

The Roles and Responsibilities of the Inside Sales Force: A Strategic Framework

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Even though an increasing number of firms are utilizing inside sales forces as a means through which they can more effectively and efficiently serve their customers, academic research on the issue has lagged. In response, the authors present a strategic framework for the implementation of an inside sales force that outlines the roles and responsibilities of inside sales based on the buying situation and stage of the relationship lifecycle. Managerial implications are discussed.

INTRODUCTION

Sales organizations are created, developed, and maintained because salespeople play a critical role in creating value for customers and revenue for their firms. Many senior executives view their sales organization as a source of competitive advantage and a strategic resource (Cron et al. 2014). While sales organizations are cited as having a greater effect on revenue than advertising spending (Albers et al. 2010), the cost associated with maintaining an effective sales organization is often questioned (Gessner and Scott 2009; Zoltners et al. 2013).

One tactic that firms have employed to maintain a sales organization while also keeping costs down is to develop an inside sales organization (Boyle 1996; Zoltners et al. 2013). Inside sales is not a new concept and has evolved significantly over the past several decades. Whereas inside sales was once viewed as an organization that focused on order taking, customer service, and transactional selling, changes in technology and the increasing cost of outside sales organizations are driving forces for inside salespeople taking on more

responsibility in creating value for customers (Narus and Anderson 1986; Boyle 1996). Consequently, there is an increase in the use of inside sales in business-to-business and industrial settings where inside salespeople are moving from a support role to carrying their own quotas. For example, Astra Zeneca, IBM, and SAP have all made significant investments in inside sales organizations (Zoltners et al. 2013). The trend is also supported by estimates from the U.S. Department of Labor for 750,000 new inside sales positions between 2013 and 2020 (Mayberry 2015).

Despite the growth in jobs and increasing importance of inside sales, for the past thirty years, academic research focused on the strategic importance of inside sales has been relatively sparse. Narus and Anderson (1986) examined the role of inside and outside salespeople in industrial settings. They suggested that the responsibilities of inside salespeople would increase over time and become the “firm’s regular and promotional communications link with customers, a primary gatherer of market intelligence, and provider of minor technical and problem-solving assistance for customers” (p. 62). Boyle (1996) suggests that the strategic importance of the inside sales force requires many of the same traits as outside representatives and that inside sales organizations play a pivotal role in providing high levels of customer satisfaction. El-Ansary et al. (1993) find that teamwork between inside and outside sales is likely to improve overall sales productivity. Improvements in inside sales force productivity and effectiveness are accelerating because of innovations in technology and increasing demand for reducing overall selling costs (Rapp et al. 2012).

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Thus, the literature supports the proposition that inside sales organizations are taking on more responsibilities and technology is enabling better cooperation with both customers and outside salespeople. There are, however, factors that may limit the effectiveness of inside salespeople (Stading and Altay 2007; Zoltners et al. 2013), particularly in the context of industrial sales. First, industrial sales cycles are often long and require a deep understanding of a customer's business, needs, and organizational buying influences (Steward et al. 2010). The solutions may be complex and involve some combination of goods and services. Second, the relationships that must be developed in order to ensure cooperation between the organizations require multiple interactions and evolve over time (Morgan and Hunt 1994; Dwyer et al. 1987).

Extant research does not address the roles of inside sales organizations in the context of the types of products offered by firms and the state of the relationships between the organizations. Consequently, managers have also not been provided with research-based normative guidance on how to strategically employ an inside sales group. Our goal here is to draw on the existing, but sparse, research and develop a framework that serves two purposes. First, the framework will provide direction for future research on inside sales organizations. Second, the framework suggests some preliminary normative guidance to sales managers. Following Hutt and Speh (2004) and Dwyer et al. (1987), we choose to focus on the stages of relationship development and three specific categories of products including manufactured parts and materials (e.g., a turbofan for an engine), capital equipment (e.g., assembly line robotics), and accessory equipment (e.g., hand tools or a forklift).

The remainder of this paper is organized as follows. We first present and discuss buying situations and the relationship lifecycle as our framework dimensions, as the inside sales force needs to operate within these buying situations and relationship lifecycles. We then present the framework itself and discuss the role and responsibilities of the inside sales force depending upon the combination of these two dimensions. We lastly conclude with a general discussion that highlights the managerial implications arising from the framework.

FRAMEWORK DIMENSIONS

Buying Situations

Hutt and Speh (2009) provide a useful classification of buying situations arguing that the customer's intended use of a product can dictate the purchasing process, purchase criteria and the composition of the buying center. They distinguish between Entering Goods, Foundation Goods and Facilitating Goods based on how they fit into the buying organization's production process and how they fit into the cost structure. Entering Goods are products that are designed into the customer's end products. These include raw materials, manufactured materials, parts/components, etc. When buying products for use as an Entering Good, customers focus on product quality, assurance of reliable and timely delivery and competitive price (Dempsey 1978; Avery 2006). Quality is important since the customer's product performance is dependent upon the various materials and components that comprise it. Reliable and timely delivery of Entering Goods is critical since a supply interruption can disrupt the customer's production schedule or impact their ability to serve their customers. Finally, while price is important it tends to be viewed as relative to competing options and materials and components that improve the value of the customer's product can justify higher prices. The buying center for Entering Goods frequently includes engineering, design and product functions in addition to the purchasing (Banting et al. 1985).

In contrast to Entering Goods, Foundation Goods are those products for which customers are the users. A range of products falls in this category including capital equipment, installations, and accessory equipment. In effect, Foundation Goods are the means to meet an organization's operational goals. Purchase criteria for Foundation Goods can be quite expansive since the choice is complex (Perry 1988). These criteria include delivery capabilities, technical capabilities, quality and price (Dempsey 1978). Because Foundation Goods are part of the customer's core operations and have extended useful lives their use impacts many different functions in the organization resulting in complex buying centers (Banting et al. 1985).

Within the larger category of Foundation Goods, it is useful to distinguish between capital equipment and accessory equipment. These two variations are distinguished by unit cost and product life span. Capital equipment (i.e., assembly lines, new facilities, specialized manufacturing equipment) purchases represent significant investments and are critical to the delivery of the core business processes. These products are often customized to meet the needs of individual customers. Researchers have found these buying processes to take on the characteristics of “new-task” purchases (Ghingold and Wilson 1998; Perry 1988). When buying capital equipment, the buyer is in effect buying the capabilities of the supplier (Dempsey 1978). In contrast, accessory equipment items (i.e. copiers, personal computers, hand tools, etc.) have a shorter life span, are less expensive, are purchased more frequently and are often finished products as opposed to custom-built. The buying process is less complex and the buying center less diverse for accessory equipment.

Facilitating Goods are products commonly classified as MRO (Maintenance, Repair and Operating) supplies that support organizational operations but do not enter the production process or become part of the finished product. The buying criteria for Facilitating Goods often focus more on the source of supply (e.g. industrial distributor) than on product characteristics. Buying criteria include price, assortment, availability and reliable delivery (Krieger and Meredith 1985; Avery 2006). These products are generally viewed as commodity products resulting in price sensitivity. The buying center for Facilitating Goods is primarily composed of the purchasing function and users frequently choose from pre-approved vendor lists (Hutt and Speh 2004).

Among these buying situations, those for installations (Foundation Good), manufactured materials and parts (Entering Good) and accessory equipment (Foundation Good) offer the greatest opportunity for product differentiation and product centered value-based selling. Additionally, these buying situations have more complex buying centers than those for MRO supplies (Facilitating Good) and raw materials (Entering Good).

Process Models of Relationship Development

Process models of relationship development compensate for the fact that marketing relationships are evolutionary in nature (Borys and Jemison 1989; Dwyer et al. 1987; Ford 1980; Ring and Van de Ven 1994; Wilson 1995; Zajac and Olsen 1993). These models identify the distinct phases relationships may progress through via a relationship lifecycle. Through the various phases contained within the relationship lifecycle we can compensate for the fact that the behaviors and orientations of buyers change as relationships evolve.

Empirical research from the channels literature points to the fact that relationship phase affects the efficacy of various control mechanisms in developing channel commitment (Jap and Ganesan 2000) and the impact salesperson trustworthiness has on customer satisfaction (Jap 2001). These findings are consistent with the work of Wilson (1995), who suggests that relationship-building mechanisms are either active or latent depending on relationship lifecycle phase. An active construct is “one that receives a great deal of manager time and energy,” while a latent construct is “one in which the main issues have been settled to the manager’s satisfaction and does not receive time or attention” (p. 340). The key suggestion through all of this is that relationship lifecycle phase as a contextual factor differentially shapes the benefits consumers desire from the relationship.

This study employs the process model of Dwyer et al. (1987) as it is the most widely recognized and accepted model of this type. Though the nature of buyer-seller relationships has changed over the course of the past thirty years, the phases contained within the model still provide a means through which buyers’ evolving perceptions and orientations can be examined. This is important as it should influence the extent to which buyers are open to and perhaps even desiring of inside sales force interactions. Moreover, the Dwyer et al. (1987) model has been used previously as a tool through which professional buyers’ changing perspectives can be examined (e.g., Claycomb and Frankwick 2010).

The model categorizes relationships into one of four phases: awareness, exploration, expansion, and commitment. During the awareness phase, buyers scans

the environment to identify potential sources of supply should a need emerge. During the exploration phase, buyers realize a need and engage in more advanced prospecting activities to discern how desirable a long-term relationship with the supplier is. During the expansion phase, buyers are doing an increasing level of business with the supplier firm and becoming increasingly dependent on the firm. The relationship is evolving “from one characterized by probing, testing, examination, and so on, to one characterized by a continual enlargement of the kinds of rewards that partners supply one another” (Scanzoni 1979, p. 791). Commitment denotes the most advanced of the relational phases. Here, the buyer is receiving a level of benefit that would be difficult to quickly duplicate with alternative exchange partners and has accordingly made either an implicit or explicit pledge to continue the relationship.

We extend the Dwyer et al. (1987) by including a fifth lifecycle phase oftentimes experienced in business and interpersonal relationships: dissolution. During this phase, one or both parties may pursue need satisfaction outside the relationship. In some instances, this is scripted; the relationship is designed to dissolve at a point-in-time.

In others, the quality of the relationship may deteriorate and eventually dissolve completely due to dissatisfaction on the part of one or both relational parties.

Inside Sales Force Roles and Responsibilities

Our framework outlines the roles and responsibilities of the inside sales force in managing customer relationships given a buying situation. We assume a team-based sales approach with both inside and outside salespeople. The stage of the relationship provides one dimension of the framework and the nature of the product being purchased provides the other. For each combination of relationship stage and product purchase type we suggest the core roles and responsibilities for the inside sales force. The framework is arranged such that as one progresses from left to right across the buying situations; the roles and responsibilities for the inside sales force expand. Throughout the framework we assume the seller is pursuing a relational approach to the customer relationship and we are focusing on buying situations where the seller’s sales force has direct and ongoing contact with the customer and there is an opportunity for product differentiation. As outlined in the previous section, these situations include installations, manufactured materials and parts and accessory equipment.

Figure 1: Roles of Responsibilities of the Inside Sales Force

Relationship Lifecycle Phase	Inside Sales Force Roles & Responsibilities		
	Buying Situation		
	Foundation Goods	Entering Goods	Facilitating Goods
Awareness	<ul style="list-style-type: none"> Scanning 	<ul style="list-style-type: none"> Scanning 	<ul style="list-style-type: none"> Scanning & Solicitation
Exploration	<ul style="list-style-type: none"> Customization Support & Service Project Management Oversight 	<ul style="list-style-type: none"> Opportunity Evaluation & Prioritizing 	<ul style="list-style-type: none"> Needs Assessment & Information Provision
Expansion	<ul style="list-style-type: none"> Project Management Oversight Ongoing Service (Hub Management) 	<ul style="list-style-type: none"> Implementation Support & Execution 	<ul style="list-style-type: none"> Gaining Commitment & Implementation
Commitment	<ul style="list-style-type: none"> Relationship Maintenance & Service Execution 	<ul style="list-style-type: none"> Relationship Maintenance & Service Execution 	<ul style="list-style-type: none"> Ongoing Account Management
Dissolution	<ul style="list-style-type: none"> Service (Disposal/Reverse Logistics) Relationship Post Mortem Analysis 	<ul style="list-style-type: none"> Retention Support & Re-Engagement Relationship Post Mortem Analysis 	<ul style="list-style-type: none"> Retention Management

Table 1: Inside Salesperson Activity Definitions

Inside Salesperson Activity	The inside salesperson....
Customization Support & Service	Offers customized support and service tailored to the account in support of the outside sales force.
Gaining Commitment & Implementation	Seeks to secure commitment and leads the solution implementation process.
Implementation Support & Execution	Provides service in support of the solution implementation process.
Needs Assessment & Information Provision	Assesses leads/prospects and provides information where warranted.
Ongoing Account Management	Leads all efforts aimed at ensuring the continuation of the relationship.
Ongoing Service (Hub Management)	Serves as the primary point-of-contact for all individuals and organizations involved in the solution implementation process.
Opportunity Evaluation & Prioritizing	Prioritizes leads/prospects in support of the outside sales force.
Project Management Oversight	Coordinates ongoing project management activities tailored to the account in support of the outside sales force.
Relationship Maintenance & Service Execution	Supports the outside sales force with ongoing service to ensure the continuation of the relationship.
Relationship Post Mortem Analysis	Analyzes relevant data to identify factors contributing to relationship dissolution (where warranted).
Retention Management & Re-Engagement	Leads retention efforts aimed at re-engaging the customer.
Retention Support & Re-Engagement	Supports the outside sales force in retention efforts aimed at re-engaging the customer.
Scanning	Scans the environment for opportunities in support of the outside sales force.
Scanning & Solicitation	Scans the environment for opportunities and solicits leads/prospects.
Service (Disposal/Reverse Logistics)	Leads efforts associated with the solution removal process.

Figure 1 illustrates our framework. Table 1 provides definitions for role and responsibility entries in each cell. For organizations selling capital equipment the inside sales force plays a **support** role on the sales team. These buying situations have long sales cycles and are frequently highly customized; situations calling for ongoing, direct interaction with the customer in both the pre-purchase and installation activities. Inside sales can be effective in spotting opportunities, providing proposal development support and serving as a coordinating or “hub” role as the project progresses towards implementation. Given the long usage lives of capital equipment, inside sales can also serve an important role in coordinating maintenance, training, and upgrades.

The inside sales force takes on a **shared** role on the sales team for the purchase of manufactured materials and parts. The early stage of the buying process can resemble that for capital equipment. Materials and parts are designed into the customer’s products and this provides opportunities for participation on design

teams and customization. Once a contract is won and production begins the buying situation resembles a modified or straight rebuy. Early in the process, inside sales can support the team by identifying and prioritizing opportunities. As the customer moves into production, the inside sales force can take on an increasing role in managing the customer relationship.

For organizations selling accessory equipment the inside sales force takes on an **account ownership** role on the sales team. Sales cycles are shorter and the degree of customization is reduced for accessory equipment relative to the other purchase situations. While inside sales remains in a support role for the early stages of the relationship they are well suited to take responsibility for account management once the relationship begins.

For buyer relationships that are failing or have failed, the inside sales force can provide support to retention management efforts and collect valuable information to guide corrective action. As inside sales takes greater ownership of the account, they play a greater role in ensuring the relationship continues.

MANAGERIAL IMPLICATIONS

Our purpose in this paper was to present managers a strategic framework for use when making decisions regarding the implementation of an inside sales force. We specifically contrasted purchase situation by relationship lifecycle phase in prescribing the roles of an inside sales force based on the purchase situation and stage of the relationship lifecycle. The framework is designed for use as a managerial tool aimed at helping allocate scarce resource to customer relationships through the combined efforts of the inside and outside salesforces. We highlight the managerial implications arising from the framework in the discussion that follows.

A key implication arising from the framework is that the inside sales organization works as part of a larger team in many buying situations. This team often includes outside sales representatives and other business functions (e.g., logistics, customer service, manufacturing and design) that must work together to create value for customers. Furthermore, the roles and responsibilities of inside sales may change over the lifecycle of the customer relationship. For example, an inside sales representative may work closely with engineering and design in the early stages of a capital equipment project and, over time, work more closely with maintenance and service managers over the life of the product. Thus, managers must ensure that inside sales representatives are socialized within the broader organization (Arnett and Wittmann 2014) so that they can develop and maintain internal relationships (Morgan and Hunt 1994).

One of the challenges facing industry is the rising cost of sales. While many organizations are investing to develop inside sales organizations, research on how to strategically deploy inside sales is lacking. This framework provides managers with an overview of how an inside salesforce can serve a strategic role in managing customers based on the purchase situation and relationships lifecycle. While not specifically addressed, the structure of the inside sales force and the roles and responsibilities of the organization are likely to change based on the strategic importance of the customer. Some customers may require on-site interaction and, therefore, the outside salesperson may have more of a strategic role. Other firms may need daily

interactions and, therefore, an inside sales representative may manage customer requirements on a day to day basis. In terms of structure, for some relationships, “inside sales” may mean that a sales representative is placed inside the facilities of the customer. Thus, this framework serves as an initial guide and provides some direction for managers as they make decisions on how to manage customers with their inside and outside sales representatives.

The role of the inside sales force in relationships with industrial distributors was not addressed as part of the framework. Industrial distributors encompass a significant portion of the MRO market and serve as resellers for manufacturers. The role of inside sales for suppliers and industrial distributors is a rich area of inquiry and, while outside the scope of this research, should be explored in greater detail by both academia and practitioners. One potentially valuable stream of research may be to explore how organizations efficiently and effectively conduct indirect sales activities. Can inside sales forces work with industrial distributors to drive incremental revenue? Can an inside sales force effectively drive supplier preference? What are the roles and responsibilities for inside sales in managing industrial distributor relationships? In short, there are many opportunities to further explore the role of inside sales in industrial settings.

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