Building a Competency Model for Business-to-Business Front-Line Sales Managers in For-Profit Organizations

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According to Gary Becker’s classic human capital theory study (1993), investing in a person’s knowledge and skills is similar to business investments in equipment. There are economic effects of investment in competence, providing incentive to both the individual and organization. An increasing number of organizations are realizing the role that the knowledge residing in their human capital plays in creating economic power and value. As HRD professionals sit at the intersection between the organization’s strategic goals and the capabilities of its workforce, we are in a unique position to identify and develop human competence, leveraging intellectual capital to drive growth and spur innovation (Cardy & Selvarajan, 2006; McLagan, 1997; Prokopeak, 2008). Since the 1980s, McLagan has challenged the field to identify clear competency criteria to help select, manage, train, and plan for the careers of individuals engaged in driving the outputs of an organization. While some fields, such as finance, marketing, and training and development have risen to the competency challenge set forth by McLagan, the sales profession has not kept pace with other occupations’ advancement in human resource development (Lambert, 2009).

According to the U.S. Department of Labor’s Bureau of Labor Statistics (2010), there are close to 14 million people working in sales, or about 11 percent of the United States workforce. The sales generated by this labor pool are the revenue engine in for-profit organizations, which powers the economy of the country (United Professional Sales Association, 2002). The sales

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landscape has changed dramatically in the last thirty years and is evolving rapidly in response to a changing marketplace. The rate of technology transfer is increasing and the number of competitors has grown considerably due to globalization of markets. A Harvard Business Review survey of Chief Sales Officers (CSOs) concluded that eighty-five percent of companies report increases in their product-line breadth, product complexity, and participation in new markets (Trailer & Dickie, 2006). With new models of selling evolving to respond to the marketplace, new kinds of sales professionals, sales managers, and sales leaders are emerging. Innovations in how suppliers and customers interact have necessitated changes in the way sales forces are structured, compensated, developed and evaluated in order to sustain a high-performance sales culture capable of achieving success in today’s highly competitive and global business economy (Cron & DeCarlo, 2009; Sujan & Sujan, 1988).

Practice in the sales profession and current research on competencies indicate that identifying and institutionalizing sales person competencies are key to organizational competitive advantage. Salespeople play a critical role in business-to-business organizations in delivering customer value, and the way they fulfill this role is directly influenced by sales managers, the most critical element in a productive salesforce. (Guest & Meric, 1989; Piercy, Cravens, & Lane, 2009). However, despite the potential for sales managers to influence salesperson performance in the evolving sales model given visibility into their employees’ daily workflow, research focusing on sales manager selection and performance is limited. Increasingly manager competence proves challenging because companies tend to promote salespeople to first-line manager positions based on strong performance in the individual contributor role. In fact though, the skills inherent to and displayed by effective managers differ from those of high-performing salespeople given the role is multi-faceted with unique needs that
require aligning competencies (Deeter-Schmelz, Goebel, & Kennedy, 2001; Dubinsky & Ingram, 1983; Sujan & Sujan, 1988, Zallocco, Pullins, & Mallin, 2009).

Sales management has always played a critical role in organizations. Managers lead a team, respond to customers, continually improve products and services, and turn policies into action. The impact of high performing managers on revenues and profits is well-documented. Hence, competent sales managers are one of the key assets needed to outperform competitors (Cron & DeCarlo, 2009; Wickramasinghe & Nimali, 2009). Given this importance, there are numerous studies cited in the literature on manager competence, and while there is an assumption of similar competencies in management functions across organizations and levels of management, it has been determined that not all competency items or behaviors are equally useful for all jobs, job levels, business segments or regions (Schippmann et al., 2000).

**Significance of the Study**

New models of selling demand new skills sets. There is a disproportionate amount of published research available to assist organizations in the identification of competencies to drive sales effectiveness. The limited research available concentrates on broad traits or characteristics related to sales manager selection from the perspective of sales executives or general managers. However, to accept these general competencies as significant for the role of sales managers, one must infer that the prominent characteristics of sales executives or general managers are similar to the characteristics of front-line sales managers, which is not supported with empirical evidence (Dubinsky & Ingram, 1983). This research aims to partially fill the gap in literature, contributing to the understanding of effective HRD strategies to address competency needs of front-line sales managers, providing employees, managers and leaders with a competency model that assists in informing HR programs to increased levels of salesforce effectiveness.
Review of Literature

Prahalad and Hamel (1990) stated the success of executives would no longer be judged on the ability to “restructure, declutter, and delayer” their organizations but would be judged instead on their ability to “identify, cultivate, and exploit the core competencies” that make growth and prevailing in global competition possible” (p. 79). The numerous published definitions of the term ‘competency’ or plural ‘competencies,’ makes it is difficult to identify a standard definition. The lack of consensus is not surprising, given the prevalence of the term across multiple domains (Markus, Cooper-Thomas, & Allpress, 2005). There is significant diversity in the scope of competency studies, yet few empirical competency studies have been conducted and even fewer have developed competencies that match job requirements to inform HRD strategies (Barber and Tietje, 2004; Rothwell & Lindholm, 1999). Further, there is little research investigating managerial competency needs and even fewer studies in the sales context. According to Cron and DeCarlo (2009), sales management competencies are defined as “sets of knowledge, skills, behaviors, and attitudes that a person needs to be effective in a wide range of industries and various types of organizations” (p.12).

The history of competency modeling has taken a circular path similar to competencies given the multiple domains that have contributed to the evolution of the practice. When McLagan (1980) developed the concept of competency models, she defined them as “decision tools which describe the key capabilities required to perform a job” (p. 23). These decision tools are correlated to a specific group of activities describing key knowledge, skills, and abilities for performing those activities (Dooley, Lindner, Dooley, & Alagaraja, 2004). Competency models help align the HR system vertically with the organization’s strategic objectives and horizontally with other HR functions, providing a platform of information that can be used to support a broad
range of applications from recruitment and selection; assessment; training and development; and career or succession planning. The importance given to competencies in the organizational context is continually increasing driven by business and human resources agendas to deliver organization performance by improving the performance of individual managers (McLagan, 1980; Schippmann et al., 2000; Wickramasinghe & Nimali, 2009).

Research Questions

This study seeks to answer the following research questions:

1. What competencies of business-to-business front-line sales managers in for-profit organizations are perceived to be important by front-line sales managers and CSOs?

2. What are the perceived levels of competence of business-to-business front-line sales managers in for-profit organizations by front-line sales managers and CSOs?

3. What relationships exist (if any) between front-line sales managers and CSOs regarding competencies believed to be important for business-to-business front-line sales managers in for-profit organizations?

4. What relationships exist (if any) between front-line sales managers and CSOs regarding perceived levels of competence for business-to-business front-line sales managers in for-profit organizations?

Method

Method Selection

In selecting the methodology for the study, several factors were considered. First, current research on the topic is limited, yet the demand for informed practice is great. Second, individuals most knowledgeable about the subject are widely dispersed across organizations and geography. Consequently, a systematic approach to inquiry is needed that can collect informed
opinions in a timely manner, transcend organization and geographic boundaries in a cost-effective manner, and examine the data in a pragmatic manner. The Delphi technique is selected as the preferred method for this study, considering it is a flexible approach commonly used within the health and social sciences fields and has been used by ASTD to create competency models for learning and sales professionals, combining a quantitative design with the use of descriptive statistics (McLagan, 1980; Rothwell, 1996).

Participants

Panel selection for the Delphi study is the most important step in the process, as it directly relates to the quality of the results generated (Hsu & Sandford, 2007). Based on review of the literature, a range of 10-15 expert panel members representing front-line sales managers and a range of 10-15 expert panel members representing Chief Sales Officers will be targeted for this study. The criteria used to guide the selection of Delphi subjects are individuals who have related backgrounds and experiences concerning the target issue, are capable of contributing helpful inputs, and are willing to revise their initial or previous judgments for the purpose of reaching or attaining consensus (Hsu & Sandford, 2007).

Procedure

The technique is a multistage group facilitation process designed to collect and synthesize data confidentially through a series of questionnaires, resulting in a consensus that reflects the group’s expert opinion and personal experience on important issues and evolving trends (Hasson, Keeney, & Mckenna, 2000; Lambrecht 2007). The first series of rounds will establish what competencies of business-to-business front-line sales managers in for-profit organizations are perceived to be important by front-line sales managers and CSOs. An online survey instrument will be developed based on review of the literature providing the expert panel with a series of
competencies to prioritize based on perceived importance to the role of front-line sales managers. If the results of perceived competencies for front-line sales managers are the same by front-line sales managers and CSOs, the two panels will be combined into one. If the results of perceived competencies for front-line sales managers are different by front-line sales managers and CSOs, the panels will remain separate.

Using the competencies identified in the first phase, the second series of rounds will identify perceived levels of competence of business-to-business front-line sales managers in for-profit organizations by front-line sales managers and CSOs.

**Data Analysis**

The opinions of the experts who make up the panel will be summarized through descriptive statistics, identifying (1) consensus of perceived competencies, (2) consensus of perceived levels of competence and (3) existing relationships (if any) between front-line sales managers and CSOs regarding competencies and perceived levels of competence for business-to-business front-line sales managers in for-profit organizations.
References


