

## Towards a Framework for Evaluating Sales Managers

*By Michael L. Mallin*

This study presents the results of a survey from the perspectives of 74 senior sales executives to better understand perceptions of the most important first line sales management performance evaluation criteria. Based on results, a framework for evaluating sales managers is proposed. A secondary study objective is to identify gaps between sales executive's perceptions of important evaluation criteria and what is actually being used. Findings show that senior sales executives viewed all sales manager evaluation criteria as significantly more important than what they are actually implementing in practice. A discussion is presented to speculate on reasons for this gap and to provide recommendations for practitioners and researchers.

Ask any sales executive what role they consider to be critical to development of the salesforce and long-term success of the business. The answer will most likely be "the sales manager". This is arguably because no one position has a greater bearing on the shaping of salespeople, the firm's interactions with its customers, and accountability for bottom line results (Anderson, Dubinsky and Mehta 1999; Czinkota, Kotabe, and Mercer 1997; Dubinsky, Anderson, and Mehta 1999). The primary role of the sales manager is to plan, direct, and control the selling function through effective recruitment and selection, training, motivation, and supervision of direct reporting salespeople (www.marketingpower.com). Doing so results in both (manager and salesperson) working together to achieve the financial goals of the firm while executing the company's marketing strategy through day-to-day interactions with customers (Hair et. al 2009). To accomplish this, managers must regularly evaluate salesperson performance and provide feedback to ensure that each individual salesperson meets his/her sales goals (Ingram et al. 2009). This feedback provides the basis for reinforcing positive behaviors and correcting negative ones. To this end, much research has been done on the impact of salesperson performance evaluation (Baldauf, Cravens, and Grant 2002; Schwepker Jr. and Good 2004) and means to measure salesperson performance (Anderson and Oliver 1987; Cravens et al. 1993; Brewer 2000).

There is however, a major research gap relative to a similar focus centered on evaluating sales managers. In fact, an alarming statistic reveals that executives responsible for evaluating sales managers admit to being ill-prepared to do so and only about 20% of U.S. companies are satisfied with their sales management appraisal system (Bricker 1992). In fact a review of the sales management literature over the past two decades uncovered few studies that address evaluation of the sales manager. This under-researched topic is important to study because organizational effectiveness falls squarely on the shoulders of the sales manager and evaluation at this level of the organization can have a direct-impact on areas such as recruitment and selection, training, motivating, and supervision of salespeople to mention a few (Ingram, et al. 2009).

Given the importance of sales management evaluation and the apparent void in the literature, the objectives of this study are twofold. First, results of a survey will be used to better understand what sales executives perceive are the most important criteria to which sales managers should be evaluated. Based on this, a framework for evaluating sales managers will be proposed. This framework will reflect what sales executives' see as the more critical elements of a sales manager evaluation system when evaluating a sales manager's overall performance. Doing so may provide guidance for sales executives to implement a new sales manager evaluation tool or to revamp an existing one. A second objective of this study is to identify gaps that exist between sales executive's perceptions of the ideal evaluation tool (in theory) and what is actually being used (in practice). Comparing the results of what evaluation criteria sales

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executives indicate they actually use to what they consider important will do this. The value of this second objective is that we can begin to identify and address deficiencies that exist in current evaluation systems and offer suggestions to improve them.

The overall significance of this research will provide a new and unique contribution to both the practice and research of sales management evaluation. Sales executives will be provided with a tool that they can customize to suit their business while researchers will be provided with a framework to advance the study of evaluation of the sales organization.

## **BACKGROUND**

### **Sales Manager Performance Evaluation**

Churchill, Ford, and Walker (2000) provide a concise definition of performance evaluation as: "...the task of identifying the salient criteria or dimensions on which to assess an individual's performance..." Based on this definition, evaluating the performance of a sales manager must center on the key roles of the manager's job function. In fact, Anderson, Dubinsky, and Mehta (1999) claim that sub-par managerial performance stems from problems resulting from ineffective recruitment, selection, training, motivation, evaluation, and control of salespeople – functions that are the primary responsibility of sales management (Anderson, Dubinsky, and Mehta 1999).

So what are the areas where sales managers should focus to maximize their effectiveness? In an attempt to classify the area and time allocation that sales managers should focus, Kaplan and Norton (1992), suggested a balanced approach divided into four key measures of sales performance management – financial (25%), internal business processes (25%), learning and growth (25%), and customer (25%). Alternatively, Brewer (1997) suggests that the most successful sales managers divide their time between selling (35%), planning (22%), training (19%), evaluating salespeople (15%), and recruiting salespeople (9%). In a study conducted by the American Society of Training and Development (ASTD), Lambert (2009) provided recommendations in five areas to improve sales revenue results. These included: sales management (leadership, people skills,

negotiation, and sales process), selling skills, product knowledge, industry knowledge, and admin/back-office processes. Most recently, Dixon et al. (2011) suggests that the attributes and time allocation to sales management excellent falls into five categories: management fundamentals (27%), selling (27%), coaching (28%), resource allocation (16%), and sales innovation & strategy (29%). In sum, there seems to be no real consensus as to what the right mix of sales manager focus should be. This adds to the complexity of settling on systems to evaluate sales management effectiveness.

Few studies over the past three decades have focused on designing comprehensive sales management evaluation systems that senior managers felt were effective. For example, Dubinsky and Barry's (1982) study of sales organizational evaluation centered primarily on measuring various aspects of sales volume while in their study of 213 sales executives, Jackson, Keith, and Schlachter (1983) found that senior sales managers relied too heavily on the qualitative aspects of sales manager performance. Morris, et al. (1991) did find that senior sales managers used multiple indicators of sales manager performance based on both objective (quantitative) and subjective (qualitative) evaluation components but their subjects (as other research confirms) felt that their methods were relatively un-systematic and unsophisticated. Most recently, Powers et al. (2014) identified 36 sales management competencies that the literature suggests drives sales organizational performance. Although this study provides a contemporary and comprehensive competency review, it falls short of identifying how senior sales leadership can measure and evaluate these important competencies.

One of the most cited studies to investigate the topic of sales manager evaluation was conducted almost two decades ago. In this study, Dubinsky, Anderson, and Mehta (1999) reported on eighteen (18) criteria that sales manager respondents indicated their evaluations were based. These criteria were categorized in three areas: Planning & Organizing Tasks, Management & Development Tasks, and Evaluation & Control Tasks. As a recommendation for further study, the authors imply that subsequent research on this topic should be

done from the perspectives of senior sales management (i.e., those responsible for actually evaluating sales managers) and organized according to these general categories. The following is a brief review of these categories and the sales management tasks that they encompass. It should also be pointed out these categories describe a mix of both subjective-based and objective-based evaluation. This is an important distinction since not all performance evaluation criteria may be objectively measured via sales results. For evaluation criteria that requires observation and subjective judgement, the need for developing evaluation tools becomes more important.

**Salesforce Planning & Organizing Functions.** Two critical sales management functions are included in the planning & organizing category of sales management evaluation. Recruiting and selecting salespeople is a major decision that sales managers make. Inadequate implementation here can lead to negative consequences such as inadequate sales coverage and lack of customer follow-up, increased training costs to overcome deficiencies, higher turnover rates, and suboptimal salesforce performance, to mention a few (Ingram et al. 2009). Therefore, it is understandable that sales managers should be evaluated on the quality of their hires. Such evaluation could be objectively based on the number of vacant sales positions on the team as well as retention rate of salespeople.

In some sales organizations, managers have a role in designing and administering the compensation plan. Determination of fair and equitable commission rates and ensuring that salespeople receive all commissions due are reasonable expectations of the sales management function. In addition, managers have the ability to award non-cash compensation (i.e., time off, flexible work arrangements, etc.) to salespeople who meet their selling goals. Seeing that compensation is an important motivational component to sales effort, the effective sales manager should be proactive in the design and administration of compensation plans.

**Salesforce Management & Development Functions.** Management and development of the salesforce is a critical responsibility of the sales manager. Tasks within this category provide the salesforce with training,

coaching, management support, and motivation necessary to effectively build customer relationships (Hair, et al. 2009). The training that salespeople receive builds the skills necessary for salespeople to define and succeed in their role (Churchill, Ford, and Walker 2000). In some (smaller) sales organizations, sales managers have an expanded responsibility to develop and deliver sales training. However, in most cases, sales managers play a role in salesforce training via behavior simulations and fieldwork (e.g., role-play, ride-a-longs, etc.). Coaching has become an effective source of salesforce training and development over the last decade. Here, managers provide salespeople with real time feedback to improve selling skills, strategies, problem solving, and customer relationship management. Time spent with salespeople on training and coaching in this capacity has become a vital step in the development of the salesforce. Motivating salespeople to accomplish individual goals and objectives is crucial to the overall success of the sales organization. Sales managers have a key role here to set fair and attainable sales quota/goals as well as to use incentive programs such as performance bonuses, sales contests, and recognition events to reward sales performers (Ingram et al. 2009). In many organizations, the sales manager has some flexibility as to how to structure these programs; so effective implementation is a direct reflection on the sales manager.

In developing salespeople, sales managers much decide who is to receive direct supervision and how much time should be allocated to each salesforce member. Early career stage salespeople are most likely in need of more direct management supervision because of their youth and inexperience. Alternatively, later career stage individuals require less direct supervision because of their more advanced skill, product and market knowledge (Cron 1984). Providing the right amount of direct supervision to individual salespeople is an important decision that has been shown to have a direct impact on salesperson motivation (Oliver and Anderson 1994).

General leadership skills fall into this category of salesforce management & development. Here, communication with the salesforce (via regular meetings) to clearly articulate expectations is necessary to ensure that shared goals are sought and met. Effective

communication is necessary to provide (as well as seek) feedback to/from salespeople. The manner in which a sales manager effectively utilizes this feedback to diagnose and solve problems will have a direct impact on his/her leader effectiveness (Ingram et al. 2009).

**Salesforce Evaluation & Control Functions.** A key consideration in evaluation and control of the salesforce is determining the appropriate measures of organizational effectiveness and performance. According to Anderson and Oliver (1987), measures of salesforce performance may be more outcome-based (i.e., objective measures) or more behavior-based (i.e., subjective measures). The former relies on results that can be readily produced and measured such as attainment of sales revenue, units, profit margins, market share etc. Such measures are arguably the most critical components of a salesforce evaluation system since the financial viability of the organization is dependent upon these results. Expense or budget control is the ultimate responsibility of sales management (Ingram et al. 2009) and can have a direct impact on bottom line profitability. Sales managers who effectively set and operate within or below budget will positively impact organizational profitability. Therefore, it is imperative that salespeople within the organization are held accountable for what they spend.

Other performance parameters, not as easily tracked, are also important for long-term customer relationship development. Minimizing customer complaints, maximizing customer satisfaction, utilization of customer relationship management processes and tools (to mention a few) serve to create value in the eyes of the customer. Although important, such results are harder to measure because they require close monitoring and supervision of salesforce activities (Anderson and Oliver 1987; Oliver and Anderson 1994). Fair and equitable distribution of customer and account opportunities to salespeople may serve to enhance customer relationships. The (managerial) decision to divide accounts (by geography, product, market, sales function, or a mix of these) provides the means to leverage differences among salesperson skill, experience, proximity, etc.).

Systematic and scheduled evaluation and feedback sessions between a manager and his/her salespeople are vital sales organizational control mechanisms (Hair, et al 2009). It is the responsibility of the sales manager to ensure that such evaluation sessions are scheduled, conducted, documented, and that actions plans are developed where it is determined that improvement is needed. Equally important is that evaluation and feedback tie into reward systems (e.g., salary increase, bonus, promotional opportunities, etc.) as well as consequences (e.g., performance improvement plan, etc.) to ensure that each member of the sales organization knows what is expected.

### **Toward A Framework for Evaluating Sales Managers**

Given, the work that has been done in the past, this study further investigates the criteria that sales executives feel are important measures for evaluating their sales managers. Although the collective sum of sales manager functions is necessary to consider as a complete manager evaluation system, some functions are considered more/less important than others (Dubinsky, Anderson, and Mehta 1999). This implies that an ideal sales management evaluation system should consist of a weighted scheme, where certain functions are considered more important (and count more) toward the overall managerial performance evaluation. To better understand which functions are viewed as more important elements of a sales manager evaluation system, senior sales executives' (those responsible for evaluating sales managers) opinions were sought. The following methodology describes the process of collecting and evaluating this data toward the development of a comprehensive sales management evaluation system.

## **METHOD**

### **Sample and Survey**

A convenience sample of 40 senior sales managers were recruited from a list of attendees at several executive sales symposiums hosted by a Midwest business college's school of professional sales. In addition, students in a salesforce leadership class of the same school of professional sales were offered extra credit



points for identifying senior sales managers willing to participate in the study. In both cases, subjects were contacted to gain consent and ensure that they met the necessary criteria (i.e., they had evaluation responsibility for subordinate sales managers in a non-retail and business to business selling environment). Subjects who agreed to participate and met the criteria were then sent an email with either a paper version of the survey as an attachment or a link to an online version. Of the 40 managers recruited from the sales symposium, 16 returned completed paper surveys (a 40% response rate). The remaining 58 surveys were completed online (by subjects recruited by sales students). In all, 74 usable surveys were obtained. Statistical comparison of the variables used in this study between the two data collection methods (paper versus online) revealed no significant differences.

Demographics reveal that our senior sales manager sample was predominantly male (79.7%) with a mean age of 39.6, 5.1 years in their position, 15.8, years of selling experience, responsible on average for evaluating 7.1 sales managers, and conducted formal evaluations at least on a quarterly basis. The most frequent management levels reported were President/CEO (14%), Vice President (13%), Regional Manager (11%), District/Division Manager (9%), and Director (9%). Organization size was measured by asking how many sales managers each subject was responsible for evaluating. This distribution revealed that the majority of organizations were small to medium size (less than 10 managers = 80%; 10-25 managers = 17%; more than 25 managers = 3%). The top 5 industries represented in the sample were: financial services, manufacturing, automotive, computer/software, and business services.

Via the survey, subjects were provided a brief summary of the study purpose and consent information. Subjects were first instructed to “think about the sales managers that they have evaluation responsibility for.” A list of evaluation criteria was compiled using a recent study on sales management competencies (Powers et al. 2014) as well as a review from the sales management literature (Attia, Honeycutt, and Leach 2005; Barker et al. 2009; Shepherd et al. 2011; Wachner, Plouffe, and Gregoire 2009; Zallocco, Pullins, and Mallin 2009) and recent editions of sales management textbooks (Ingram et

al. 2009; Hair et al. 2009; and Tanner, Honeycutt, and Erffmeyer 2009). These criteria consisted of items from the following functions: performance results, motivating salespeople, compensation design/administration, salesperson recruitment/selection, training, coaching/development of salespeople, customer relationship development/management, salesperson supervision, salesperson evaluation/feedback, expense control/management, and general leadership. Next to each item (within each function), subjects were asked to rate the degree of *importance that they feel the criteria is necessary* to evaluate their sales managers (10 point semantic differential scale anchored by 1 = not at all important to 10 = extremely important). In addition, subjects were asked to rate the *frequency that they actually use* the item listed items to evaluate their sales managers (10-point semantic differential scale anchored by 1 = never to 10 = always). Sample items from this survey are provided in the paper’s appendix.

### Analysis

The data was analyzed using SPSS 17.0. Based on the subject’s responses, each item was evaluated as a continuous variable with a range of 1 to 10 and reflective of the sales executive’s *perceived importance* and the *frequency of actual use* for evaluating their sales managers using that item. A mean score for all the items within a particular sales management function was then computed. The perceived importance values from each of the evaluation items were then compared to the overall mean score for each sales management function using a paired sample t-test. This test was used because all observations related to the same respondent (Malhotra 2007). Evaluation items that were rated *significantly* ( $p < .05$ ) *lower* in importance relative to the mean of that sales management function were removed from the set. This would (theoretically) leave only the items perceived (by sales executives) to be most important for evaluating their sales managers. This procedure was repeated for each of the items and functions.

Next, based on the work of Dubinsky, Anderson and Mehta (1999), each sales management function was bundled into one of the three general sales management dimensions (Planning & Organizing, Management & Development, and Evaluation & Control). The contribution of each of these general dimensions toward

the overall sum total of the three was computed. This was done by dividing the mean (perceived importance) score of each general dimension by the sum of all three. This provided a relative weighting of each of the three general dimensions and provided the basis for the Sales Manager Evaluation System Framework (see Figure 1).

**Figure 1**  
Sales Manager Evaluation System Framework

**Planning & Organizing (30%)**

- Compensation design & administration
- Salesperson recruitment & selection

**Management & Development (36%)**

- Motivating the salesforce
- Training the salesforce
- Coaching & development
- Supervising salespeople
- General leadership

**Evaluation & Control (34%)**

- Measuring sales performance results
- Customer Relationship Management
- Salesperson evaluation & feedback
- Expense control & management

To determine how often sales executives actually use the evaluation criteria from this framework in practice, a comparison of each evaluation item's *frequency of actual use* rating was compared to the *perceived importance* rating using a paired sample t-test. Significant ( $p < .05$ ) mean differences reflect a gap between what is perceived important and what is actually being used in practice and provides the basis for discussion (e.g., potential explanation).

## RESULTS

Our results find that 37 of the original set of 44 sales manager evaluation items were considered important relative to overall average scores for the eleven managerial functions. Seven (7) of the items were considered significantly less important than the overall sales manager function averages and were removed from the criteria set. These were: *provides non-cash compensation to reward salespeople*, *uses contests to motivate salespeople*, *number of vacant salesperson positions*, *utilization of salesforce automation or CRM tools*, *fair and equitable distribution of customer accounts to salespeople*, *loosely monitors salespeople who need less supervision*, and *links salesperson performance to salary/merit adjustments*. Table 1 shows the mean difference scores, t-values, and p-values of these tests.

Based on these results, the final set of evaluation criteria for each sales manager function was combined with other functions theoretically proposed to be a part of the three general sales management dimensions. The contribution of each of these general dimensions toward the overall sum total of the three was Planning & Organizing functions – 30%, Management & Development functions – 36%, and Evaluation & Control functions – 34%. These results are also displayed in Table 1.

Table 2 shows the results of the mean difference between what sales executives reported as important in the evaluation of their sales managers and the reported frequency of actually using the evaluation criteria for each function. These results indicate that for all functions, senior sales executives ranked manager evaluation criteria as significantly more important than what they are actually using in practice. The biggest gap was found for the three Management & Development criteria: training salespeople ( $md = 1.06$ ,  $p = .000$ ), coaching & developing salespeople ( $md = 0.99$ ,  $p = .000$ ), and motivating salespeople ( $md = 0.76$ ,  $p = .000$ ). The following discussion addresses this issue, offers some speculation as to why this was observed, and provides recommendations for senior sales managers.

**Table 1 – Items to be Included in Sales Manager Evaluation System**

Evaluation Criteria (category/function/items)	Mean <sup>t</sup>	Mean Diff. <sup>tt</sup>	T-value	Sig.	Included/ Removed <sup>ttt</sup>	% Weight <sup>tttt</sup>
<b>Planning and Organizing (category)</b>	7.23					30.2
<b>Compensation Design/Administration (function)</b>						
Determines fair/equitable salary increases (item)		-0.19	-0.76	.449	Included	
Determines fair/equitable commission rates		-0.21	-0.89	.375	Included	
Ensures that all due commissions are paid		1.03	4.15	.000	Included	
Provides non-cash compensation		-0.62	-2.00	.049	Removed	
<b>Salesperson Recruitment and Selection</b>						
Number of vacant salesperson positions on team		-1.27	-6.63	.000	Removed	
Retention rate of salespeople on team		1.27	6.63	.000	Included	
<b>Managing and Developing</b>	8.31					35.0
<b>Motivating Salespeople</b>						
Sets fair/attainable quota/goals		0.64	4.41	.000	Included	
Effectively uses bonuses		-0.13	-0.72	.474	Included	
Effectively uses contests		-1.17	-5.62	.000	Removed	
Effectively uses recognition		0.66	4.78	.000	Included	
<b>Salesperson Training</b>						
Time spent training salespeople in the field		-0.04	-0.47	.638	Included	
Time spent on own training and development		0.04	0.47	.638	Included	
<b>Salesperson Coaching and Development</b>						
Time spent coaching selling skills		0.13	1.30	.20	Included	
Time spent coaching problem solving skills		-0.13	-1.30	.20	Included	
<b>Salesperson Supervision</b>						
Closely monitors salespeople needing more supervision		0.45	2.64	.010	Included	
Loosely monitors salespeople needing less supervision		-0.79	-4.37	.000	Removed	
Appropriately allocates time to salespeople based on experience		0.33	1.76	.083	Included	
<b>General Leadership</b>						
Conducts regular sales meetings to communicate with salespeople		0.12	0.95	.344	Included	
Clearly communicates expectations to salespeople		0.15	1.26	.212	Included	
Selects appropriate management style to match situation		-0.26	-1.96	.054	Included	
Invites feedback from salespeople		-0.11	-0.78	.440	Included	
Invites feedback from customers		-0.29	-1.67	.107	Included	
Invites feedback from superiors / upper sales management		-0.17	-1.22	.228	Included	
Effectively diagnoses and solves problems		0.14	0.89	.377	Included	
Acts ethically		0.42	2.49	.015	Included	
<b>Evaluation and Control</b>	8.00					34.8
<b>Performance Results (function)</b>						
Attainment of sales units (item)		-0.30	-1.20	.235	Included	
Attainment of sales revenue		0.89	5.84	.000	Included	
Attainment of profit margins		-0.26	-1.02	.310	Included	
Percentage of salespeople at/above quota		-0.22	-1.12	.266	Included	
Accuracy of sales results relative to forecast		-0.19	-1.36	.177	Included	
Attainment of overall profitability		0.09	0.55	.582	Included	
<b>Customer Relationship Development</b>						
Number of customer complaints received		-0.29	-1.29	.201	Included	
Measure of customer satisfaction		0.98	5.24	.000	Included	
Number or percentage of customers retained		0.87	4.29	.000	Included	
Amount or percentage of customer revenue retained		0.40	1.81	.074	Included	
Utilizes of salesforce automation and/or CRM tools		-0.97	-4.01	.000	Removed	
Fair/equitable distributions of customer accounts		-0.98	-3.97	.000	Removed	
<b>Salesperson Evaluation and Feedback</b>						
Conducts regular performance reviews		0.10	0.66	.513	Included	
Documents all performance reviews		0.03	0.23	.822	Included	
Takes corrective action with underperforming salespeople		0.40	2.51	.014	Included	
Fairly/consistently rates/ranks salesperson performance		0.18	1.28	.204	Included	
Links salesperson performance to salary/merit adjustments		-0.71	-3.13	.002	Removed	
<b>Expense Control / Management</b>						
Operates within or below budget		0.25	1.55	.125	Included	
Demands accountability of salesperson expenditures		-0.262	-1.56	.125	Included	

<sup>t</sup> Mean score for perceived importance of item<sup>tt</sup> Mean difference between mean perceived importance of item and mean perceived importance of entire function.<sup>ttt</sup> Item is to be included in or removed from the final sales manager evaluation system.<sup>tttt</sup> Calculated as mean score for category divided by the sum of mean scores for all categories.

**Table 2 – Reported Importance vs. Actual Use of Sales Manager Evaluation Criteria**

<b>Evaluation Criteria (category/function)</b>	<b>Mean Difference <sup>t</sup></b>	<b>T-value</b>	<b>Sig.</b>
<b>Planning and Organizing</b>			
Compensation Design/Administration	0.42	3.53	.001
Salesperson Recruitment and Selection	0.69	3.54	.001
<b>Managing and Developing</b>			
Motivating Salespeople	0.76	6.28	.000
Salesperson Training	1.07	6.63	.000
Salesperson Coaching and Development	0.99	5.99	.000
Salesperson Supervision	0.58	3.92	.000
General Leadership	0.61	5.43	.000
<b>Evaluation and Control</b>			
Performance Results	0.42	3.74	.000
Customer Relationship Development	0.73	6.12	.000
Salesperson Evaluation and Feedback	0.68	4.15	.000
Expense Control / Management	0.57	3.00	.001

<sup>t</sup> Mean difference between mean perceived importance of evaluation criteria within sales management function and mean actual use of evaluation criteria.

## DISCUSSION

### Implementing a Sales Manager Evaluation System

The findings from this study can be used to assist sales executive or senior sales managers in developing new or refining existing systems to evaluate sales manager performance. To do this a process can be used to develop a sales management evaluation scoring system. Category weightings from the results suggest that on average, approximately 30% of sales manager evaluation comes from Planning & Organizing functions, 36% from Management & Development functions, and 34% from Evaluation and Control functions. The estimated equal weightings across these three categories suggest that our subjects feel that all functions were important criteria to evaluate sales managers with slightly less emphasis on the first. Given these findings, the next question becomes how can sales executives operationalize such an evaluation system? To answer this question, several steps are suggested to develop a sales management evaluation score card.

First, measures for each criterion within each evaluation category must be developed and become a part of a standardized evaluation document. For example within the general category of Evaluation & Control, measures that can be objectively defined (e.g., Sales Performance Results consisting of the individual items: attainment of sales revenue, attainment of profit margin targets, operating within/below budget, etc.) can be assigned point values (e.g., 1 through 100) for meeting or exceeding thresholds set by the evaluator. An example here might be to assign 100 points for a sales manager exceeding his/her sales revenue quota, 90 points for meeting it, 80 points for coming within 5 percentage points, etc. For measures that are more subjectively defined like Customer Relationship Management, Salesperson Evaluation & Feedback, etc. a form of behavioral anchored rating scales (Cocanougher and Ivancevich 1978) could be utilized to assign point values to specific items comprising the evaluation criteria. As an example, the following illustration suggests how a sales manager might be assigned point values for one aspect of salesperson performance evaluation/feedback:



**Criteria: Evaluation & Feedback - Takes corrective action with underperforming salespeople**

<b>Point value</b>	<b>Behavioral Anchored Statements</b>
100	Manager <u>always</u> documents salesperson performance deficiencies and <u>always</u> works with him/her to improve the skill(s) necessary to improve performance.
90	
80	Manager <u>frequently</u> (but not always) documents salesperson performance deficiencies and <u>frequently</u> (but not always) works with him/her to improve the skill(s) necessary to improve performance.
70	
60	Manager <u>sometimes</u> documents salesperson performance deficiencies and <u>sometimes</u> works with him/her to improve the skill(s) necessary to improve performance.
50	
40	Manager <u>rarely</u> documents salesperson performance deficiencies and <u>rarely</u> works with him/her to improve the skill(s) necessary to improve performance.
30	
20	Manager <u>does not</u> document salesperson performance deficiencies and <u>does not</u> work with him/her to improve the skill(s) necessary to improve performance.
10	

In a second step, points could be averaged for all the items within a sales management evaluation criterion (e.g., 85 average points across 2-items comprising the *Coaching & Development* evaluation criteria; 95 average points across 6-items comprising the *Sales Performance Results* evaluation criteria; 75 average points across 3 criteria items within the category of *Compensation Design & Administration*, etc.). All rating points for each evaluation criteria would be weighted so that the sum of category weights equate to the approximate 30%-36%-34% scheme developed via this study. The total score generated from the weighted rating of each of the eleven evaluation criteria should provide the basis to compare overall performance across sales managers. Sales managers could then be ranked based on overall weighted point totals. Figure 2 illustrates a sample sales management evaluation score card.

### **Gaps Between Evaluation Criteria Importance and Actual Use in Practice**

A major finding from this research is that although sales executives felt that certain criteria are important components of a sales manager evaluation system, they infrequently use them in practice. This was the case in each of the eleven sales management functions across

all three categories. The reasons for these “across the board” gaps are unclear, but one possibility is that sales management evaluation criteria in general tends to be more behavior-based and thus hard to measure. It would be very time consuming for sales executives to develop behavioral anchored rating scales for *each and every* evaluation criteria they deem important and thus, they do not do it. Another possible reason is that is that sales executives may feel that formal evaluation is too time consuming and may be reluctant to refocus sales managers’ time and effort away from managing the salesforce.

Among the largest gaps (between perceived importance and frequency of use) were the three Management & Development criteria: training salespeople (md = 1.07, p = .000), coaching & developing salespeople (md = 0.99, p = .000), and motivating salespeople (md = 0.76, p = .000). One speculative reason for the larger differences here is that these functions tend to be so pervasive and defining of the sales manager’s role that the importance levels are going to be highest. Because of the behavioral nature of training, coaching, and motivating, it is incumbent on sales executives to invest the time and effort to develop appropriate measure to evaluate these functions. Once again, time constraints

Figure 2  
The Sales Management Evaluation Score Card

Evaluation Criteria	Measures/Tools Used to assess	Rating (0-100)	Weight	Total Score
<b>Management &amp; Development</b>			<b>35%</b>	
Training the Salesforce	Days/Hrs Completed	70	5%	3.50
Coaching & Development	Days/Hrs in Field w Reps	85	10%	8.50
Motivating Salespeople	Salesperson Survey	90	10%	9.00
General Leadership	Salesperson Survey	95	5%	4.75
Supervising Salespeople	Sales Control Customize	80	5%	4.00
<b>Evaluation &amp; Control</b>			<b>35%</b>	
Customer Relationship Management	Use of SFA/Cust. Survey	80	5%	4.00
Salesperson Evaluation & Feedback	Frequ. of formal evals	85	5%	4.25
Expense Control Management	Spending within budget	75	5%	3.75
Sales Performance Result	Outcome Based meas.	95	20%	19.00
<b>Planning &amp; Organizing</b>			<b>30%</b>	
Salesperson Recruit. & Selection	% of staffing target	60	15%	9.00
Compensation Design and Admin.		75	15%	11.25
<b>Total</b>			<b>100%</b>	<b>81.0</b>

and competing demands may stand in the way of doing this. A recommendation to senior managers might be to isolate these three areas defined by the largest gaps and invest the time and effort to develop and use measures to evaluate sales manager performance.

In sum, practitioners (sales executives with direct reporting managers) can use this research to develop new or modify existing sales management evaluation processes. Some fortune 500 companies (e.g., Abbot Laboratories, AT&T, Du Pont, Motorola, Merck, 3M, Hewlett-Packard, Northwestern Mutual Life, and General Mills) have already embarked on processes to improve upon their systems to evaluate the effectiveness of their sales managers (Anderson, Dubinsky, and Mehta 1999). Hopefully, more firms will learn from and see the benefits of this practice.

For sales researchers, this study will expand the breadth of knowledge that currently exists on sales management evaluation. The contribution of this work is unique seeing that it reports the sales manager evaluation priorities and perspectives from the sales executive's point of view. To date, research on this topic primarily has centered on either the views of the front line sales manager or has been conducted from a theoretical perspective only.

## CONCLUSION

Today's intense selling environment creates the need for firms to ensure that their sales force is equipped to face the challenges required to build long term relationships with its customers. Given the critical role of the sales manager to organize, develop, manage, and execute the

organization's selling functions, sales executive must be sure that the sales managers are performing at peak levels. To do this, sales managers must be evaluated and provided feedback on their performance - using a comprehensive array of evaluation criteria. This study provides some direction for sales executives to design or augment sales manager evaluation systems that center on the sales management functions and specific criteria that are considered most important in achieving organizational goals. Effective sales management will inevitably impact bottom line results via salespeople who are motivated, well coached, and properly supported. In the end, a disciplined and systematic approach to evaluating sales managers may well turn out to be one of the best investments that sales executives can make in their sales organization.

Based on the findings of this study, further research in the area of sales management evaluation should be pursued. One direction that such research could take is to ask first line sales managers to validate these results. Sales executives (senior managers with sales managers directly reporting to them) were the subjects for this study. Asking a sample of first line sales managers the same set of questions (i.e., rate the importance and frequency) relative to their own evaluation criteria would suggest that our sample of senior manager's perceptions are realistic. Another subsequent study could be done to develop a causal model showing the relationship between sales manager's perceptions of the evaluation system (e.g., degree of satisfaction with the process, frequency of evaluations, degree of perceived fairness, etc.) and that sales manager's performance results. Additionally, by computing an interaction term (importance \* actual use), we could explore the effects of perceived importance (moderator) on actual use of various sales management evaluation measures and its subsequent impact on sales organization performance. Such subsequent research can further our knowledge of the important role that evaluating sales managers has on the performance of the entire organization.

Like most research studies, ours has some limitations that should be pointed out. First, we must point out that evaluation criteria of sales managers are likely to vary by industry. Ideally, splitting the sample and exploring differences among sales managers operating in different

industries would shed light on this issue. Our sample size could be increased to further validate our findings and explore cross-industry variations in subsequent research. With only a few observations from companies within certain sectors (e.g. telecommunications, healthcare, and transportation/logistics), we would be remiss to suggest that our results can generally fit firms within all industries. Thus, based on the difficulty in identifying and obtaining input from sales executives, our work here can still be considered speculative. A larger sample could also facilitate a full-scale competency study to allow senior sales managers to generate the list of needed sales management competencies (our list was developed from secondary data and sales management literature). A related issue relative to our sample is that all observations are from the sales (management) point of view. Admittedly, customers are the ones making the decisions so a second sample of buyers and decision makers could be used to explore how the set of sales management competencies and evaluation criteria either vary or converge depending on the evaluator (e.g., senior sales manager or customer).

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## APPENDIX

**Sample Items From Survey** (note: see Table 1 for a complete list of survey items)

**Instructions:** Thinking about the **sales managers** that report to you, please indicate (check appropriate scale measure) how important you perceive each of the following evaluation criteria and how frequently you actually use each to evaluate your managers.

<b>Sales Manager Evaluation Criteria</b>	<i>Please indicate <b>how important</b> you feel each of the following criteria/measures is necessary to <b>evaluate your sales managers</b>.</i>	<i>Please indicate <b>how frequent</b> you actually use each of the following criteria/measures to <b>evaluate your sales managers</b>.</i>
	1 = Not at all important 5 = Somewhat important 10 = Extremely Important	1 = Never 5 = Sometimes 10 = Always
<b>Performance Results</b> Attainment of sales units Attainment of sales revenue	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Sales Forecasting</b> Sales forecasts are at least 100% of quota/objective Accuracy of sales results relative to forecasted results	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Motivating Salespeople</b> Sets fair and attainable salesperson sales goals/quota Sets fair and attainable salesperson stretch goals/quotas	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Compensation Design / Administration</b> Determines fair and equitable salary incr. for salespeople Determines fair and equitable commission rates	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Salesperson Recruitment and Selection</b> Number of vacant salesperson positions Retention rate of salespeople	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Training</b> Amount of time spent training salespeople in the field Amount of time spent training salespeople in the office	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Coaching / Development of Salespeople</b> Amount of time spent coaching selling skills Amount of time spent coaching policy & procedure	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Customer Relationship Development/Management</b> Number of customer complaints received Some other measure of customer satisfaction	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Sales Organization and Territory Design</b> Fair and equitable distribution of cust./account opportunity to salespeople Rationale for design (e.g., by geography, by product, by market, etc.)	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Salesperson Supervision</b> Closely monitors salespeople requiring more supervision Loosely monitors salespeople requiring less supervision	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Salesperson Performance Evaluation/Feedback</b> Conducts regular performance reviews with salespeople Fairly and consistently rates/ranks salesperson performance	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>Expense Control / Management</b> Operates within or below budget Demands accountability of salesperson expenditures	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)
<b>General Leadership</b> Conducts sales meetings to communicate with salespeople Clearly communicates expectations to salespeople	1 2 3 4 5 6 7 8 9 10 (repeat scale)	1 2 3 4 5 6 7 8 9 10 (repeat scale)