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Learning-Oriented Sales Management Control:  
The Case of a Pharmaceutical Company

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## **ABSTRACT**

*Purpose:* The primary goal was to identify organizational conditions for developing a learning-oriented behavioral control system, an issue that has been neglected in previous studies.

*Design/Methodology/Approach:* The authors conducted a case study of Nippon Boehringer Ingelheim (NBI).

*Findings:* We found that a behavior-based sales management control system facilitates learning by salespersons when 1) the focus is on skill development, 2) fewer key performance indicators are being used, and 3) supportive supervision and knowledge sharing are promoted.

*Research Limitations:* Because this was a single case study, it is necessary to investigate other cases in other countries and to compare the results with those of NBI to develop theories about learning-oriented behavior control systems.

*Practical Implications:* In the early stages of sales reform, sales managers and medical representatives should not use multiple process indicators for multiple evaluations; rather, they should use a small number of process indicators (e.g., number of visits per day) so that all individuals concerned about a problem can share information and promote improvement.

**KEYWORDS** learning, sales management control, behavioral control, KPIs, industrial marketing, business marketing Address correspondence

Marketing scholars have suggested that learning is the key to creating a sustainable competitive advantage and enhancing business performance in today's changing marketplace (Bell, Mengüç, and Widing 2010; Chonko et al. 2003; Park et al. 2010). As competition increases and technology advances, salespersons are required to transform from order takers to partners with clients and knowledge brokers (Sarvary 1999; Weitz and Bradford 1999; Wotruba 1991). Anderson (1996) reported that sales managers and salespersons who are not continually learning and adapting will be swept aside by a flood of sales channel alternatives and advanced technology.

Previous personal selling research has investigated individual learning in sales management primarily in terms of adaptive selling (Román and Iacobucci 2010; McFarland, Challagalla, and Shervani 2006; Weitz, Suja, and Suja 1986) and learning orientation (McFarland and Kidwell 2006; Silver, Dwyer, and Alford 2006; Suja, Weitz, and Kumar 1994). The learning capabilities and orientations of salespersons may be affected by sales management control as it directs and influences the attitude and

behavior of employees to achieve the objectives of the organization (Anderson and Oliver 1987; Baldauf, Cravens, and Piercy 2005; Evans et al. 2007; Matsuo 2009). Despite its important role, little attention has been paid to the effects of sales management control systems in terms of learning within sales departments. The aim of this article was to investigate under what conditions behavior-based sales management control facilitates learning of salespersons through a case study of Nippon (Japan) Boehringer Ingelheim, one of the Japanese subsidiaries of Boehringer Ingelheim. The main contribution of this article is the identification of organizational conditions for developing learning-oriented sales management control, an issue that has been neglected in past research.

In the following sections, we begin by reviewing the current literature regarding learning in sales management, sales management control and key performance indicators. We then explain the research methodology used prior to describing the case and discussing the results.

## **THEORETICAL BACKGROUND**

### **Learning in Sales Management**

The recent increased demand for customized solutions and the fierce competition among sellers has required that salespersons continue to acquire new technology and sales techniques (Artis and Harris 2007; Chonko et al. 2003; Homburg, Workman, and Jensen 2002; Rodriguez and Honeycutt 2011). To gain a competitive advantage through sales processes, the sales force needs to develop knowledge-based sales management, either through strategies to use existing knowledge or through acquiring new knowledge (Madhavaram and McDonald 2010).

Although sales force automation (SFA; a technique whereby software is used to automate sales tasks including order processing, contact management, information sharing, inventory monitoring and control, customer management, and performance evaluation) is one of the management systems used to deal with the current turbulent environment, a large percentage of SFA projects have been surprisingly unsuccessful (Park et al., 2010). Several empirical studies have reported that learning orientation, or a desire to continually improve and master their selling skills and ability, has a positive effect on sales performance (McFarland and Kidwell 2006; Silver et al. 2006; Sujan et al. 1994). Part et al. (2009) described how SFA enhances sales performance when it facilitates a salesperson's learning behavior, which involves market information processing and adaptive selling behaviors. Bell et al. (2010) reported that salespersons'

learning refers to the individuals' understanding of their own work environment and their engagement in activities that improve job-related skills and knowledge. It is critical for salespersons to learn the changing preferences of the customers and to develop relationship-based selling skills as they are the primary contact point for the customer and are thus directly responsible for implementing the strategies of the company (Chonko et al. 2003; Doyle and Roth 1992; Dubinsky et al., 2002).

Through facilitating the learning of these salespersons, the supervisors play a key role. One such example was suggested by Kohli, Shervani, and Challagalla (1994) who reported that supervisory behavior emphasizing capabilities can aid salespersons to enhance their learning orientation. Suja et al. (1994) observed that supervisory feedback has a positive relationship to the learning orientation of the salespersons. Chakrabarty et al. (2008) additionally described how the adaptive selling behaviors of sales managers strengthen the effects of positive behavioral feedback on the performance of the salespersons.

### **Sales Management Control**

Although sales organizations can learn only through the experiences of their individual members (Turley and Geiger 2006), organizational structures, systems, and procedures provide a context for individual learning (Chonko et al. 2003). A sales management control system has the potential to facilitate salespersons' learning as it refers to an organization's set of procedures for monitoring, directing, evaluating, and compensating its salespersons (Anderson and Oliver 1987; Cravens et al. 2004). Previous empirical studies have examined the influence of sales management control on the motivation of salespersons (Miao, Kenneth, and Zou 2007), satisfaction with supervisors (Challagalla and Shervani 1996), role stress (Lusch and Jaworski 1991), sales force performance (Piercy, Cravens, and Morgan 1999), behavioral performance (Theodosiou and Katsikea 2007), and ethical standards (Ingram, LaForge, and Schwegker 2007). However, its impact on individual learning has yet to be investigated. Before examining this learning-oriented sales management control, we briefly review the sales management control research.

Sales management control has been classified into outcome control and behavioral control (Anderson and Oliver 1987; Oliver and Anderson 1994). Outcome control systems involve relatively little monitoring of salespersons by management, and they rely on straightforward, objective measures of results (e.g., sales); they also use compensation methods that shift risk to the salesperson (i.e., commissions or bonuses). In contrast, a behavioral control system emphasizes considerable levels of supervisor

monitoring, direction, and intervention in activities and results, and subjective and more complex methods of evaluating performance based on the salesperson's job inputs (e.g., aptitude, product knowledge, activities, and sales strategies). Piercy, Cravens, and Lane (2009) noted the existence of a behavior-based control level, which involved the extent to which a sales manager performs activities including monitoring, directing, evaluating, and rewarding.

Challagalla and Shervani (1996) classified behavioral control into two categories: activity control and capability control. Activity control specifies the activities a person is expected to perform on a regular basis, monitors actual behavior, and administers rewards and punishments based on the performance of specified activities. Capability control emphasizes an improvement of competence by setting goals for the level of skills and abilities salespersons must possess, monitoring their skills and abilities and providing guidance for improvement, and rewarding and punishing individuals based on their skills and ability levels. Evans et al. (2007) found that process control, which emphasizes sales behavior, had no significant effect on innovativeness, although capability control positively affected innovativeness.

By reviewing previous empirical studies, Baldauf et al. (2005) concluded that a consensus existed whereby behavioral controls had a positive influence on a salespersons attitude, behavior and performance, as well the sale organizations effectiveness. A behavior-based control system has several advantages in facilitating learning by salespersons. First, sales managers are more directly and actively involved with salespersons and work with them in a behavioral control system (Piercy et al. 1999). In such a system, a sales manager's support may help salespersons generate innovative selling approaches. Second, behavioral control (activity control) may enhance intrinsic motivation (Miao et al. 2007), which is regarded as a source of innovation and learning (Amabile 1988). Third, in behavior-based supervisory modes, salespersons may be expected to spend a greater proportion of their time on planning and other nonselling activities and have a more thorough knowledge of the customer's organization (Anderson and Oliver 1987; Rouzies and Macquin 2003).

Previous studies reported that behavior-based management control systems were positively related to the use of "smart" selling techniques (Rouzies and Macquin 2003) and the innovativeness of sales departments (Matsuo 2009). One problem is that scant attention has been focused on the organizational antecedents of effective behavior-based control (Piercy et al. 2009). Thus, in this study, we explored organizational conditions for developing a learning-oriented sales management control system.

## **Key Performance Indicators**

Sales control systems are closely related to performance measurement systems using key performance indicators (KPIs), as a sales management system monitors and evaluates the performance and behavior of salespersons through the KPIs.

KPIs enable organizations to assess the achievement of goals to determine the deviation from the desired end point, and to identify areas requiring improvement (Broderick, Garry, and Beasley 2010; Samsonowa, Buxmann, and Gerteis 2009). Performance measurement systems that use KPIs are adopted in various fields including R&D (Samsonowa et al. 2009), computer support (Brooks and Coleman 2003), project management (Bryde 2005), construction management (Chan, Scott, and Chan 2004), supply chain management (Charron 2006), and software development (Iversen, Mathiassen, and Nielsen 2004; Shih and Huang 2010).

To identify the performance gaps that exist between the current and desired performance and to provide an indication of the progress towards closing these gaps, it is necessary to find well-defined performance indicators (Muchiria et al. 2010). Broderick et al. (2010) reported that the imposition of prescribed elements of KPI systems on organizational activities did not generate commitment or encourage continuous improvement and argued that less cumbersome measurement models are required to allow firms to apply benchmarking and quality ideas flexibly. Robinson and Morley (2006) also argued that the achievement of the relevant KPI became a goal in its own right and that monitoring these KPIs becomes the “main game” in the climate of quantitative performance measures. As such, it should be noted that performance measurement using KPIs comes with potential risk factors.

The question of what to measure has long been raised by performance measurement research (Brooks and Coleman 2003). Neely (1999) reported that numerous managers suffer from data overload as the majority of firms use information-based systems that generate redundant performance reports measuring unimportant material. In this sense, the prioritization of KPIs is necessary for the firm to deal with a dynamic environment (Shahin and Mahbod 2007). Brown (1996) suggested that the key to building an effective measuring system is through paring down the database to yield few but vital key metrics that are linked to success. Leading organizations now use performance measurement systems as a means of communicating to their employees with regard to what is important (Neely 1999).

## **Research Question**

Although behavior-based control systems have the potential to promote learning within a sales force, the characteristics of learning-oriented behavior control systems remain unclear. The effects of behavioral control on the learning of a salesperson may depend on whether the sales department or supervisors have a learning orientation when handling the behavioral control system. The aim of this study was to investigate the conditions of learning-oriented sales management control through the case of Nippon Boehringer Ingelheim (NBI).

## **METHODOLOGY**

The present study is exploratory in nature and, as such, we applied a qualitative research method to examine our research inquiry. This study is based on an in-depth case study conducted at NBI, the Japanese office of a large pharmaceutical company. This office matched the complexity and comprehensiveness of the focal phenomenon. The case study method (Eisenhardt 1989; Yin 1994) involved data collection from the key managers of the firm in addition to using archival data. We chose a case study approach because it is appropriate for examining a case with clear boundaries in time and place (Creswell 1998). The present research was based on a single case design (Yin, 1994). Yin argued that the single case is an appropriate design when the case represents 1) a critical case tested from a well formulated theory, 2) an extreme or unique case, or 3) a revelatory case. Of these three rationales, the current study examines the revelatory case. The revelatory case involves a situation in which relatively few social scientists have had opportunities to investigate the problems that are featured in the case, despite the fact that such problems occur nationwide, thus distinguishing it rare or unique cases (Yin 1994). The access in the current case was excellent as one of the authors of this article is a member of the case company providing them with an opportunity to examine a complex subject area. Thus, it was possible to collect rich data on sales reform. However, the other two authors did not participate in the reform project.

We conducted interviews with 16 employees of NBI, including two project managers, nine district managers, and five salespersons who were involved in the sales reform. The project managers were senior managers who belonged to human resources development and were in charge of introducing the new sales control system, thereby playing a central role in implementing the reform. District managers, who are mid-level



managers responsible for the supervision of 6 to 10 salespersons, and salespersons working in different areas of Japan, were interviewed to understand the sales reform from the viewpoint of the workplace. This sampling is consistent with the concept of the triangulation of data sources and methods (Yin 1994).

In the sales manager and salespersons interviews, we collected detailed information about the process of transitioning the sales control system. The interviews were semi-structured, based around an interview topic guide that identified the following principal topics for discussion: 1) the interviewee's background and responsibilities, 2) the background of the sales reform, 3) the operational aspects of the systems, 4) the difficulties of transforming the systems, 5) the reaction of the salespersons to the reform, 6) the role of the headquarters with regard to the reform, and 7) the results of the sales reform.

The detailed contents of the interviews are recorded in the fieldwork notes. The length of these conversations varied from 30 minutes to 2 hours (averaging 50 minutes). Secondary sources of information, including internal documents (reports on the reform project) and articles from a pharmaceutical industry journal (comparative analyses of sales productivity among pharmaceutical firms) were also used to improve the reliability and validity of the interview data. The secondary source information that was collected confirmed many of the conclusions made by the researchers based on the interview data. In the following chapters, the results of this analysis are presented.

## **THE CASE OF NBI**

### **Overview of the Company**

Boehringer Ingelheim was established in Ingelheim, Germany, in 1885. It is now a multinational corporation that sells its products in approximately 138 countries. As of 2008, its sales were 11.6 billion Euros, and the company ranked 14th in the worldwide standings of pharmaceutical companies. NBI, the Japanese office of Boehringer Ingelheim, has 12 branches, 94 district sales offices, and approximately 1000 medical representatives (MRs) nationwide. Each district has around 10 MRs, and those who supervise these MRs are district managers.

### **Beginning of the Sales Reform**

Since entering the Japanese market, NBI had focused on niche markets, but circumstances changed in 2002, when the company started to sell a medicine to treat high blood pressure. Because of the resulting fierce competition with other major

pharmaceutical companies, NBI embarked on a sales reform, with the intent of enhancing the abilities of each MR. The company adopted a system to improve the effectiveness of MRs based on the use of process management (managing salespersons in terms of sales process, not just sales performance) and sales process indicators.

Before this reform, the company, which had introduced SFA, had established key performance indicators (KPIs). However, these KPIs had not been used for the development of human resources because the main purpose of introducing KPIs was to enhance sales performance. Additionally, although coaching (providing one-on-one feedback and insights aimed at guiding and inspiring improvements in a salesperson's performance) had been provided in some departments, including the human resources and sales departments, this training had never included the discussion of KPIs. Because of this, in July 2004, a sales reform project for human resources development began that provided a connection between the KPIs and coaching. A district manager commented that the initial coaching training provided them with an understanding of "what coaching is about." Following this, the project managers at the headquarters took part in monthly meetings and participated in the current coaching practices undertaken at the district branch. By such means, general understanding of the coaching skills was greatly enhanced. The basic principle behind KPIs is the promotion of the following three ideas associated with sales reform: 1) meeting many clients, 2) choosing targeted clients, and 3) having effective business negotiations. One project manager explained that, by interviewing high performing salespersons, they could begin to understand the type of behavior required for effective selling. They found that high performers meet many clients, choose key clients, and display impressive communication skills with them. The reform project chose the first two principles as its immediate targets and conducted the sales reform through process management and coaching. That is, the reform project initially focused on the quantitative aspect of behavior (i.e., how to enhance the frequency of visiting clients) and then progressed to the qualitative aspect (i.e., how to conduct effective business negotiations). It has been more than 5 years since the reforms were initiated, and the focus now is in the process of shifting from quantity to quality. In addition, as the reform has progressed, sales productivity (i.e., sales amount per MR) and the company's nationwide standings have risen.

### **Pilot Study**

In July 2004, NBI initiated a sales reform project called QUBE. First, a pilot study was conducted at two Tokyo branches. The manager of one of these branches exercised leadership over the 12 national branch managers. The other manager was generally

hesitant with regard to innovation, although he was considered competent with regard to his day-to-day operations. The aim of the pilot study was to select two branches that appeared to be opposite and examine how the differences affected the practice of reform, with the aim that the results could be used for the nationwide sales development of the company.

The 3-month pilot study demonstrated that it was important for branch managers to talk to managers and then for managers to talk to MRs to fully explain the meaning and objectives of the reform. The study revealed that a lack of explanation from branch managers made managers and MRs less motivated with regard to the reform. Thus, for the nationwide development of the reform, the company established a system for clearly explaining the meaning and objectives of the reform; that meant that information was passed from branch managers to managers, who primarily implemented the reform and who then explained the reform to the MRs. Branch managers were positioned as key figures and the company headquarters provided communication materials and supported the branches. A project manager reported that in this project, the branch managers played a central role in explaining and implementing the process management. He thus dedicated a large amount of time to sharing goals and visions with the branch managers.

During this pilot study, a number of managers of branches who were not part of the study came to the Tokyo branch manager for advice, as he had participated in the study, and was a leader figure for them. These managers asked the branch manager to provide them with information about the study. In fact, some of them adopted the content of the study into their operations prior to the nationwide development of the sales reform project. Branches nationwide began to take action by contacting the branch that was exercising leadership; this was exactly what headquarters had expected to occur. Following the 3-month pilot study, which took place from September to December 2004, the sales reform project was officially initiated at all branches nationwide in January 2005.

### **Process Management and Coaching**

The sales reform project chose the following as its primary indicators: 1) the number of visits to clients by each MR per day and 2) the progress ratio of average achievement (i.e., the percentage of visits made to targeted clients). The project established a rule that the achievement of the first indicator should be followed by advancement to the second indicator, with management making use of the progress ratio of average achievement.

The targeted number of visits per day was uniformly set at sixteen throughout all branches. The headquarters were aware that a single target was not ideal or realistic,

because of regional differences. However, a unified target was necessary as a clear landmark for all branches to focus on as a single objective in promoting the reform. A district manager commented that when KPI was reported monthly by the headquarters, it provided positive pressure, which motivated salespersons to improve their time management skills.

Regarding coaching, the managers accompanied MRs on their sales calls once a month. The managers confirmed the schedules that MRs had made for visiting their clients, accompanied the MRs, and then reviewed the visits. Initially, the managers listed the content of the visits using a tool called a visiting map, and they discussed the time periods during which the visits were ineffective. The main focus of this coaching was on time management. One salesperson reported that by “getting into the habit of visiting clients after lunch,” it allowed him to improve his time management skills and, subsequently, selling activities became more efficient through the sales reform.

An improvement in each MR’s ability to plan his or her visits was key to increasing the number of visits. Thus, the district managers and MRs conducted “prior confirmation,” “accompaniment,” and “analysis” repeatedly each month, so that the salespersons could improve their planning ability.

Initially, the content of the coaching following accompaniment was limited to matters of schedule management and did not address business negotiations. This was partly for security reasons because coaching was often conducted in a car with an MR listening to a manager while driving. The other reason was that the majority of the managers were simply too busy to provide coaching in both of these areas. One salesperson commented that an accompanied visit was a good opportunity to communicate with the manager who can then provide advice on several issues.

Several managers wished MRs to raise the percentage of visits made to targeted clients and to learn how to carry out effective business negotiations before achieving the targeted number of visits. However, headquarters demanded that MRs achieve the targeted number of visits first, because having more than one goal would make it difficult for the MRs to realize the desired improvements. Headquarters were also concerned that some of the managers and MRs may not prioritize achieving the targeted number of visits, thus leaving the reform half finished. A project manager commented that due to variations in the ability of salespersons and sales managers, a “step-by-step” approach was adopted. That is, after achieving one goal they attempted to “tackle the next goal.” Although the company developed and measured many KPIs prior to the project being initiated, the fact that there were an excessive number of KPIs prevented

the KPIs themselves from functioning. Thus, the project aimed to narrow down the number of KPIs despite the managerial temptation to adopt many of them.

The project was not free from complaints. Some district managers stated that preparing a visiting map was troublesome and it was tedious to simply watch negotiations when accompanying the MRs. The MRs simultaneously complained that they did not enjoy being watched. The largest complaint was regarding the uniform nationwide requirement of 16 visits per day. This target could be achieved in urban areas but was much more difficult in rural areas, where the locations of client hospitals and clinics were more dispersed.

In terms of the improvements in major activities from May 2004 to June 2005, the target of 16 visits per day was achieved as a nationwide average, and the progress ratio of the average achievement reached approximately 80% of the target. As a result, the achievement ratio of the sales plans also improved. Regarding the achievement ratio for the two KPIs, around 20% of the managers did not meet the targets.

### **Reform Verification**

About a year after the initiation of the project, NBI held meetings to discuss the project in the form of training camps to verify whether the reform was going smoothly. Of the eighty-six managers in Japan, sixteen or seventeen gathered on five different occasions. During the meetings, the managers who were steadily proceeding with the reform, and those who were not, teamed up for intensive discussions regarding their status. The main goal of the meetings was to promote communication among these two types of managers, to prevent them from misunderstanding the headquarters' intentions with regard to the reform, and to convince the managers of the significance of the reform. One project manager explained that, because the project required all MRs to attain the same goals, there was an expected resistance from MRs and district managers. It was further noted that, for the successful implementation of the reform, it was important not to ignore their complaints and to communicate directly with them regarding their problems.

During these meetings, the target that continued to receive the majority of complaints from the managers was the sixteen visits per day, which was uniformly imposed nationwide. On the basis of these complaints, new target numbers that took into consideration regional characteristics and annual progress status were adopted.

At this point, the project had been in progress for 3 years (from July 2004 to June 2007), and the improvements had been implemented. Each department at the

headquarters took charge in supervising the status of its related KPIs, and the process management was left to each branch.

In addition, during these meetings, some managers were asked to be allowed to confirm not only the achievement of the MRs' schedule but also the content of the business negotiations and to coach MRs regarding the content of the business negotiations immediately after the negotiations had taken place. They also asked for additional time for coaching. Some of these requests were permitted only for competent managers. Headquarters understood that these ideas could be efficient and effective, but they also knew that only a limited number of highly competent managers could actually put them into practice. Thus, coaching regarding the content of business negotiations was only permitted by a few highly competent managers.

After the success of sales reform at NBI, a worldwide project to introduce a new sales management system was initiated. Based on the case of NBI, Boehringer Ingelheim headquarters began to develop a worldwide management system that could be adapted to the individual situations of affiliate offices around the world. A project leader from NBI participated in the worldwide project to develop the new sales management system.

## **DISCUSSION**

### **Organizational Conditions for Learning-Oriented Control**

Although previous research found that a behavior based control system had a positive effect on performance, scant attention has been focused on the organizational antecedents of effective behavior-based control (Piercy et al., 2009). The primary objective of this study was to expand our understanding of a learning-oriented behavioral control system by examining the case of NBI. We observed specific conditions for the successful development of a learning-oriented behavioral control system.

Figure 1 shows the organizational conditions for facilitating salesperson learning using a behavioral control system. We assume that there are variations at the level of behavior-based control systems, and a behavior-based control system facilitates salesperson learning under some conditions. The sales management control system adopted by NBI enhanced the learning of salespersons by 1) focusing on skill development, 2) using fewer KPIs, and 3) promoting supportive supervision and knowledge sharing.

This study provides some theoretical implications concerning conditions for the development of a learning oriented behavior control system, an issue that has been neglected in previous studies. In particular, few studies have pointed out that the number of KPIs and the degree of knowledge sharing influence the effectiveness of a behavior-based control system. We examine these characteristics in the following sections.

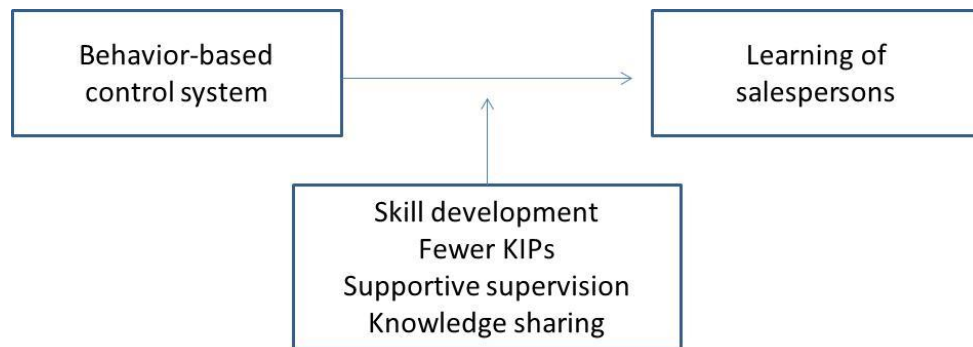


FIGURE 1 Conditions for Learning-oriented Behavior Control.

### Focusing on Skill Development

A behavior-based control system promotes salesperson learning when skill development is the main goal of the system. In NBI the number of visits per day was revised to improve the time management skills of the salespersons.

First, it is notable that a learning-oriented sales control system adopts the same basic principles of the production line improvement (Lander and Liker 2007; Liker and Morgan 2006; Monden 1983). The process intentionally creates a situation in which problems appear repeatedly, thereby revealing problems in terms of sales activities and clients. Next, the process draws hypotheses from these problems. On the basis of these hypotheses, salespersons solve the problems independently. This process is repeated, making sales activities more effective and efficient.

To improve production lines, in-process inventory is reduced to a minimum so that abnormalities, including inefficient operations, excessive loads, and unused lines, can readily be observed. In this way, problems can rapidly become visible (Liker and Morgan 2006; Monden 1983). In the case of sales activities, it is the sales process indicators that bring problems to light. Problems regarding sales activities and clients



can be observed by salespersons in the form of changes in the process indicators well before those problems ultimately lead to a decline in sales.

Second, a learning-oriented behavioral control involves not only the aspect of activity control but also that of capability control. The activity-capability classification of behavioral control systems is proposed by Challagalla and Shervani (1996). In NBI, the salesperson activities are monitored and evaluated by the process indicator “number of visits per day” (activity control) by which their time management skills are improved under the supervision of a district manager (capability control). This suggests that the learning of a salesperson is facilitated when the activity and capability control are linked in the behavioral control system.

Third, the coaching procedure adopted in NBI (prior confirmation, accompaniment, and analysis) may promote experiential learning that consists of 1) concrete experience, 2) reflective observation, 3) abstract conceptualization, and 4) active experimentation (Kolb 1984). This suggests that a learning-oriented behavioral control should facilitate skill development based on experiential learning principles.

### **Using Fewer KPIs**

In a learning-oriented sales control system, process indicators are used for two purposes: revealing problems and measuring improvement. How to determine an appropriate number of process indicators is an important issue. This is why NBI focused on only one indicator (the number of visits) initially and was cautious about adding others (visits to targeted clients and effective business communications).

It may appear that, the more process indicators used the easier it is to grasp problems regarding sales activities and clients from multiple viewpoints, and the more accurately the accomplishment of improvement can be measured from different viewpoints (Schwepker 2003). However, when salespersons must identify problems and make improvements, the effectiveness of using multiple process indicators may depend on their information processing capacity. In the case of a large organization it is important to keep the number of the indicators as small as possible so that salespersons can focus on and notice abnormalities or changes more readily. This is consistent with the suggestions of previous studies whereby the prioritization of KPIs through identifying a few vital key factors is necessary to prevent suffering from a data overload (Brown 1996; Neely 1999; Shahin and Mahbod 2007). Oliver and Anderson (1994) also pointed out that a behavior based sales management control system is effective when sales expertise or competence is high. This suggests that the number of KPIs should be fewer if sales expertise or competence is not so high.



When the salespersons have to deal with too many indicators, it is difficult to accumulate knowledge of each indicator (Yilmaz and Hunt 2001). Only a handful of salespersons, those who are competent at drawing hypotheses, can determine the presence of problems. Therefore, the fewer the process indicators, the easier it is to accumulate knowledge of these indicators effectively and to share this knowledge. Furthermore, the analysis of process indicators is not a primary duty of salespersons. Unless these individuals can analyze the indicators as efficiently as possible, their sales activities may be disturbed. Thus, it is important to narrow down process indicators so that salespersons can be motivated to improve them. Previous studies on expertise suggest that training activities, including well-defined tasks with a defined level of difficulty for a particular individual, informative feedback, and opportunities for repetition and error correction facilitate individual learning (Ericsson et al. 1993). For all of these reasons, process indicators should be narrowed down in a learning-oriented control system.

### **Supportive Supervision and Knowledge Sharing**

When familiarizing a relatively large number of salespersons with improvements that involve the use of KPIs under the supervision of managers, it is important to determine how to motivate these sales personnel and managers to identify problems and address them (Oldham and Cummings 1996; Venkatesh, Challagalla, and Kohli 2001, Weeks et al. 2004). If KPIs are simply established and everything else is left to the arbitrary judgment of the managers, it is highly likely that the KPIs become short-term goals and that managers and salespersons only commit themselves to achieving those goals (Robinson and Morley 2006).

To encourage the salespersons to improve their selling activities and time management skills, supportive supervision by managers is necessary. By promoting supportive supervision, NBI provided several organizational support branches to district managers. First, NBI established the accompaniment system in which district managers helped salespersons review their visits and improve time management skills using a visiting map. Second, NBI provided district managers with coaching training programs to enhance their coaching skills. Third, NBI held regular monthly management meetings for knowledge sharing. These meetings provided an opportunity to share knowledge on problems and solutions in selling activities. Identifying problems and discussing solutions at management meetings regularly is, in principle, the same as identifying problems and stopping production lines for improvement (Liker and Morgan 2006; Monden 1983).

Previous research has highlighted the significant role of supervision and knowledge sharing in promoting the learning of salespersons (Doyle and Roth 1992; Kohli et al. 1994; Matsuo 2009; Sujan et al. 1994). Oldham and Cummings (1996) argued that supervision in a supportive, noncontrolling environment enhances employee creativity because such supervision promotes employee feelings of self-determination and personal initiative at work. It should be noted that supportive supervision may facilitate organizational readiness for change, or the extent to which individual employees perceive that the organization has the capacity to implement successful change (Chonko et al. 2002; Eby et al. 2000), which may aid a sales organization to a learning-oriented control system. Matsuo (2009) also found that a behavior-based control system, combined with a knowledge-based control system, which emphasized the role of transferable knowledge that salespeople generate, promoted innovativeness in sales departments. The case of NBI suggests that knowledge sharing is an important condition in developing a learning-oriented behavior control system.

### **Limitations and Future Research Directions**

This study was exploratory in nature and is not without limitations that would be worthy of exploration in future research. First, because NBI is evolving its sales control system to a second stage, we need to follow up regarding the present situation of the reform and examine the transformation process. Second, the next goal of NBI is to improve the indicators on the selection of targeted clients and the implementation of effective business negotiations. As such indicators are more difficult to accomplish than that of the number of visits per day, the sales management control of NBI should be improved to deal with the difficulties. Finally, we examined only one case study in which learning-oriented behavior control was adopted. It is necessary to investigate other cases and compare the results with those of NBI to develop theories on learning-oriented behavior control systems in future research.

### **IMPLICATIONS FOR BUSINESS MARKETING PRACTICES**

Our results provide sales managers with guidelines to introduce a learning-oriented behavioral control system. First, it should be noted that a learning-oriented control system is similar to a conventional behavior-based control system in that both styles make thorough use of the sales process indicators. The former differs from the latter in that it makes use of process indicators, not to evaluate the activities of salespersons but to reveal problems with sales activities and to make improvements. In this way, both

managers and salespersons make use of process indicators and make an analysis on the basis of these indicators, with the help of their instructors. It is important for sales managers to clarify that the purpose of the control system is to promote skill development and process improvement, not just to improve short-term performance in sales departments.

Second, sales managers and medical representatives should not use multiple process indicators for multiple evaluations; rather, they should use a small number of process indicators so that all of the individuals concerned with a problem can share information and promote improvement. If many indicators are used in a behavior-based control system, salespersons could not decide which indicator(s) should be prioritized, resulting in poor performance. When sales departments decide to adopt multiple indicators, it is necessary to take a phased approach to develop a learning-oriented control system in which fewer key performance indicators are introduced in the early phases, and more key performance indicators can be adopted after salespersons acquire certain selling skills in later phases.

Finally, it is helpful for sales departments to have “knowledge sharing meetings” to discuss problems and solutions in develop a learning-oriented control system. Nippon Boehringer Ingelheim held meetings for sales managers to discuss the goals of the control system, which prevented them from misunderstanding the intentions of headquarters with regard to the reforms, and convinced the managers of the significance of the reforms. In particular, it was important not to ignore their complaints and to communicate with them regarding their problems. In addition, sales managers should be trained to improve competencies to operate the behavior-based control system by providing them with coaching training.

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