If you’re in sales, don’t build relationships only with customers

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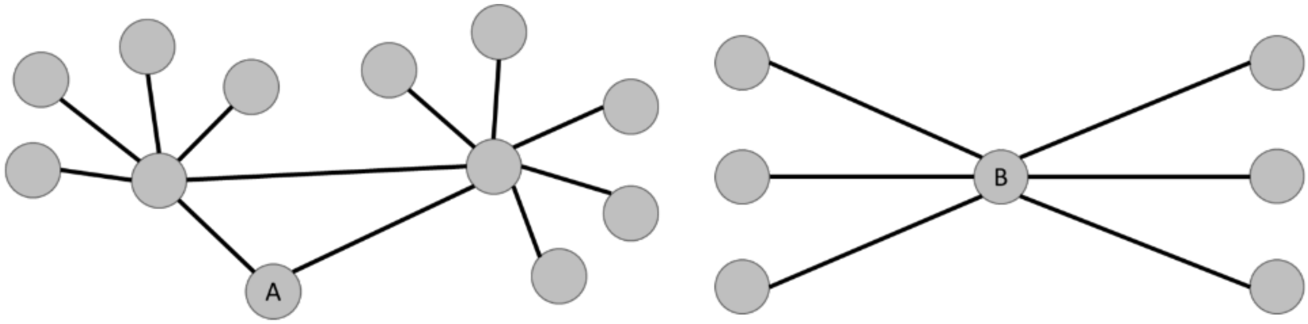
Managers tend to think and talk about sales performance as an outcome that is determined exclusively by salespeople’s behaviours and relationships with customers. Want to close more sales? Meet more prospects. Want to make more money? Find a better way to interact with and influence customers. Want to ensure your numbers next year are better than your numbers this year? Deepen your relationships with key individuals or accounts.

We do not dispute this reasoning. Of course customer-facing behaviours and relationships are critical drivers of salesperson performance. However, in research we conducted along with Drs. Doug Hughes (Michigan State University) and Gerald Ferris (Florida State University) we find some non-obvious drivers of salesperson performance that have *nothing at all to do with a salesperson’s customers* !

Specifically, we find two specific intraorganizational (i.e., inside the salesperson’s own organization) relationship patterns, what we call *social network centralities*, that are substantial predictors of actual, objective sales performance. These centralities are detailed in the figure below:

Figure 1. Visualization of Key Network Centralities



Relational Centrality

- Salesperson A is connected to other individuals who are themselves well connected.
- His/her connections are influentially connected.
- He/she possesses "*reputational resources*" derived from access to powerful others.

Positional Centrality

- Salesperson B is connected to other individuals who are not otherwise connected.
- His/her connections are not connected, except through him/her.
- He/she possesses "*informational resources*" derived from access to unique information.

Source: reproduced from Bolander, Satornino, Hughes, and Ferris 2015

The first, relational centrality, refers to a salesperson who is connected to others who are themselves well-connected in the organization. In other words, salespeople high in relational centrality are connected to people who are well-known in the company. This type of a relationship pattern conveys status or reputational resources in the organization. Our research shows that relational centrality drives sales performance by enabling salespeople to leverage their high status connections to accomplish their work more efficiently.

For example, this type of salesperson may be connected to a senior manager in the organization who knows, and is well-known to, a large number of other employees and managers. Having a highly visible relationship with such an influential manager bolsters the salesperson's own status, and, as a result, this salesperson may have better access to assistance from others because they want to be connected in some way to this powerful social network or because they fear disappointing these influential individuals. The salesperson, then, is able to leverage their social status to improve their sales performance.

The second, positional centrality, refers to a salesperson who serves to connect individuals in the organization who are otherwise unconnected. In other words, salespeople high in positional centrality have relationships that "bridge" disconnected parts of their organization, each of which possess unique perspectives and information. This type of relationship pattern allows the salesperson access to unique informational resources that exist in these otherwise disconnected groups. Our research shows that positional centrality drives sales performance by allowing salespeople to develop novel and creative ways to accomplish their work.

For example, this type of salesperson may be connected with a manager in the organization's finance department who is not connected to other salespeople. As a result of this relationship, and the unique information held by this finance manager, this salesperson may be able to gain new insights into special financing options (e.g., more desirable interest rates available in specific circumstances, etc.) that they can leverage to close business that eludes other salespeople.

We realize that at this point at least a few readers are saying something to themselves like: "of course salespeople's intraorganizational relationships help improve performance! You've just taken a complicated approach to showing empirically what everyone already knows!" To these individuals, we would pose the following questions:

1) When hiring new salespeople, do you devote time during their initial onboarding and training to helping them develop important relationships within the company (or do you focus all of their time learning about products, competitors, and customers)?

2) When these newly hired salespeople enter the field and begin selling, do you encourage them to spend some of their time in the office establishing relationships within the company (or do you expect them to spend 100 per cent of their time in the field talking to customers and prospects)?

3) At organization-wide meetings and conferences, do you develop activities that encourage salespeople to meet individuals they otherwise wouldn't (or can salespeople get away with spending time solely with the people they already know)?

4) Are you actively communicating the value of intraorganizational relationships to your salespeople (or are they expected to figure this out themselves)?

If the answer to any of these questions was "no," then we hope that our research encourages you to make some changes regarding the way you train, develop, and communicate with your salespeople. Doing so could help everyone involved make more money. Importantly, it would do so in a way that doesn't require more customers, better influence tactics, or additional prospecting effort. Sounds like a win-win! Give it some thought!

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Notes:

- *This post is based on the author's paper Social Networks Within Sales Organizations: Their Development and Importance for Salesperson Performance, Journal of Marketing, Volumte 79, Issue 6 (November 2015).*
- *The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.*
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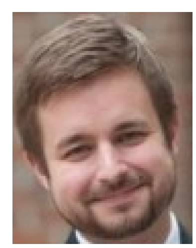

Cinthia Satornino is on faculty in the Marketing Department at Northeastern University. She earned her Ph.D. at Florida State University and her MBA from the University of Florida. Cinthia's research focuses on how social systems impact customers and firms. She has an active research pipeline, and several publications at outlets like the Journal of Marketing and Psychometrika. She is currently the co-Chair of the Committee for Hispanic Excellence in business, a Ph.D. Project/White House initiative, and was recently recognized as a 2016 Emerging Scholar by Diverse Magazine. Her industry experience includes more than a decade as a strategic planning and CRM professional. She is a founding partner of consulting firm Cordoba-Parsons.