



The sales recovery audit: Learning to walk the talk



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ABSTRACT

Little research attention has been devoted to the impact of salesperson failure and recovery management on customer relationship development. This paper develops a theoretically anchored and externally validated sales recovery audit for the purpose of assessing sales organization performance in these matters. Results based on a survey of 177 sales managers indicate that practice of sales recovery efforts lags behind their perceived importance as they relate to organizational success. The sales recovery audit presented here can be a useful tool to continuously evaluate and enhance sales recovery efforts for the purpose of building a stronger relationship selling organization.

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1. Introduction

Despite the widespread recognition that relationship selling focuses on mutually satisfying buyer–seller relationships throughout the entire cycle of the sales process, little practical knowledge is available with regard to training salespersons to become adept at analyzing failures associated with the sales process and the implementation of subsequent sales recovery efforts. Complicating matters further, achieving mutually satisfying buyer–seller relationships is challenging in an increasingly multifaceted environment where a dispersion of marketing activities within the selling organization can contribute to the failure of buyer–seller relationships (Homburg, Workman, & Jensen, 2000; Weitz & Bradford, 1999). Hence, a sales recovery audit would be a very useful tool for sales training purposes and a necessary component for the completion of a successful sales process.

To date, researchers have focused little attention on salesperson failure in B2B relationship development (Gonzalez, Hoffman, & Ingram, 2005; Gonzalez Hoffman, Ingram & LaForge, 2010; Ingram, Schwepker, & Hutson, 1992; Morris, LaForge, & Allen, 1994). In their original conceptualization, Dwyer, Schurr, and Oh (1987), recognized the importance of studying negative transitions in the relationship development process or what they also referred to as “relationship terminations or rollbacks” (p.22). Therefore, research that identifies the ways in which salespersons fail to deliver what customers want is critical marketing knowledge, as is

gaining a better understanding of how sales organizations respond to those failures.

Within the field of B2B sales recovery management, the scant research that has investigated salesperson failure demonstrates that failure is typically due to an inability to determine customer needs, solve customer problems, and provide adequate follow-up or servicing on accounts (Ingram, Schwepker, & Hutson, 1992; Morris, LaForge, & Allen, 1994). Moreover, a shift in focus from success to failure when investigating the role of the salesperson in relationship development can yield positive effects. The positive outcomes of analyzing failures and the resulting recovery strategies include: a general educational benefit to salespersons, sales managers, current employees, and replacement employees; improved recruitment procedures; more efficient selling procedures and programs; and a motivational impact on members of the sales force (Morris, LaForge, & Allen, 1994).

Understanding the causes and consequences of salesperson failure can help identify means for improving satisfaction not only with salespersons, but also with the sales organization and sales encounters (Widmier & Jackson, 2002). Consequently, firms that consistently evaluate failures in the sales process and devise effective recovery strategies can identify ways to become more customer-oriented, increase customer value, and improve competitive advantage in relationship-selling situations (Ahearne, Jelinek, & Jones 2007; Challagalla, Venkatesh, & Kohli, 2009; Gonzalez, Hoffman, Ingram, & LaForge, 2010).

The purpose of this research is to advance the B2B sales recovery management literature in four ways. Building on previous research, we develop a theoretically anchored and externally validated sales recovery audit that expands the methods that sales organizations can utilize to assess recovery management practices. Second, we empirically

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assess the soundness of the audit by examining the current recovery practices of sales organizations in a survey of sales managers. Third, we discuss the managerial implications related to using the sales recovery audit. Finally, we present future research directions to gain additional insights into the potential uses of the sales recovery audit.

2. Background literature

There are two categories of performance assessment systems in marketing: marketing productivity analyses (i.e. profits, market share, cash flows) and marketing audits (Morgan, Clark, & Gooner, 2002). Seminal works in a research report published by the American Management Association describe marketing audits as systematic, critical, and impartial evaluations of the marketing operation (Sessions, 1959). As explained by Honeycutt (1996), marketing audits are typically operational audits, which differ from financial statement audits and compliance audits. Operational audits examine the effectiveness and efficiency of managerially-controlled activities of an organization. An important first step in the systematic development of an operational audit is detailed planning of the audit to include obtaining agreed-upon criteria to be used in the audit (da Gama, 2012).

The use of audits has been advocated in marketing (Taghian & Shaw, 2008) and several of its sub-fields, including marketing by health care organizations and professional services (Berkowitz & Flexner, 1978; Wheatley, 1983), strategic marketing (Mokwa, 1986), service organizations as a whole (Berry, Conant, & Parasuraman, 1991), and organizational cultures within service firms (Webster, 1992). With respect to the sales literature, Dubinsky and Hansen (1981) designed a sales force management audit with four components: the sales management environment, the sales management planning system, the sales management organization evaluation, and the sales management functions. Honeycutt (1996) has contributed an audit to evaluate the planning, performing, reporting, and follow-up activities involved in sales training. Taghian and Shaw (2008) note that empirical support for audits is rare in marketing in general and has never been presented for sales audits.

Ideally, an audit serves the sales organization as more than just an evaluative tool, it acts as a diffusion agent for firms to convey strategic priorities and identify opportunities and weaknesses (Berry, Conant, & Parasuraman, 1991; Mokwa, 1986). Moreover, an audit can result in sales organizations becoming increasingly responsive to customer needs and better able to deliver customer value, by operating as a learning tool for becoming more customer-oriented (Payne, 1988). Despite the usefulness of audits, they have received little recent attention in the mainstream marketing literature (de Gama, 2012). In the next section, we will describe the theoretical underpinnings to support the generation of potential sales recovery audit items.

3. Generation of potential audit items

Because this study is one of the first to examine B2B sales failure and recovery practices, the theoretical justification for items contained within the sales recovery audit were initially derived from a review of the relevant sales and service marketing literatures. This included literature pertaining to the importance of: developing a service culture (e.g., Homburg & Fürst, 2005; Smith, Fox & Ramirez, 2010); service failure and failure attribution (e.g., Sajtos, Brodie & Whittome, 2010; Swanson & Kelley, 2001); recovery strategy selection and implementation (e.g., Chebat & Slusarczyk, 2005; Wang & Mattila, 2011); and the importance of feedback provision (e.g., Ingram, LaForge & Leigh, 2002; Maxham & Netemeyer, 2002). The literature review provided 26 potential audit items related to eight dimensions: recovery culture, failure identification, failure attribution, recovery strategy selection, recovery implementation, monitoring recovery efforts, recovery evaluation, and providing feedback. After purifying the audit measure, to be explained later in the paper, four dimensions remained. We will now discuss the

theoretical justification of those four areas: recovery culture, failure identification and attribution, recovery strategy selection and implementation, and feedback provision.

3.1. Recovery culture

The *recovery culture* dimension reflects the sales organization's organic approach to service recovery. An organic approach describes the "supportiveness of the internal environment with respect to complaint handling" (Homburg & Fürst, 2005, p.97). For our purposes, an organic approach reflects the supportiveness of the sales organization's leadership in how it views and approaches the sales recovery process.

The importance and relevance of a firm's recovery culture have been linked to establishing a clear message for employees to follow (Maxham & Netemeyer, 2002); conducting business in a customer-oriented manner (Smith & Karwan, 2010); and responding to customer complaints in a much more customer-oriented approach (Smith, Fox, & Ramirez, 2010). As further evidence of the importance of recovery cultures within sales organizations, Ashforth and Lee (1990) report that organizational culture is a "meta-cause" for a variety of defensive behaviors such as avoiding action, avoiding blame, and avoiding change. Finally, Gonzalez et al. (2010) established that "sales organizations with supportive recovery cultures are more likely to engage in systematic [mechanistic] failure analysis activities" (p.225). In contrast to an organic approach, a mechanistic approach to service recovery comprises systematic standard operating procedures such as those described in the failure analysis and attribution dimension presented below. The literature suggests items 1–3 in Table 1 as potential items for assessing an organization's recovery culture.

3.2. Failure analysis and attribution

The *failure analysis and attribution* dimension of the sales recovery audit reflects the sales organization's systematic [mechanistic] approach to analyzing sales failure incidents and determination of failure attributions. Early services marketing research in this area identified four major types of failures which included employee responses to (1) core service failures; (2) implicit/explicit customer requests; (3) unprompted/unsolicited employee actions; and (4) disruptive customers (Bitner, Booms & Mohr 1994; Bitner, Booms, & Tetreault, 1990).

The consequences of failures cannot be understated. Failures have been linked to anger which lead to negative word-of-mouth communications about the offending firm (Chelminski & Coulter, 2011; Strizhakova, Tsarenko, & Ruth, 2012), lower repurchase intentions (de Matos, Rossi, Veiga, & Vieira, 2009) and weaker ratings of corporate image (Kalamas, Laroche, & Makdessian, 2008). In addition, Kuenzel and Katsaris (2011) found that managers and customers may have different views of the causes of service failures. Hence, explanations concerning the possible causes of failures, helps mediate the consumer's negative response (Gelbrich & Roschk, 2011) and enhance customer fairness perceptions and loyalty to the firm (Wang & Mattila, 2011). Much can be learned by systematically tracking the types of failures that occur (Smith & Karwan, 2010); consequently, customers should be encouraged to voice their concerns when their expectations are not being met (Barlow & Møller, 2008). The *failure analysis and attribution* dimension of the sales recovery audit also addresses failure attribution and specifically asks if sales organizations investigate the locus (source), stability (random/predictable), and controllability of the failure itself (Choi & Mattila, 2008; Hess, Ganesan & Klein 2003; Swanson & Kelley, 2001).

A sales organization's vigilant approach to assessing whether customer expectations are being met is of utmost importance. Failure to recognize customer dissatisfaction has been linked to customer alienation, motivating customers not to complain, and higher customer defection rates (Gilly, Stevenson & Yale, 1991; Kelly, Hoffman & Davis, 1993). Proactively asking customers about their current level of satisfaction

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