KELLER CENTER RESEARCH REPORT

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Wait...I'll Do My Prospecting Right After I...

By George Dudley, Trelitha Bryant, and Jeff Tanner, Ph.D.

Why do people go into sales? To make money. That's no secret. It fits the stereotype. But, that doesn't make it wrong or improper.

One of the most common motivators for U.S. salespeople is, like people in any profession, to make money. That much is self-evident. But, recent mega-sized studies found that money is the driving force behind only about one-third of all salespeople (Tanner, Dudley, and Chonko 2005). An identical motivational pattern was found in a recent study of real estate agents. Only one-third (33.7%) say they are in real estate sales simply to make more money. So, the lingering stereotype of salespeople as "rapacious money-grabbers" is wrong in general, and wrong in particular for real estate salespeople. Like the members of any profession, what motivates real estate agents is complex and cannot be adequately summarized by a shop-worn soundbite.

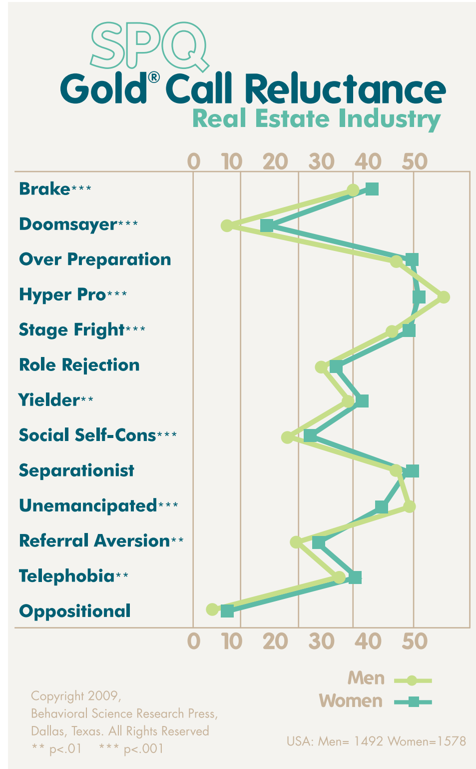
Researchers George Dudley and Trelitha Bryant with the Behavioral Sciences Research Press in Dallas, Texas, and Professor Jeff Tanner at Baylor University's Keller Center for Research, examined the motivations of real estate agents across the U.S. For their study, they surveyed 3,319 real estate agents. Approximately 25% were under 30 years old, 32% were in their thirties, 25% in their forties and the remainder over fifty. Women slightly out-numbered men, 51% to 49%.

If it's not just the money, what does motivate real estate salespeople? Many sell because they seek a career setting where they can use a wider range of their talents and abilities (21%) while being of service to others (16%). There are other motivators, too, such as the desire for greater prestige, the opportunity to work in a more creative rather than routine setting, the opportunity to work with people and independence. But, these reasons were rated relatively low (well under 10%), especially when compared to salespeople in other industries and countries. Of special note, there were no overall motivational differences due to gender. But, motivation is just part of the selling exchange.

Each participant in the study completed SPQ*Gold', a well-established computer administered sales assessment used internationally to identify Sales Call Reluctance', sales motivation, goals and other characteristics specific to sales performance. The real estate salespeople in the study completed SPQ*Gold either as part of the hiring process or as part of a developmental program. Data were obtained across real estate offices and companies.

Sales Call Reluctance occurs when emotional discomfort interferes with prospecting activity, inhibiting a salesperson's ability to initiate contact with prospective buyers in sufficient numbers to support personal and organizational goals. Modern Call Reluctance research has moved understanding well beyond arcane notions like the "fear of rejection" and shown that it is not one thing like shyness or timidity. Instead, Call Reluctance can limit prospecting in twelve different ways (Dudley and Goodson 2007).

Initiating contact is required for prospecting and prospecting is required to achieve success in sales. If an agent's primary motivation is making money, then any interference, such as Call Reluctance, that impedes contacting prospective buyers and sellers would be catastrophically limiting.



Among the twelve ways Dudley, Bryant and Tanner identified that Call Reluctance limits prospecting include hesitating to contact friends even for networking, feeling discomfort with using the telephone as a prospecting tool, spending too much time preparing to prospect, being unwilling to take input from managers, coaches, trainers, or advisors, and waiting for just the "right instant" to make contact.

The research found that real estate salespeople with higher Call Reluctance scores are more likely to have made fewer contacts initiated the previous week. This finding underscores the toxic role of Call Reluctance as a prospecting suppressor. It also directs sales organizations to examine lost opportunities and potential sales that may be going to less hesitant competitors. Predictably, agents with less real estate sales experience are likely to exhibit more Call Reluctance. This is undoubtedly occurs because agents who enter the profession already Call Reluctant or who acquire Call Reluctance early in their career are more likely to leave as they are unable to achieve success due to inadequate prospecting. Consequently, Call Reluctance is statistically less likely to be found among more seasoned professionals. But, Call Reluctance can occur at any point in a Real Estate agent's career, and the type experienced can differ according to gender.

Males sales professionals are more likely to exhibit signs of "Hyper-Professional" Call Reluctance (best dressed under-performers, "dressed to kill but don't show up for the hunt"). Women, however, are significantly more likely to worry themselves out of prospecting ("Doomsayer"), more likely to avoid public speaking opportunities ("Stage Fright"), more likely to struggle with "Social Self-Consciousness" (intimidated by "up-market" buyers and sellers) and "Emotional Unemancipation."

Emotionally Unemancipated salespeople are emotionally unable to prospect their own family—even to ask for referrals. Believing "business and family should never mix", Emotionally Unemancipated salespeople take longer to build a client base than less inhibited salespeople. Interestingly, the problem here isn't with referrals in general because these salespeople can and do generate referrals through other networks. They are simply emotionally unable to comfortably seek referrals or listings from family members, reflexively ruling an important segment of their natural market out-of-bounds.

Socially Self-Conscious agents are uncomfortable prospecting among people they perceive to be wealthier, better educated or of higher social standing. They struggle to sell upscale properties and find upscale buyers for listings. As a result, their productivity remains unnecessarily tethered to moderate priced transactions with fewer high dollar opportunities. Statistically, Social Self-consciousness occurs more frequently in female sales professionals. As noted earlier, females in the study were more likely to suffer from Stage Fright than males. This limitation may not seem important, but consider the relationship between visibility and opportunity. The willingness to speak in front of others raises the market-awareness of the agent. With awareness comes opportunity. As with advertising, public relations, and other forms of visibility management, speaking engagements can raise market awareness and enable a real estate agent to build a personal brand that yields more opportunities to list or sell properties.

Female sales professionals were also more likely to exhibit "Doomsayer" Call Reluctance. Doomsayers focus on potential negative consequences at the expense of positive expectations. The result? Goal supporting activities such as prospecting are suppressed. A component of Doomsayer Call Reluctance may be genetic. However, like most forms of Sales Call Reluctance, it is usually learned.

Interestingly, female sales professionals are significantly less likely to initiate first contact by phone, preferring instead to make contact through networking or by securing introductions. Earlier studies indicated that saleswomen prefer more "rapport-oriented" approaches to selling (e.g. Dudley and Tanner 2005), which use warmer methods than the telephone.

Most salespeople experience Call Reluctance to some degree. The challenge is not in the mere presence of discomfort, but in not allowing that discomfort to interfere with critical selling activities like prospecting. For obstinate cases, there's an array of specialized psychological tools that can minimize or eliminate Call Reluctance. For many salespeople, however, simply being aware of what Call Reluctance is and how it operates is enough to make sure the motivation they have gets directed into the prospecting they need to do.

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Noted behavioral scientist and author, George W. Dudley, has degrees in research psychology from Baylor University (1969) and the University of North Texas (1974). He began working with assessments while serving in the U.S. Marine Corps, and for many years directed the Field Testing & Research department of a Fortune 500 financial services company. His ground-breaking studies of Sales Call Reluctance, Recruiting Reluctance and Close Reluctance begun in the mid 1970's, have been featured in popular and professional media including CNN, The Financial Times of London, The Australian, Straits Times (Singapore), Congress for European Psychotherapy and the Society for Industrial and Organizational Psychology. He is the principal author of widely used sales and management assessment applications used today including the Sales Preference Questionnaire (SPQ), Recruiting Preferences Measure (RPM) and the Selling Styles Profile Analysis. The Psychology of Sales Call Reluctance -- an international best seller for over 15 years— is considered the definitive text on the subject. His newest book, The Hard Truth About Soft Selling: Restoring Authentic Pride and Purpose to the Sales Profession, written with Baylor University Professor Jeff Tanner advocates radical honesty in selling, and is sure to be a controversial bestseller.

A gifted teacher, Dudley has been a featured platform speaker at many industry and professional conventions including the Million Dollar Roundtable and the Singapore Association of Life Underwriters. Several of his scientific studies have sparked worldwide discussion, including: "Where In The World Can You Find The Most Honest Salesperson?", "What Really Motivates Salespeople: A Multi-Nation Comparison," and "Lying on Psychological Tests: How Mode of Administration Influences Sales Test Scores in Different Countries." His biography is listed in several honorary publications including Who's Who in Science and Engineering, and Who's Who In America. He is married and lives in the Dallas area with his wife Carol, also a successful scientist, having co-authored scientific articles in physiology and genetics.

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Before joining BSRP, Bryant served as a survey researcher for the Under Secretary of the Navy's Total Quality Leadership (TQL) Office. While there, she helped organize and direct the largest Navy-wide study of quality leadership practices ever conducted, managed the TQL training evaluation program for the Navy and Marine Corps and co-authored a handbook on Total Quality Leadership. Prior to her tenure with the Navy, Bryant authored a handbook on quality management principles, while serving as a civilian personnel liaison officer for the 54th Area Support Group, Department of the Army located in The Netherlands. During her tenure, she also served as an executive trainer and speaker at Army commands in Germany and The Netherlands. Mrs. Bryant has a Bachelor of Science degree in Mathematics from Creighton University, in Nebraska and has completed graduate coursework at Southern Methodist University. Bryant holds memberships in the Association for Psychological Science, Southwestern Psychological Association and The Society for Applied Multivariate Research. She currently teaches issues associated with modern sales selection and assessment in BSRP's Advanced Management Training Workshops.

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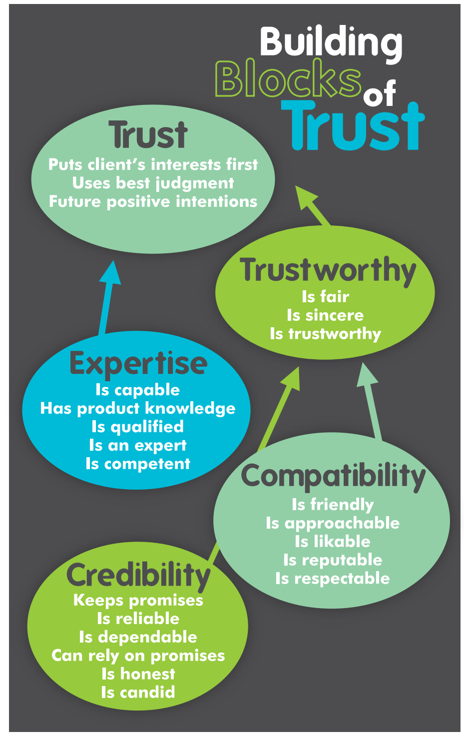
(https://tanerismsontues.blogspot.com) covers sales and CRM topics and so far, he's been faithful to blogging at least once a week.

Building Blocks of Trust

By John Andy Wood, Ph.D., James S. Boles, Ph.D., Wesley Johnson, Ph.D., and Danny Bellenger, Ph.D.



Agents are often advised, encouraged, and even admonished to gain the trust of the seller, the buyer, or both. This advice is based on a wealth of research that shows salespeople who are trusted have more satisfied clients (Anselmi and Zemanek 1997) and that these clients are more committed to the salesperson (Geyskens, Steenkamp, and Kumar 1999). And while the advice to create trust in the buyer-seller relationship is well founded, it misses a critical point. No salesperson can force the client trust him/her.

What our research shows is that client trust in a salesperson develops out of a multi-step process. Clients will evaluate the credibility and compatibility of the sales agent to decide if she or he is trustworthy. The client combines that information with a judgment about the expertise of the salesperson. Positive assessment in all these areas will lead to trust of the salesperson. These findings are based on a statistical method that combines results of 32 previous studies and responses from over 3,000 clients and customers. These results span a variety of industries, ranging from automotive to industrial products and include residential real estate sales.

Trust and Trustworthiness

For trust to occur, a client must conclude the salesperson intentionally considers and acts in support of the client's interest. While this rule does not preclude a salesperson having interests different from the client's, it does mean that there must be some congruence in their interests. Both the salesperson and the client must want to the same outcome (sell the home at $XXX,XXX price). Trust cannot occur when the client concludes the salesperson has no deliberate interest in the client's interests.

This theory of trust is known as the encapsulated interest view of trust and it explicitly incorporates all the elements of trust formation (Hardin 2002). Trust formation begins with the client's perceptions and assessments about some specific traits of an agent. We call these traits salesperson trust-related characteristics. Clients will evaluate the agent on his or her credibility, compatibility or shared values, and expertise. Following these evaluations, the client uses a social categorization and comparison process (Elsbach 2004) to classify that salesperson as either a member of the ‘in group' of trustworthy people or as an outsider and thus untrustworthy. As shown in Figure 1, these three salient traits form a foundation for client trust of an agent.

Clients use the first two factors (credibility and compatibility) to categorize a salesperson as trustworthy. A positive conclusion about the trustworthiness of the salesperson is necessary before a client will trust that agent. Assessment that the salesperson has expertise in the product being sold leads directly to trust. While each characteristic is separate, all three are needed for there to be trust. The process is similar to going to the airport and finding a good friend sitting in the pilot seat of the jet. You know your friend is honest and shares your values but unless you also know s/he has the ability to pilot a plane, you are not going to be a passenger on that jet. Similarly, while clients may have evidence of your expertise such as your real estate license, awards for performance or other indicators, unless there is also positive assessments of your credibility and that you have shared values, that client will not trust you.

Salesperson Credibility

The idea that salespeople must be credible in the client's mind is pervasive in the sales literature. Typically, credibility is defined as the salesperson's honesty, candor, and reliability. These individual traits are important because clients must feel as if they can rely on the salesperson's actions and words. But this research goes further and indicates that the credibility of the salesperson is part of the foundation of trustworthiness assessments. A trustworthy seller is not only truthful but does not withhold information. The client seeks transparency and consistency in all information that comes from the salesperson.

Our research suggests that given the advice of ‘gain the clients trust,' agents can best do so by managing those actions and behaviors that are perceived by clients as indicative of credibility. When assessing the credibility of an agent, clients want to know that the agent keeps promises so only make assurances that can met (Kumar, Scheer and Steenkamp 1995). Clients do not want just any assurance or promise, they want the promise they can rely upon (Crosby, Evans and Cowles 1990). Speaking of reliability, the client wants agents who are reliable and dependable in their actions (Kennedy, Ferrell and LeClair 2001). Be on time, have what you say you will have, and call back when you say you will call. Finally, the agent is the primary source of information for the client. The client wants not only honesty but candid conversations with transparency.

Salesperson Compatibility

The other salesperson trait that helps form the foundation of trustworthiness assessments is compatibility. Clients must perceive that the salesperson has value systems and world views that are compatible with the client's values and views. Assessments of compatibility are client's judgments that the agent's motivations arise from a belief and value system that is common and compatible to the client's. Capturing this trait are measures of likeability/similarity (Plank, Reid and Pullins 1999) and reputation (Doney and Cannon 1997).

The assessment process of this trait begins with the client having a sufficient comfort level with the situation so the client will spend time getting to know the agent. Clients are unlikely to even make the first approach unless the reputation of the agent is good and the client concludes the agent is respectable (Plank, Reid and Pullins 1999). Then, clients must find the agent friendly and approachable (Ramsey and Sohi 1997). Additionally, agents should strive for the client to like them (Hawes, Mast and Swan 1989). For the client, these judgments are about finding common ground with the agent. If there is common ground, the client becomes comfortable with the thought that the salesperson is motivated by a value system shared by the client.

Salesperson Expertise

This research finds that salesperson expertise directly influences the client's trust of the salesperson. The salesperson may independently be judged as having characteristics such as credibility and compatibility but if that salesperson does not possess the ability (Swan et. al. 1988) and/or competence (Jap 2001) to fulfill the client's interests, he or she is not likely to be trusted. A determination of expertise develops out of the client's perceptions that the salesperson's industry- and product-specific-knowledge and capability to use that knowledge will advance both parties' interests. Therefore, in overall trust formation, perceived expertise does not directly influence trustworthiness but is a salesperson characteristic that directly influences a client's trust.

Establishing agent expertise is probably the trait that agents work the most upon. Our research indicates the following are the specific aspects clients use the most when assessing expertise. The client wants the agent to be qualified, that is, licensed to show expertise. Clients want specific evidence that agents know the market and the selling process. When visiting various neighborhoods, hearing the agent discuss proximity to schools and short-cuts to common destinations serves as one signal that the agent is familiar with that neighborhood. Clients are looking for salespeople who are capable and competent (Boles, Barksdale and Johnson 1996). When clients reach positive conclusions about an agent's expertise, this goes a long way towards trust.

Formation of Trust

Since agents are given the advice to gain the client's trust, our research suggests that agents can best do so by managing those actions and behaviors that improve perceptions of credibility, compatibility, and expertise, the traits that cue judgments of trustworthiness and trust. Gaining the client's trust seems to be indicated by positive decisions about broader characteristics of the salesperson. For instance, when categorizing an agent as trustworthy, our research shows clients are judging the salesperson as sincere (Crosby, Evans and Cowles 1990) and fair (Andaleeb 1996). These are characteristics that may be demonstrated by the agent's behavior but are really higher-order beliefs about the trustworthiness of the agent.

Trust in the agent is a judgment accompanied by an action. When trust is established, the client will take a risk and will put some valuable resource (the sale of the property) into the care of the agent. According to our research, when clients trust their agents, they have concluded three very important things about their sales professional. The client believes the sales agent place the client's interests first (Crosby, Evans and Cowles 1990), that the agent will continue to work toward positive outcomes in the future, (Kennedy, Ferrell and LeClair 2001), and that, in all dealings with the client, the sales agent uses his/her best judgment (Kumar, Scheer and Steenkamp 1995).

Summary

The need to gain the trust of the client is clearly understood. The point of this research is to demonstrate the process of trust formation. Agents should not only work on their expert knowledge, but intentionally make clients aware of their expertise. Clients are seeking indications the agent is honest, reliable, and does not withhold information. Provide demonstrations of these traits early on with the potential client. Finally, clients do want to understand the motivations of the agent. Clients are trying to identify shared values. The client does want to like you and find you friendly, but they also want to know others have found you reputable and respectable. So offering references of current and former clients should be part of your early engagement process.

Remember that the formation of client trust is a process. This research indicates the process needs positive judgment by the client about the credibility, compatibility, and expertise of the salesperson. Missing one foundational element will impede trust formation. It does not mean that a transaction cannot be concluded, it just may not be trust-based. This trust formation process can be managed but it must be sincere or else it will feel "manufactured."

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The Necessary Conditions to Achieve Highly Effective Personal Selling Success

By Charles Fifield, Senior Lecturer and Baylor Sales Coach

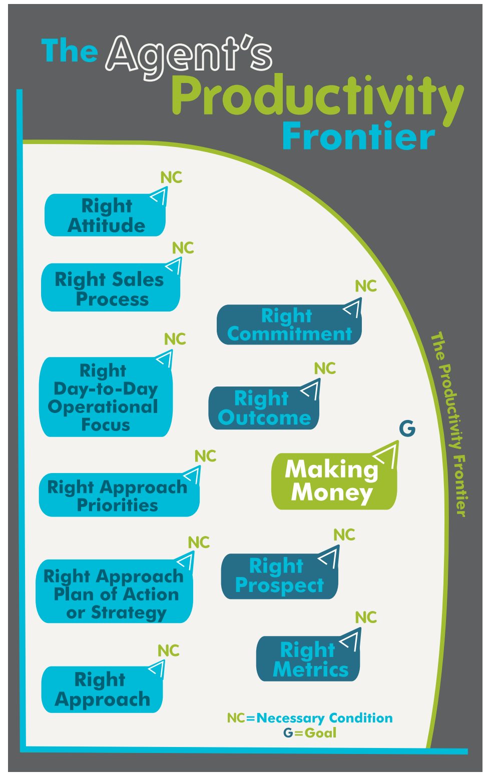
Being an agent and having a career involving personal selling is essentially a for-profit business enterprise. Therefore, the basic goal of personal selling is to make money, net of expenses, and preferably at a growing or incrementally productive rate. To do so, there are four key drivers to being successful in that quest. First, an agent must focus on increasing throughput or the flow of contracts. Second, an agent's "inventory" or "work in progress" is their investment in future throughput and an agent's average number of required-interactions-per-client-contract-gained should be declining. Third, the agent must strive to reduce the operating expenses per client contract gained, which is what the agent expends to convert an inventory of prospects into future throughput. And fourth, an agent must seek to reduce the average cycle time it takes to complete the sales process and transform their prospects into satisfied client contracts.

In order to incrementally improve an agent's productivity and bottom line, the agent needs to focus change efforts on those "primary" constraints that, if modified, would have the greatest positive impact on the desired outcome. To analyze the changes which would produce the greatest positive money-making impact, there are diagnostic tools such as learning trees with their inherent undesirable effect linkages or fishbone diagrams. These tools enable the agent to locate root problems or the primary constraints which are causing the underperformance effect. Constraints take essentially three forms – policy (what may be termed "stinking thinking"), process (prospect conversion or contract management issues) or people (the wrong people "on your bus"). Constraints will most often be found in what are the ten necessary or right conditions for achieving personal selling success. Over the next several issues of the Keller Center Research Report, we will explore these ten rights in some detail. The relationship between the necessary conditions that define an agent's productivity potential or frontier and the goal of making money are illustrated.

To incrementally advance one's productivity requires improving one or more of the ten right condition vectors.

- **Right Condition #1** – The Right Attitude: Highly effective personal selling begins and ends with the right agent attitude.
- **Right Condition #2** – The Right Sales Process: The selling process is a step-by-step sequential client-driven cycle of operations and inertia must avoided.
- **Right Condition #3** – The Right Day-To-Day Operational Focus: Successful agents must seek to simultaneously avoid waste, which is any activity that doesn't add value to their

client, while increasing the time spent in face-to-face prospective buyer-seller interactions.



- **Right Condition #4** – The Right Prospect: One of the biggest productivity downfalls for agents is their seeing the wrong or unqualified prospects.
- **Right Condition #5** – The Right Approach Priorities: Personal selling is largely a two-fold process of selling first yourself (the relationship dynamic) and then discovering and defining the buyer's "eager wants" to determine a possible match to your capabilities (the value dynamic).
- **Right Condition #6** – The Right Approach Plan of Action or Strategy: Highly effective agents tend to follow a systematic format or flow in delivering their interactive sales presentations.
- **Right Condition #7** – The Right Approach: To maintain consistency during interactions, highly effective agents tend to follow a sequential order of steps or phases to their personal selling interactions.
- **Right Condition #8** – The Right Outcome: From beginning to end, win-win thinking must be promoted by the agent in the buyer-seller relationship.
- **Right Condition #9** – The Right Metrics: You cannot manage what you fail to effectively measure and a holistic view of all stakeholders to the client relationship must be considered.
- **Right Condition #10** – The Right Commitment: Think Long-term, for in the end, client or customer loyalty is the goal.

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Consider the Role of the Trusted Advisor

By Wayne A. Neu, Ph.D., Gabriel R. Gonzalez, Ph.D., and Michael W. Pass, Ph.D.

*The full research article will appear in a future issue of Industrial Marketing Management.

Individual agents with whom clients interface are often the most critical vehicle for developing and maintaining high-performing buyer-seller relationships (Palmatier 2008). Some firms are enhancing relationship performance by expanding the roles of client contact personnel (e.g., agents, sales people, etc.) to that of a trusted advisor. The practice is emerging in a variety of industries including accounting, information technology, and finance (Kahan 2005; Quinley 2005).

In this article, we summarize our recent research on the trusted advisor (TA) by first explaining the distinct role of a trusted advisor and the key relationship traits that enable one to perform that role. We then discuss relationship behaviors of the TA and how they lead to improved decision-making quality for the client. We close with a summary of relationship behaviors on behalf of the client that create value for the TA and their firm, and highlight when TAs matter most.

The Distinct Role of a Trusted Advisor

A TA's distinct role is to help a client reduce uncertainty surrounding decisions for which the client is responsible. The underlying motivation for such a role stems from the recognition that those who make decisions need to gather and process information to cope with uncertainty and enhance the quality of their decisions (Galbraith 1973). Decision makers typically have two mechanisms to cope with uncertainty and increased information needs: 1) develop buffers to reduce the effects of uncertainty (e.g., award an agent a trial contract for a home listing so the seller can see the marketing support/traffic generated among potential buyers) and 2) develop information processing capabilities to enhance the flow of information and thereby reduce uncertainty (Premkumar, Ramamurthy, and Sanders 2005). Given the resource constraints with which most clients are now faced, they often find it difficult to dedicate the resources needed to develop such capabilities and meet their information needs. A TA has the ability to help satisfy this need and thus help improve the client's decision-making quality. The extent to which a client relies upon and uses information provided by a TA depends largely on perceived trustworthiness (Parayitam and Dooley 2009).

Key TA-Client Relationship Traits: Reciprocal Trust and Trustworthiness

At the core of an agent's ability to perform the role of a TA is a high degree of reciprocal trust and trustworthiness (Serva, Fuller, and Mayer 2005) formed with the client. Trust can be defined as the willingness of one party (e.g., client) to be vulnerable to the actions of another party (e.g., agent) (Mayer, Davis, and Schoorman's 1995). While the willingness to be vulnerable implies risk taking, trust is not an observable risk-taking behavior. Instead, trust is a psychological state that can lead to risk-taking behaviors. In addition, trustworthiness is the main driver of trust (Mayer, Davis, and Schoorman 1995). Therefore, reciprocal trust in a TA-client relationship is the kind of trust that forms when *both* parties observe behaviors of each other, form their beliefs about the other's trustworthiness, and then reconsider future behaviors based on those beliefs (Serva, Fuller, and Mayer 2005). In the following sections we explain the key relationship behaviors of the TA and the client that drive beliefs about trustworthiness and, at the same time, are driven by trust.

Relationship Behaviors of a Trusted Advisor

Information quality. Our research indicates that TAs are adept at providing the client with high quality information. The quality of information can be judged on several attributes (Nicolaou and McKnight 2006) of which seven emerged during our study. Three attributes characterize the information shared-relevance, bias, and *completeness*, and four attributes characterize the process through which it is shared-proactiveness, timeliness, frequency, and responsiveness.

A TA provides information that is highly *relevant*, meaning it is applicable to the client and useful in his/her decision-making (Bailey and Pearson 1983; Wang and Strong 1996). For example, during our study one client emphasized how his/her TA "really stick[s] to the nitty-gritty" while an account manager who is considered a TA explained, "You want to definitely share information. You want to say ‘Hey, I heard about this. I think it's very important.' I don't think that you do it unless you're 100% sure that it's going to be a great value to [the client]." A TA also provides unbiased information that is perceived by the client as objective and impartial (Wang and Strong 1996). TAs value doing what is in the best interest of the client and this general orientation was indicated to a high degree by sharing unbiased information that is genuinely intended to help clients improve the effectiveness of their decisions. The third attribute of the information shared is that of completeness, or degree to which information is of sufficient breadth and depth for the client's decision-making (Wang and Strong 1996). Most important to the client is the TA's complete up-to-date understanding of developments in a range of factors relevant to the client's decisions, and advice in the form of viable alternatives to consider when making those decisions. For example, as a client couple considers the supply of homes on the market while "shopping" for a new home, the pair's criteria and priorities can clearly change in the shopping process. Thus, a TA is focused on updating his/her understanding of the decision criteria through the shopping process.

Importantly, the four attributes shaping the perceived quality of information are characterized by the information-sharing process. First, a TA provides information proactively by developing an in-depth understanding of the client's information needs and fulfilling those needs through formal and informal collection and processing of information. Second, TAs are timely with information, and by timely we refer to the gap between when something that is relevant to the client occurs and when the client is informed of the occurrence. So, if a particular house of interest to a buyer enters into a contract for purchase, a TA knows to inform his/her client immediately so the client's consideration set can be immediately updated. Third, TAs provides information to their clients more *frequently* than those who are not considered TAs. Frequency is important because each time a TA shares information, there is an opportunity to shape the client's beliefs about trustworthiness. As such, one who frequently shares information simply has more chances to shape those beliefs. Finally, TAs are responsive and by responsiveness we refer to the time between a customer's request for and the TA's delivery of information.

High quality decision support network. Our research also indicates that a TA forms a high quality network of people to support the client's decision making, and the TA's network is characterized by four key attributes. That is, a TA is highly prominent in his/her network and maintains what is referred to as *centrality*. Basically, a TA establishes and maintains a central bridging position in the flow of resources between members of his/her network and the client. In addition, a TA's decision support network is highly *diverse* and includes ties to a range of individuals within his/her own firm and extends to a broad collection of individuals outside of the firm. If a needed resource is not available from within the firm, a TA "makes up the deficiency," as one individual in our study stated, and activates the right resource from outside the firm. Perhaps most importantly, members of a TA's decision support network are highly relevant or useful to the client's decision making. When a client needs information that extends beyond the TA's ability to provide it, a TA quickly and accurately locates the right resource to satisfy the need. Finally, a TA's decision support network consists of a large number of direct ties, meaning s/he accesses many of the network members without going through intermediaries (Knoke and Yang 2008). In essence, a TA knows where the right resource is and has *direct* ties to the resource enabling the TA to quickly match the client to the resource or facilitate the flow of needed information.

Client Benefit: Improved Decision-Making Quality

Decision-making quality can be judged in terms of the outcome of a decision and the process through which it is made (Dean and Sharfman 1996). Client trust in their TA manifests itself as a reliance on the TA for information activities in the decision-making process. Basically, TAs become what Aggarwal and Mazumdar (2008) refer to as a surrogate for the client when they assume, in part, the activities of gathering and processing information and activating other people in their network who are relevant to the client's decisions. By enhancing the quality of the client's decision-making process, a TA improves the effectiveness of decisions made by the client. A TA thus helps drive decision outcomes that can lead to benefits for the individual client (e.g., reducing costs and effectively responding to environmental developments).

Relationship Behaviors of the Client

Upon forming strong positive beliefs about a TA's trustworthiness and realizing improved decision-making quality, clients tend to engage in four key behaviors that indicate their trust. These behaviors create value for TAs and their firms. Specifically, clients who participated in our study are among the most *loyal* in the TA's portfolio of clients, and their loyalty is to the individual TA rather than the TA's firm. In addition, clients tend to award their TA's firm a high share of the client's business. We define share of business as the percentage of an individual client's total purchase requirements for all products that the TA's firm could supply (Anderson and Narus 2003, p. 43). All of the clients who participated in our study awarded their TA's firm a share of business that is at or nearly 100%. Another common relationship behavior exhibited by the client is referring the TA to other decision makers. In general, partners are proactive and put forth a high degree of effort or, as one individual explained, "really go to bat" to create ties between the TA and other potential clients. Finally, a partner's trust in their TA manifests itself in reciprocity of information quality, and the reciprocity occurs on the same seven aforementioned attributes that characterize the information and the process through which it is shared.

When Trusted Advisors Matter Most

Given the potential value of a TA-client relationship, should all agents become Trusted Advisors? Our research shows that developing into a TA has the greatest potential value when clients experience a high degree of uncertainty in their decision making. Uncertainty arises from two key factors, the first of which is complexity of decisions made. Complexity is defined as the heterogeneity and range of factors that are relevant to a decision (Dess and Beard 1984). Complexity increases uncertainty since more factors need to be considered when making a decision. In our study we consistently heard clients describe decisions for which they are responsible to be highly complex and subject to a range of interrelated factors. One of the participating TAs emphasized the issue by explaining, "If they weren't dealing with a complex system or complex network or complex whatever, they wouldn't need me."

The second key factor that contributes to uncertainty is the extent to which the environment is dynamic (Dess and Beard 1984). A dynamic environment is one in which changes occur to factors relevant to the decision(s), and changes can vary in frequency, magnitude, or predictability. Thus, a dynamic environment increases uncertainty since decisions need to be made more frequently with less predictability than when decisions are made in a stable environment. We believe that real estate professionals are working with clients undertaking complex decisions in a dynamic environment. Thus, the opportunity to become a Trusted Advisor to your clients is yours.

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Insider – Ethical Salesperson Behavior in Buyer-Seller Relationships

By: Laura Tweedie, MBA Candidate May 2011

Marketing professors, Dr. John D. Hansen and Dr. Robert J. Riggle, conducted a cross-sectional study of 206 purchasing agents to evaluate the implications of ethical behavior with regards to buyer attitudes and behaviors. The results of this study confirmed several hypotheses showing that ethical salesperson behavior, or ESB, is a quality that can differentiate salespeople and increase positive outcomes.

Think Point #1: What is ESB?

Before discussing the implications of ethical salesperson behavior, or ESB, it is imperative to define the characteristics that comprise this sect of ethical behavior. The following descriptors denote desirable attributes of ethical behavior in the buyer-seller relationship:

- Honesty
- Fair play
- Full disclosure
- Promoting the welfare of the customer
- Providing factual communications
- Selling only those products and services believed to benefit the customer
- Promising only what can be delivered
- Treating customer information in a confidential manner

Think Point #2: ESB influences buyer trust and commitment.

The study confirms the notion that ESB leads to buyer commitment and trust, two desirable outcomes of a strong sales relationship. As depicted in the empirical model, buyer trust and buyer commitment bridge the gap between other favorable outcomes in a positive buyer-seller relationship. Buyer trust is the primary result of ESB and is the building block for buyer commitment. To gain buyer trust, real estate agents and other sales professionals must demonstrate reliability and high integrity. Built on the foundation of trust, buyer confidence is increased by observable behaviors including consistency, honesty, fairness, responsibility and benevolence. Because buyers will feel less inclined to monitor the activities of ethical salespersons, they will perceive this buyer-seller relationship as more valuable, saving them both time and anguish.

Think Point #3: ESB influences share-of-customer.

Share-of-customer refers to the amount of spending customers devote to a specific firm for a particular product. Share-of-customer percentages translate into the economical benefits of repeat patronage and brand loyalty. While the study did not indicate a direct relationship between ESB and share-of-customer, it was concluded that share-of-customer is indirectly influenced by ESB, through its positive relationship with buyer commitment. As buyer commitment increases, their investments in the specific buyer-seller relationship, based on anticipated future returns, also rises.

Think Point #4: ESB influences buyer communication.

Buyer communication refers to the transmission of both judicious and timely information by the buyer to the seller. In a buyer-seller relationship, enhanced communication benefits both parties. Specifically, timely and honest communication, initiated by the buyer, increases the success of the seller. The study shows that ESB indirectly influences buyer communication through the channels of both buyer commitment and buyer trust. Buyers who trust the ethics of a real estate agent or other professional salesperson feel more comfortable communicating openly. In addition, buyers who are more committed to an agent or salesperson will tend to share more information as a means for further developing the relationship.

Think Point #5: ESB influences positive word-of-mouth communications.

Positive word-of-mouth communication is an interpersonal interaction where buyers share positive business reviews with their peers. These interpersonal communications carry more weight for future buyers, who often accept these recommendation with a high level of trust. ESB was found to indirectly influence positive word-of-mouth communications through the avenue of buyer trust. Of all the positive outcomes, ESB is most significantly related with an increase in positive word-of-mouth communications. The study confirms: buyers will more often recommend salespeople that display ethical behavior.

Recommended Reading

Hansen John D. and Robert J. Riggle (2009), "Ethical Salesperson Behavior in Sales Relationships," *Journal of Personal Selling & Sales Management*, 29(2), 151-166.

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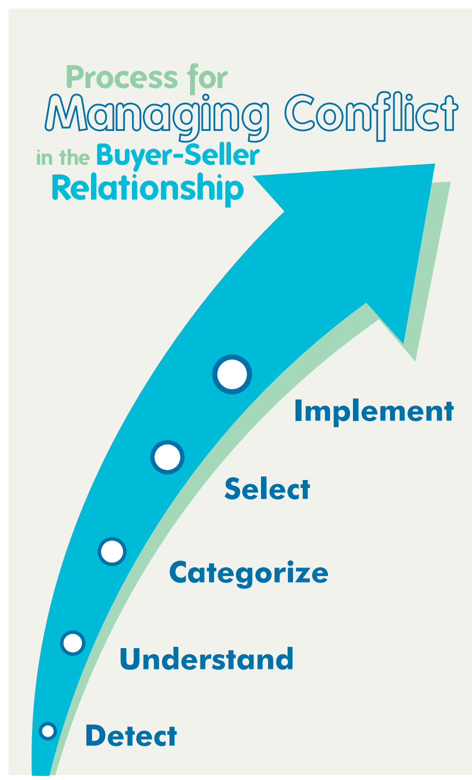
Insider – Managing Conflict in the Buyer-Seller Relationship

By Drew Johns, M.B.A. Candidate

Approximately one in every six hours of a salesperson's or agent's time is spent dealing with conflict (Bradford and Weitz 2009, p. 35). The difference between losing a client and developing a long-term win-win relationship can rely solely on the way one manages conflict. Trust and commitment are two key components of a successful relationship. A salesperson or agent who is able to cultivate these values in a relationship and successfully react to turbulence will be able to build a solid network of clients. In Salespersons' Management of Conflict in Buyer-Seller Relationships (published in 2009 in the Journal of Personal Selling & Sales Management), Professors Kevin Bradford and Bart Weitz examine how to improve the buyer-seller relationship by tailoring the conflict management approach to the specific conflict at hand.

The following are five steps that a residential real estate agent or other salesperson should consider when dealing with conflict management:



Think Point #1: The first phase of successfully managing conflict lies within the salesperson's ability to sense and detect conflict in the buyer-seller relationship. Conflict "arises when one party obstructs, interferes, impedes, blocks, frustrates, or makes less effective the behavior of the other" (Bradford and Weitz 2009, p. 26). If the actions of one party have the potential to prevent the other party from obtaining its goals, a disagreement is likely to surface. When equipped with a basic conflict management skill set, the proactive agent will be able to react to arising issues before they become problem areas, leading to a hardy relationship.

Think Point #2: When a variance in attitude or judgment appears, the salesperson or agent should try to identify the actual issue at stake. Most types of conflict can either be classified as task or relational. A task conflict arises when the parties disagree over what process is necessary to accomplish the task. If a seller and an agent have differing views on the marketing strategy that will attract the most activity for generating interest in a home listing, a task conflict is present. Relational conflict is present when there is an inconsistency between the beliefs and emotions of the parties. If a female seller and a male agent are working together, the female may want to deal with her agent in a sincere and compassionate manner. If the male agent is unable to acknowledge her needs, a relational conflict may arise. Categorizing the type of conflict correctly is important to ensure that the best treatment is applied. If one diagnoses the illness incorrectly, a cure is unlikely to be found.

Think Point #3: The salesperson must understand four basic conflict response strategies in order to select the proper approach.

1. Accommodation strategy – satisfying the other party's interest, while neglecting one's own needs
2. Compromise strategy – attempting to meet in the middle, or arrive at a solution that somewhat satisfies each party
3. Collaboration strategy – searching for an integrative, win-win resolution that fully satisfies the concerns of each party
4. Confrontation strategy – satisfying one's own objectives, while disregarding the needs of the other party If one is able to learn and understand each one of these strategies, s/he will be able to analyze a situation and find the suitable solution faster and more efficiently.

Think Point #4: Each situation should be scrutinized with care. **There is not a single cure-all remedy for each type of conflict.** Bradford and Weitz (2009) found a positive correlation between the various types of conflicts and all of these strategies. When arbitrating a task conflict, behaviors associated with the collaboration and confrontation strategies can have a constructive effect. A relationship that is open to communication and differing viewpoints will likely require a high level of interaction. This interaction is what lays a steady foundation upon which a solid relationship is built. When arbitrating a relational conflict which is typically emotional in nature, behaviors associated with accommodation and compromise strategies can help ease the ill mind-set of the parties. Listening to the viewpoints and understanding the feelings of the opposing party will enable a salesperson to build rapport, respect, and trust with the client.

Think Point #5: Developing relationships provides considerable benefit for both buyer and seller, but it also comes with some unexpected costs. If a salesperson or agent is able to understand the sources of conflict and options for best managing conflict, they will be able to positively shape the buyer-seller relationship. "Conflict can serve as a medium through which problems can be aired and solutions derived. It can also enhance the ability of each party to work together to adapt, grow, and seize new opportunities" (Bradford and Weitz, p. 26).

Recommended Reading

Bradford, Kevin D., and Barton Weitz (2009), "Salespersons' Management of Conflict in Buyer-Seller Relationships," *Journal of Personal Selling and Sales Management*, 29 (1), 25-42.

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James S. Boles, Ph.D. is Professor of Marketing at Georgia State University (GSU). He has been at GSU since receiving his Ph.D. from Louisiana State University in 1991. At GSU, he has received recognition awards from the Robinson College of Business for research (1997; 2001) and teaching (1996). Prior to returning to Academia, Professor Boles worked in sales in the area of investment and real estate. He currently teaches in GSUs internationally recognized MBA, PMBA, and EMBA programs. He is also Editor of the Journal of Personal Selling and Sales Management. In addition to his work and academic experience, Professor Boles has conducted sales research and/or training for many organizations including: AT&T, NationsBank, Bank of America, Scientific Atlanta, Alfa-Laval, Honeywell, and the Atlanta Olympic Committee. In the sales and customer service area, he has presented seminars to strategic account managers from major corporations such as PPG, BP, Exxon, Bank of America, Honeywell, and DuPont. He has consulted with firms on marketing strategy, sales, and innovative/creative thinking. Internationally, he has conducted sales training programs for NCB Bank in Kingston, Jamaica as well as sales and marketing programs and negotiations seminars for managers in the Caribbean. In the Middle East, he has conducted customer service seminars for firms in the banking/financial sector. Professor Boles' primary consulting interests involve marketing strategy, sales force management and development, customer service, and helping firms enhance productivity by applying innovative thinking processes. He has published over 60 journal articles and has numerous other publications. His research has appeared in a variety of journals including: Journal of Marketing, Journal of Business Research, Journal of the Academy of Marketing Science, Journal of Retailing, Journal of Personal Selling and Sales Management, and the Journal of Applied Psychology.

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Before joining BSRP, Bryant served as a survey researcher for the Under Secretary of the Navy's Total Quality Leadership (TQL) Office. While there, she helped organize and direct the largest Navy-wide study of quality leadership practices ever conducted, managed the TQL training evaluation program for the Navy and Marine Corps and co-authored a handbook on Total Quality Leadership. Prior to her tenure with the Navy, Bryant authored a handbook on quality management principles, while serving as a civilian personnel liaison officer for the 54th Area Support Group, Department of the Army located in The Netherlands. During her tenure, she also served as an executive trainer and speaker at Army commands in Germany and The Netherlands. Mrs. Bryant has a Bachelor of Science degree in Mathematics from Creighton University, in Nebraska and has completed graduate coursework at Southern Methodist University. Bryant holds memberships in the Association for Psychological Science, Southwestern Psychological Association and The Society for Applied Multivariate Research. She currently teaches issues associated with modern sales selection and assessment in BSRP's Advanced Management Training Workshops.

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A gifted teacher, Dudley has been a featured platform speaker at many industry and professional conventions including the Million Dollar Roundtable and the Singapore Association of Life Underwriters. Several of his scientific studies have sparked worldwide discussion, including: "Where In The World Can You Find The Most Honest Salesperson?", "What Really Motivates Salespeople: A Multi-Nation Comparison," and "Lying on Psychological Tests: How Mode of Administration Influences Sales Test Scores in Different Countries." His biography is listed in several honorary publications including Who's Who in Science and Engineering, and Who's Who In America. He is married and lives in the Dallas area with his wife Carol, also a successful scientist, having co-authored scientific articles in physiology and genetics.

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Gabriel Gonzalez is a Clinical Associate Professor of Marketing at Arizona State University. Gabriel conducts his research in the area of relationship marketing and personal selling, and his recent research focuses on the role of social networks in the formation and maintenance of customer relationships by inter-firm boundary spanners. He is also interested in exploring the ability of sales organizations to recover from sales failures and respond to customer service complaints more effectively. His research has been published in the *Journal of Personal Selling and Sales Management*, *Journal of Services Marketing*, *Journal of Advertising Research*, *Journal of Health Communication*, and other scholarly publications. He has taught various courses at both the undergraduate and graduate level including Personal Selling and Sales Management, Fundamentals of Marketing, Strategic Marketing, and Customer Relationship Management. He is a key member of Arizona State University's Personal Selling and Relationship Management Initiative which provides undergraduate students with the education and training to enter the sales profession, and develops strong relational bonds between the university and selling organizations in the community.

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Drew is a first-year graduate student from Mansfield, TX. He earned his BBA with a major in finance from Baylor University.

Wesley J. Johnston, Ph.D., Director of the Center for Business and Industrial Marketing in the Robinson College of Business at the Georgia State University

Wesley J. Johnston, Ph.D. (Ph.D. University of Pittsburgh) is the director of the Center for Business and Industrial Marketing in the Robinson College of Business at the Georgia State University. He is also the CBIM RoundTable Professor of Marketing and teaches courses in sales management, business-to-business marketing and customer relationship management. Professor Johnston has served as a consultant and trainer in the areas of business-to-business marketing and strategic selling, key account and sales force management, and competitive strategies. Some of the firms he has worked on projects for include Alfa Laval, Arkema, AT&T, AccuRay, Beers Construction Company, Bushnell, Cargill, Carrier International, CBeyond, DuPont, Honeywell, Lanier WorldWide, Siemens, Southern Company, Thyssen Krupp, UPS, Unimation, Weyerhaeuser, and W.W. Williams. He developed a program on Key Account Management for the Institute for the Study of Business Markets and teaches in the program every year. In addition, he has extensive experience in executive education programs. He has taught in executive MBA programs at the University of Southern California, Georgia State University, the European School of Management and Technology and the Helsinki School of Economics. He has been much sought after internationally to conduct courses on sales management. He has taught in Argentina, Australia, Bahrain, Chile, China, Columbia, Finland, Germany, Malaysia, Mexico, Peru, and Saudi Arabia. Recently, he completed a trip to Europe where he spoke to groups of managers on business-to-business marketing and international sales force management. Before coming to Georgia State University, Professor Johnston served on the faculty of marketing at the University of Southern California and the Ohio State University where he was selected as the Marketing Professor of the Year.

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Wayne is an Assistant Professor of Marketing at California State University San Marcos where he teaches courses in services marketing, research, and advertising. Neu's research focuses on relationship marketing and new service formation and he has published in the *Journal of Service Research* and the *International Journal of Service Industry Management*. Prior to joining CSUSM, Wayne held positions at the Metropolitan State College of Denver and at Cornell University. His professional history also includes nine years as a principal for a consulting firm. There, Neu provided consulting services and developed and delivered seminars for diverse audiences from several leading U.S. and multi-national firms including Ford Motor Company (Germany, Canada, and the U.S.), General Motors, and Samsung (South Korea). Wayne earned his Ph.D. from the W.P. Carey School of Business at Arizona State University.

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Michael W. Pass is an Associate Professor of Marketing at Sam Houston State University and holds a Ph.D. from the W.P. Carey School of Business at Arizona State University. He has practitioner experience from positions including Director of Sales and Marketing, Area Marketing Manager and National Accounts Manager with firms including Morrison Restaurants, Inc., Burger King Corporation, and Edwards Baking Company. Prior to joining Sam Houston State University, he was with California State University San Marcos where he held a Biggs Harley-Davidson Senior Experience Professorship. Michael teaches courses related to personal selling, sales management and the marketing of services and regularly presents on topics related to these research interests. Michael is published in journals such as the *Journal of Personal Selling and Sales Management*, *Journal of Marketing Theory and Practice* and the *Journal of Financial Services Marketing*.

Jeff Tanner, Ph.D., Associate Dean, Research and Faculty Development, Baylor University

Jeff Tanner, Ph.D., is Associate Dean, Research and Faculty Development, for Baylor University's Hankamer School of Business. He joined the faculty at Baylor University in 1988, where he also teaches sales and sales management courses. He has taught and consulted in the area of sales performance and customer relationship management with executives in many countries, including India, France, Canada, Mexico, Australia, Colombia, and Trinidad. Jeff is author or co-author of thirteen books, including the best selling college textbook, Selling: Building Partnerships and the leading business marketing text Business Marketing: Connecting Strategy, Relationships, and Learning. Sales Management: Preparing Sales Leaders was published in 2009 and his next book, an as-yet-to-be-named principles of marketing textbook, will be published in early 2010. His books have been translated into several languages and distributed in over 30 countries. His blog, Tannerisms on Tuesday (https://tanerismsontues.blogspot.com) covers sales and CRM topics and so far, he's been faithful to blogging at least once a week.

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John Andy Wood, Ph.D. (Ph.D. Georgia State University) is an assistant professor of marketing in the College of Business and Economic at West Virginia University. His research focuses on personal selling and the issues related to trust-building, nonverbal communications, and rapport-building. He teaches courses in personal sales, business to business marketing, and global marketing. Prior to earning his doctorate, he spent over 17 years in the building material industry. He worked for various companies such as Owens Corning, Rinker Materials, and CSR America in capacities ranging from sales representative to director of sales and marketing.