashboards					X	X							0	2
Review Financial Results		X			X	X	X	X		X	X	X	3	11
Review Opportunties		X			X	X		X		X	X	X	3	11
Pipeline analysis		X			X	X		X		X	X	X	3	10
Compare Opportunities Won with Objective					X	X		X$					0	4
Review Activities		X	X		X	X		X		X	X		2	9
Review Activities		X	X		X	X		X		X	X		2	9
Review Call Centre Activities			X										0	1
Monitor collaboration with Skill Officers		X											0	1
Review Risks and Credit Information					X	X	X	X		X	X		2	7
Review Renewals					X	X		X					0	3
Review Credits							X						0	1
Review Customer Signals and										X			1	1
Review Renewals		X									X		1	2
Review Operational Problems											X		1	1
Perform Portfolio Analysis					X	X		X					0	3
Review Customer Financial and Trend						X							0	1
Review Customer Product Usage						X							0	1
Screen the portfolio for Skill					X	X		X					0	3
Review Plans							X						0	1
Review Lead Exchange		X											0	1
Review send and received leads		X			X								0	2
Review Customer Results		X											0	2
Perform Yearly Evaluation												X	1	1
Output														
Financial Information								X					0	1
Financial Forecast								X					0	1
Target List Update					X	X		X					0	3
Knowledge on Financial Results		X			X	X					X	X	2	5
Knowledge on Revenue and cost increase by customer					X	X							0	2
Knowlegde on the customer and portfolio financials					X							X	1	2
Knowledge on current Risk Exposure by Portfolios											X		1	1
Knowledge on Opportunities		X			X	X		X			X		1	5

Figure 10-1: Cross Unit Analysis

11 Appendix D: Overview of the Core and Peripheral literature

Topic	Title	Findings	Authors
Coaching / Monitoring	The constructs of Sales Coaching: Supervisory Feedback, Role Modeling and Trust	They present a model which identifies a interpersonal, organisational, personal and environmental variables that may influence a sales person performance and motivation.	Gregory A Rich, 1998
Coaching / Monitoring	Peer Mentoring in the Industrial Sales Force		Leslie Fine, Ellen Pullins, 1998
Coaching / Monitoring	Selling and Sales Management in Action: The user of insight coaching to improve relationship selling		Stephen Doyle, Goerge Roth, 1992
Effectiveness	In search of excellent sales organisations	Their research examines the difference between high and low performing sales organisations. Their research found sales management decisions that do favorably impact the overall	Cravens et al, (1991),

		performance of the sales oganisations.	
Effectiveness	Sources of effectiveness in the business to business sales organisation		Nigel Piercy, David Cravens and Neil Morgan, 1997
Effectiveness	The effect moderators on sales person behaviour performance and sales person outcome performance and sales organisation effectiveness relationships.	Their research found that Sales person capability, Product Type and industry growth and relevant moderators between Sales Person Behavioural Performance and Outcome Performance and Organisational Effectiveness.	David Cravens and Artus Baldauf (2001)
Effectiveness	Consequences of Sales Management's Behaviour and Compensation Based Control Strategies in Developing Countries.	Their research shown that there are some international differences in he effectiveness of sales control strategies and that this deminsion must be taken into consideration when designing a control system. Territory design also seems to be a predictor of outcome performance.	David Cravens, Nigel Piercy, George Low, 2004
Evaluation	Utilizing effort and task difficulty information		Mowen et al 1985

	in evaluating sales people		
Evaluation	Effects of Effort, Territory situations and Rater on Salesperon Evaluation		Mowen et al 1986
Evaluation	Incorporating a quality improvement perspective into measures of sales persons performance		Cravens et al 1993
Evaluation	Examining the bases utilised for evaluating sales people's performance	Their research that sales managers when evaluating the performance and compared it with their previous research in 1983. The findings are that sales manager place more emphasis on profit and cost and continue to rely on several qualitative measures.	Jackson, Schacter, Wolfe, 1995
Evaluation	Sales person evaluation using relative performance efficiency: the application of data envelopment analysis		Boles, Donthu and Lohtia, 1995
Evaluation	Size effects on sales management practices of small firms: a study of industrial distributors.		Shipley and Jobber David, 2001

Evaluation	Organisational Size and Sales Force Evaluation Practices	Larger organisation use a wider range of quantitative criteria, more formalised methods of evaluation and make greater use of predetermined performance standards than smaller organisations	David Jobber et al 1993
Evaluation	Sales Person Evaluation: A systematic structure for reducing judgmental bias.	The paper argues that cognitive biases interfere in the evaluation of the sales persons. A framework is presented to discuss further the impact of these biases.	James Gentry, John Mowen, Lori Tasaki, 1991
Evaluation	Cognitive Biases in Sales Management Evaluations	Their research showed that task related information such as territory potential is largely overlooked during the evaluation process of sales people. Perception of hard working is on the other hand too much influencing the process.	Stephan Brown, Donald Jackson, John Mowen, 1981
Evaluation	Apples and Apples or Apples and Oranges? A meta analysis of objective and subjective measures of sales person performance.	Their research showed that objective ans subjective measures are not interchangeable and that choice is dependent on how accurately the chosen construct can be measured.	Gregory Rich et all (1999)

Evaluation	Incorporating a quality improvement perspective into measures of sales force performance.	Discusses the differences between a judgmental approach towards sales person evaluation and a statistical approach based on the territory response function. Identifies the problem is adopting a more statistical approach towards the evaluation process.	Cravens et al 1993
Management Control	Agency Theory: An assessment and review	The paper reviews the agency theory and proposes a set of testable propositions.	Kathleen Eisenherdt, 1989
Management Control	A conceptual framework for the design of organisational control mechanisms.	The paper presents three different approaches through which organisations can solve the problems of evaluation and control.	William Ouchi, 1979
Relationship Selling	Key Account Selling to Key Account Management		Millman and Willson (1994)
Relationship Selling	Adaptive selling: Conceptualisation, Measurement and Nomological Validity		Spiro and Barton Weitz, 1990,

Relationship Selling	Increasing sales productivity by getting sales people to work smarted	Their research showed that a key factor for increasing sales force productivity is to work smater which is against current practices which focuses on working harder.	Sujan Harish, Weitz Barton, Sujan Mita, 1988
Relationship Selling	Relationship-oriented characteristics and individual performance		Keilor et al, 2000
Relationship Selling	Learning Orientation, Working Smart and Effective Selling		Sujan Harish, Weitz Barton, Kumar Nirmalya, 1994
Relationship Selling	Developing loyal customers with added-value sales force	Relationship between the sales person's trust and perceived expertise and quality of the interaction and customer satisfaction	Annie Liu, Mark Leach, 2001
Relationship Selling	A measure of Selling Skill: Instrument development and validation.	The authors developed and validated an instrument to measure sales person selling skills looking at three dimensions: interpersonal skills, salesmanship skills and technical skills.	Josph Rentz et al , 2002
Relationship Selling	Measuring the performance of Industrial Sales Person	Development of sales performance measurement instrument.	Douglas Behrman Willam Perreault, 1982

Relationship Selling	Sales person Job Involvement: a modern perspective and a new scale	The articles outline the development of a new scale for relationship based sales person job involvement.	David Cravens, William Montcrief, Greg Marshall, Felicia Lassk, 2001
Relationship Selling	the SOCO scale: A Measure of Customer Orientation of Sales people		Saxe Robert, Barton Wietz, 1982
Research	Sales Management Control Research - Synthesis and an agenda for future research	Review of the current literature and research on sales control and a proposed agenda for further research needed to address the differences in conceptualisation of management control.	David Cravens, Nigel Piercy, Arther Baldauf, 2005
Sales Control	The determinants of sales person performance: a meta analysis		Churchill G, Walker C, Hartley S Ford M, 1995
Sales Control	Investigating the Relationship betweens Among Sales Management Control, Sales Territory Design, Sales Person Performance, and Sales Organisation Effectiveness	Behaviour based controls positively affects sales territory design and sales person behaviour performance.	Babakus Emin, Cravens David, Grant Ken, Ingram Thomas, LaForge Raymond, 1996
Sales Control	Perspectives on Behaviour-Based versus Outcomes-Based Sales Force Control	The authors present a set of propositions for further research on behavioural and outcome	Anderson and Oliver (1987)

	Systems	based control systems.	
Sales Control	An empirical test of consequences of behaviour and outcome based sales control systems	Their research shown that sales control system does have an impact on capabilities and on the motivation but not on outcome performance or on the choice of sales strategy.	Anderson Erin and Oliver Richard, 1995
Sales Control	Behaviour and outcome based sales force control systems: Evidence and consequences of pure-form and hybrid governance.	Beside the Outcome and Behavioural sales control systems many organisation use a hybrid system which combined both forms.	Richard Oliver and Erin Anderson, 1995
Sales Control	An empirical investigation of the antecedents of Sales Force Control Systems	The research showed a relationship between envrionmental uncertainties, measurability of the outcomes, exact reports available, percentage of routine activities, age and education level.	Kraft Manfred 1999
Sales Control	Dimensions and Types of Supervisory Control: Effects on Sales person Performance and Satisfaction	Their research showed that behavioural control can be divided into activity and capability control and that each distinct different effects on the sales person.	Goutam Challagalla, Tasaduqq Shervani, 1996

Sales Control	Marketing Jobs and Management Control	There research showed a realtionshipw between procedural knowledge and process control. They also showed that Performance Documentation is related to outcome performance and self control which reduced dysfunctional behaviours.	Bernard Jaworski and Deborah MacInnis 1989
Sales Control	Control Combinations in Marketing: Conceptual Framework and Empirical Evidence	Their research showed that the size of the SBU and the task complexity does affect the selection of one of the four control forms (high, low, bureaucratic, clan). The High Sales Control form was also found to be have highest relationship with job satisfaction and the lowest relationship with job role conflict and role ambiguity.	Beranrd Jaworski, Viasis Stthekopoulos, Shanker Krishnan 1993
Sales Control	Sales Force Control: A Synthesis of Three Theories	The paper presents a sales force control model which is based on three theories: agency theory, organisational theory and transaction cost theory. The construct of the model are: Outcome observability, Behaviour Observability, Transaction Specific Assets and Task	Valsis Stathakopoulos, 1996

		Programmability.	
Sales Control	An empirical investigation of the antecedents of sales force control systems.	The research investigates the propositions from the agency theory, Ouchi's theory and the transactional cost theory as factors influencing the sales control system. They propose a new sales force control framework based on the various hypohesises that were rejected and accepted.	Manfred Krafft, 1999
Sales Control	Behaviour and outcome based sales force control systems.	Behaviour based sales management is related with sales force characteristics and sales person behaviour	Cravens et al 1993
Sales Control	Formal and Informal Management control combinations in Sales Organisations: The impact on Sales Person Consequences.	High Control systems is related to employee satisfaction, low level of stress, emotional exhaustion, and perform better than sales people who work under a bureaucratic, clan of low control system.	Cravens, Lassk, Gregg, Marshall and Moncrief 2004.

Sales Jobs	Selling Activities and Sales Position Taxonomies for Industrial Sales people	A taxonomy of 6 individual industrial sales jobs resulted from their research based on a list of all types of activities sales people are involved in.	Moncrief's (1986)
Sales Jobs	The Current State of Sales Force Activities	The research compares the activities sales people perform with a sample 10 year earlier and concludes that some new activities have emerged such as managing technology, team work, etc.	Moncrief's (1999)
Sales Jobs	Get the most out of your sales force		Newton 1969
Sales Jobs	The mystique of super salesmanship		McMurry,1961
Sales Performance	Motivation and Performance in Industrial Selling: Present Knowledge and Needed Research.	The present a model or frame work for Sales Person Performance.	Oville Walker, Gilbert Churchill, Neuil Ford, 1977
Sales Performance	Where do you go from here? Selected Conceptual an Empirical Issues Concerning the Motivation and Performance of the Industrial sales force	They research presents a framework for sales force performance and effectives.	Walker C, Churchill G, Ford M, 1979

Sales Strategies	Strategy Type and Performance: The Influence of Sales Force Management	Different strategy types require different type of sales control approaches.	Slater Stan, Eric Olson 2000
Sales Strategies	Competitiveness and Sales Management: a marriage of strategies	Different competitive strategies require different sales management strategies	Eric Olson, David Cravens, Stanley Slater, 2001
Territory Design	An analytical approach for evaluating sales territory performance	Research showed how the sales person evaluation process could be mapped statistically into a formally indicating the relationship between the different variables which affect the performance of a territory.	Cravens et al, 1972
Territory Design	Territory Sales Reponse		Ryans Adrian, Wienberg Charles, 1979
Territory Design	Territory Sales Reponses Models: Stability over time		Ryans Adrian, Wienberg Charles, 1987
Territory Design	Relationship Between Sales Management Control, Territory Design, Sales Force performance outcome performance.	The research showed a relationship between behaviour based sales control and territory design, sales person behaviour and outcome performance.	Piercy, Nigel F., David W. Cravens, and Neil A. Morgan (1999

TQM	Standardizing the sales process: applying TQM to the industrial sales process	4 main guidelines when applying TQM to the sales process.	Richard Plank et al, 1997