KELLER CENTER RESEARCH REPORT

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Is Achieving Customer Satisfaction Enough?

By William A. Weeks, D.B.A. and Larry Chonko, PhD.

Research has often failed to find a relationship between customer satisfaction with salespeople and sales performance. Some research shows that as satisfaction levels increase, profits paradoxically decline. Other research has shown exactly the opposite. Conventional procedures for measuring and then coaching salespeople to drive customer satisfaction fail to recognize the unique relationship between customer satisfaction, customer retention, salesperson retention, salesperson performance, and organizational profits. Contrary to common assumptions, the relationships between these concepts are not necessarily linear, which means most projections of improvement fail to be confirmed in the reality of the marketplace.

Based on our research, asking customers if they are satisfied is not sufficiently diagnostic to drive sales performance. Asking how customers can be more satisfied, moving them toward a strategy of delight, is a more useful approach. We have found a significant positive association between customer delight and sales performance. Furthermore, several specific salesperson behaviors have been found to be related to increasing customer delight. These behaviors are presented in descending order based on their level of importance in creating customer delight.

- Agility
- Communications
- Quality Interactions
- Helping Behaviors
- Adaptability

What is Customer Delight and Why is it Important for You?

Customer delight occurs when salespeople or agents anticipate customer needs, provide solutions to needs before customers ask and then observe to see if new and/or additional expectations surface. Customer delight goes beyond simply providing good customer service because customer service misses the opportunity to provide extended rewards.

When agents create a "WOW" situation (and exceed customer expectations), they plant seeds in the customer's memory that are easy to recall. Exceeding customer's expectations also increases the chance that the customers will tell their story about their "WOW" experience to others, providing free advertising for the agent's organization, which may result in future home listings and sales. Customer delight is a state of mind that leads customers coming back and wanting more. Delighting customers allows agents to position themselves as different from competitors' agents, and our research reveals a significant relationship between an organization's ability to offer customer delight and sales performance. The accompanying illustration shows the agent's opportunity related to moving from customer dissatisfaction to customer delight.

We are drawing on survey research completed by 198 salespeople in the manufacturing industry. To measure customer delight, salespeople indicated how well they thought their customers believe their salesperson and his/her company exceed the customer's requirements. Additionally, we examined how other salesperson behaviors impact customer delight. Although our sample involves salespeople in manufacturing, we believe the relationship between customer delight and sales performance is equally important for the real estate industry and agents.

Agility

Salesperson agility is critical to the development and maintenance of customer delight as agility is related to the creation of value propositions in response to marketplace change. Salesperson agility reflects an agent's ability to quickly change his/her strategies and tactics, in order to *anticipate* and respond successfully to changes that a customer is experiencing. Thus, being agile entails being open, learning-oriented, and ready to change. More than simply reacting to events, agility really means agents are able to anticipate their customers' changing needs. Agile representatives do not wait to consider change until a customer demands it, rather they work with customers to learn about changing needs before the change actually occurs.

Agility is a competence that agents must develop in order to anticipate and identify problems and opportunities, consider and discuss alternatives with customers, and proffer successful solutions in real time. Thus, agile salespeople and agents need to plan, but also must be capable of deviating from the plan instantaneously at the unexpected requests of customers. Unfortunately, salespeople commonly become "set" in how they conduct business, resulting in an appearance of inflexibility and being disinterested in a customer's well-being. With the business environment being so fluid, it is important to remember that agility is *dynamic* in that the way a salesperson or agent demonstrates agility today may not be effective tomorrow. Agility is *context-specific* because a customer's current needs/wants influence the level of needed agility. Agility is also *change-focused* as changes in what the customer is thinking require salespeople and agents to respond with agility. Furthermore, agility is *growth-oriented* because it relies on the salesperson's or agent's ability to reconceptualize his/her vision, strategies and techniques.

We offer agents the following suggestions for increasing their agility:

1. Focus on constantly sensing and responding to the changing business environment. Be prepared to create your own personal information infrastructure that will allow you to be

agile and that can be coordinated with other information infrastructures in your work environment.

2. Work with your organization's leaders to understand the strategic need for agility. Strive for long-term relationships with customers and be agile in the face of changes in the competitive and customer landscape. Bring new information to your managers for evaluation and to your organization's leaders apprised of changing market conditions, especially if acting on this new information departs from plan.
3. Be prepared to reconfigure your sales strategies and tactics as needed but within boundaries set by your organization.
4. Think and act in entrepreneurial ways by learning to create, manage, and disseminate knowledge. Place a high value on the coaching, advice, and information that can be derived from others in the organization and from customers.
5. Monitor and control your actions for continuous improvement. Always be alert to blend old and new knowledge.

Communications

Effective communications between agents and customers is vital. Strong customer relationships are reflected in joint agent/customer problem assessment and sharing of information. Such a relationship also enhances the ability of the agile salesperson or agent to understand, in real-time, where a customer is and what must be done to improve the relationship with this customer and drive additional increases in customer satisfaction.

While frequent communication is necessary, the quality of your communication is far more critical to the development of loyal customers. For example, if a conflict occurs between an agent and a customer, increasing the frequency of communication while not drilling down to ascertain the source of the conflict will provide no long-term value to the relationship. You must improve the quality of your communications with customers. For example, answering the following questions should lead to improved customer communications:

1. What does a customer consider a quality communication?
2. How can you, your managers, and support personnel work together to understand what is meant by quality of communication as the customer sees it?
3. How can general market intelligence help you identify potentially actionable issues for a particular customer?

Quality of Interactions

Our research suggests that the more information salespeople share with customers, the more trust bonds develop, leading to enhanced interaction quality. Salespeople and agents and their organizations benefit from sound understanding of the customer's context. Quality of interaction and customer delight are positively related, suggesting that salespeople who have quality interactions with their customers report stronger delight among their customers. Thus, agents should identify ways to improve the quality of their interactions with customers. The result will be an increase in customer trust, leading customers to be more inclined to share insights and discuss problems they are experiencing. Learning customer insights and problems directly allows salespeople to engage in agile marketplace behaviors, thereby enhancing customer delight and improving salesperson performance and organization revenue.

Helping Behaviors

When salespeople are perceived as helpers in the salesperson/customer relationship, the salesperson is evaluated more favorably by the customer, leading to improved sales revenue and profitability. These positive outcomes extend to the organization through a mechanism known as transference of trust. Simply put, trustworthy salespeople or agents are employed by trustworthy organizations. Thus, salespeople or agents who engage in helping behaviors toward their customers increase the customer delight evident among their customers.

A common notion is that salespeople or agents will treat customers similarly to how they are treated within their own organization. Simply put, the relationships between salespeople, management, and customers are highly interrelated. For an organization, helping behavior can be fostered by growing positive relationships between the salesperson or agent and the firm or broker. When agents are satisfied with their jobs and firms, they are more likely to view customers and the provision of service positively. Further, as they converse with customers, their tendency will be to communicate more positive information about their organization, past experiences, etc. When a customer views a salesperson or agent as a helper, that customer is more likely to also adopt a helping posture and exhibit similar behaviors to those described above for the salesperson.

Sales leaders and managers must adopt positive approaches when relating to the sales force if they expect to influence salespeople and agents to do the same with customers. Even when times are difficult, such as today's economic climate, dwelling on difficulties or simply venting about negative situations is not a productive activity. It is more productive to focus on understanding the circumstances, seeking opportunities to lay a foundation for growth when the economy shifts (as it always seems to do) and being ready with agile strategies as customers send signals that they are ready to move their businesses forward.

Adaptability

Adaptive selling relates to adjusting sales behaviors during the customer interaction or across customer interactions based on information derived from the selling situation. For instance, salespeople or agents make adjustments to initial impressions, solutions, and strategies when interacting with customers. For example, one selling strategy might be more helpful when selling to a customer demonstrating “driver” tendencies, while another approach might be more useful when interacting with an “amiable” customer. The driver would expect less time be spent on getting to know the salesperson or agent and want to get to the core of the business issues. However, a customer appearing to be an amiable would prefer to build a comfortable relationship with the agent prior to talking business.

A*daptive selling* and *agility* appear similar. Possessing an adaptive core of strategies allows agents to keep an array of options available to cope with predicted change. To employ an analogy from genetics, those species that maintain diverse portfolios of ongoing genetic experiments have a greater likelihood of survival when environmental conditions change. Thus, all members of a species are engaging in change behavior, some radical, some not. It is the atypical members of the species –those that possess qualities that fit or are useful in the new environment—that make the survival of the species more likely. Similarly, agents with a robust portfolio of adaptive strategies are more likely to survive in a dynamic mix of marketplace changes. The key for agents is to develop the ability to understand when to use conventional approaches, minor adaptations, and radical departures to meet changes in customer requirements. Thus, both adaptability and agility require that agents adjust in response to changing conditions.

The Bottom Line

In conclusion, customer delight is strongly associated with sales performance. Positive business outcomes are more likely if you enhance your agile orientation to selling, improve customer communications, emphasize quality interactions, focus on using helping behaviors, and strengthen your portfolio of selling strategies in order to be more adaptable. The sooner that such action is taken, the sooner an agent and the organization will experience increased success.

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How Your Client's Private Self-Awareness Influences Choice

By Caroline Goukens, Siegfried Dewitte, and Luk Warlop

Introduction

What is self-awareness and why is it important? Self-awareness is critical for buyers and sellers because self-focused attention makes people more conscious of their attitudes and beliefs (Duval and Wicklund 1972). Social psychologists have investigated the implications of self-awareness for a variety of basic social and cognitive processes (emotions, pro-social behavior, and group dynamics) (Gibbons 1990). Our research focuses on the role of private self-awareness in the choice-making process of consumers and examines how this internal state may affect two well-known choice phenomena: variety-seeking (or diverting from what you normally choose) and selecting a compromise option. Understanding how self-awareness can affect buyer behavior can be very helpful for agents as they increase their ability to meet the client's needs.

What is Self-Awareness Theory?

Self-awareness theory (Duval and Wicklund1972) begins with the assumption that at any given moment, people's attention may be focused on themselves or the environment, but not both. People are typically not self focused, but certain situations can cause them to focus their attention inward, such as gazing into a mirror, standing in front of an audience, or seeing themselves in a photograph or videotape. When their attention is directed to the self, people reside in a state of objective self-awareness. Self-awareness can be public, involving the awareness of oneself from the perceived perspective of others (e.g. standing in front of an audience), or private, which refers to awareness of oneself from a personal perspective (e.g., gazing into a mirror) (Fejfar and Hoyle 2000).

The Impact of Private Self-Awareness

The focus of this article is placed on private self-awareness. In contrast to public self-awareness, the concept of private self-awareness has received little attention in marketing. In response, we consider the extent to which private self-awareness plays a role in consumer decision-making. A self-focused person is more concerned with which type of action is most appropriate. If a person perceives a difference between a standard and a current behavior, his or her self-focus should enhance the motivation to reduce that difference (Gibbons 1990). Thus, when possible, a self-aware person conforms to internalized standards of correct behavior, which may or may not coincide with the common social standard of conduct. However, sometimes no behavioral standards are accessible. Hormuth (1982) suggests that in this case, privately self-aware people behave in a manner congruent with their own personal standards or ideas (Gibbons 1990). That is, previous research demonstrates that self-focused people become more conscious of their personal attitudes and beliefs (Gibbons 1990), which should make it easier for them to construct product preferences. Heightened private self-awareness can make people more willing and able to use their personal characteristics as guides for their behavior.

Variety-Seeking Behavior

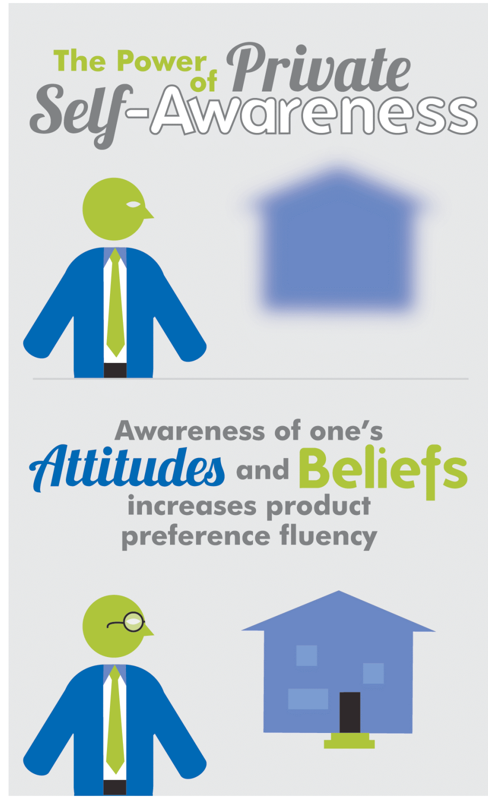
Typically in real estate, clients seek to purchase a single property, which may make variety-seeking behavior or diverting from what you might normally choose appear as an irrelevant topic in this context. However, when considering the amount of available options during the decision-making process, agents are well advised to study the variety-seeking behaviors of consumers in order to better understand how to present viable options to clients. As our research reveals, purchasing an item to meet long-term needs creates the risk of increasing disappointment, should the consumer’s preference for that item decrease in the near future. In contrast, selecting a variety of acceptable items is less risky because it seems unlikely that the person’s preferences for all selected items will decrease. In light of this finding, it is essential that agents become intimately familiar with the customer’s future vision so as to best direct their attention to those properties that align with their goals. Providing your clients with an opportunity for private awareness can assist in not only helping you define the clients’ goals, but can also contribute to helping clients define the goals they may have not yet considered. Because private self-awareness should enhance confidence in one’s preferences, we also expect it to decrease the tendency to seek variety. As you develop your clients’ ability to pinpoint what they are looking for, you will both benefit from a narrowed focus, weeding out those properties that do not conform to the clients’ vision for the future homes.

Compromise Effect

The compromise effect implies that an alternative tends to gain market share when it represents the compromise option in the set (Simonson 1989). For example, the attractiveness of a medium-quality/medium-price alternative increases compared with that of a lower-quality/low-price alternative when a high-quality/high-price product also appears in the consideration set shapes the “ideal” compromise of quality and price. Using think-aloud protocols, Simonson (1989) finds that people who experience greater decision conflict are more prone to the compromise effect. Consistently, when people select compromise alternatives, their decision processes are longer (Dhar, Nowlis, and Sherman 2000), they tend to consider the relative advantages and disadvantages of all options (Simonson 1989), and they are more likely to attempt compensatory trade-off comparisons (Dhar 1996). In contrast, consumers with more articulated preferences (i.e., preference fluency) are more selective in processing the available information and are less likely to rely on compensatory processing (Chernev 2003). Combining both insights, we argue that private self-awareness may suppress the tendency to select compromise options.

This information is applicable to the real estate agent as they select comparative homes for clients to evaluate before making a purchasing decision. By increasing a client’s private self awareness, agents will narrow the client's preferences, reducing the impact of the compromise effect.

How to Increase a Client's Private Self-Awareness



Realtors and brokers need to be aware of the substantive power of self-awareness. On the one hand, intentional manipulations of clients' self-awareness could prove beneficial; by increasing clients' self-awareness, agents could enable clients to make choices that match their personal preferences better, which might result in higher choice satisfaction. Conceivably, greater self-awareness could be achieved by, for example, strategically placing mirrors in a store or addressing the client by name. On the other hand, agents must understand that the general advantage of some selling strategies can disappear for self-attentive clients. In addition, some conditions make it more difficult to induce a consumer to choose a certain product. Thus, certain selling environments likely benefit from selling strategies that draw attention away from the self. In general, this research implies that agents should consider the side effects of their sales interactions (e.g. small talk) on self-awareness because any incidental cue that redirects the client's focus inward will result in greater self-awareness and, consequently, increased preference fluency.

Conclusion

At the core of self-awareness theory is the idea that self-aware people try to decrease the differences between their current behavior and personal standards. Our research shows that this tendency has a direct and consequent impact on consumer decision-making. In four separate studies, this research shows that the ease of preference formation accompanying private self-awareness makes people more willing and able to rely on their personal preference weights. As we predict, privately self-aware consumers are less inclined to opt for a varied choice set and are less likely to select compromise options, unless they find that it is too difficult to construct their personal preferences.

Agents who successfully facilitate increased private self-awareness for their clients will minimize purchasing frustration for both the client and the agent. Clients who have a clear and well defined picture of what they want are much easier to serve. It is when a client does not have a clear picture of what they want that the time consuming and often self-defeating effects of variation and compromise begin to take over. Agents can become intimately knowledgeable of their client's needs by intentionally placing the client's focus on private self-awareness. This knowledge will assist the agent as he/she selects properties for the client to view, and will also aid in the client's decision-making process.

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Necessary Condition #2 – The Right Process

By Charles Fifield, Senior Lecturer and Baylor Sales Coach

The sales process is how a sales organization chooses to effectively transform its throughput flow of inputs into outputs. In the case of real estate sales, the process involves the transformation of contracts into long-term satisfied clients and commissions on a regular and consistent basis. The true measure of process effectiveness is the incremental value created for both the client and the selling organization.

Four key ingredients are key to developing a process that enables a salesperson to gain a competitive market advantage:

1. Focus on the long-run
2. Be customer-centric
3. Create a systematic chain of interdependent activities
4. Manage against inertia (resistance to change) and continuously improve the prospecting domain

Focus on the Long-Run

Selling must be viewed as a business. For the aspiring salesperson to achieve sustainable success, the business of selling must be managed from an executive perspective. To operate from this perspective, you must have a long-term mission and be guided by goals (the destination or purpose). Next, the salesperson must have a plan to succeed (an itinerary and map). Finally, the salesperson must implement the right process to accomplish the desired end. The chosen process is the means (the transportation) by which you plan to travel to your desired destination.

Goal development is not the focus of this study, but without goals to focus your activities and thoughts, salespeople will be tempted to aimlessly wander. The setting of goals should be guided by the acronym, SMART.

Goals need to be *Specific* and well-defined, including visually discernible. What does achieving the goal look and feel like in terms of personal value? Goals need to be *Measurable*, not vaguely formulated. A plan will never be effectively managed without well-conceived metrics to guide the salesperson's decisions and actions along the way. Goals must be *Achievable*. Otherwise, frustration will develop and then abandonment becomes an option and readily justified. Goals must be *Responsibly* pursued. Every journey in life is filled with circumstances and chaos. Unpredictable events can easily sidetrack a well-conceived plan by engendering fear and doubt. How the salesperson responds is all you can control. Concentrate on managing your responses, i.e. your responsibilities, and you will better stay on course. All goals must be *Time-based.* The journey must have milestones that serve as key intermediate checkpoints along the way. Getting to each of these significant interim performance points on time is critical to the goal's ultimate achievement.

Be Customer-Centric

At the very heart of any successfully managed business enterprise is the customer, for the customer is essentially the ultimate employer. In today's demand-driven marketplace, the customer defines the critical attributes of every product or service and for the enterprise to achieve long-term success, you must configure a transformation process synchronized or strategically fit to the targeted customer demands. How well that combined "fit" is achieved will determine customer satisfaction, the acid test of business.

The four essential attributes that define products or services are quality, price, responsiveness, and variety. In residential real estate sales, sellers and buyers will each exert their influence on the desired service, forcing trade-offs between these defining attributes. Your process must allow you to transform your activities and action to allow you to address the service mix desired by your target clients.

Create a Systematic Chain of Interdependent Activities

The real estate agent's throughput process or cycle of operations begins with prospects and ends with prospecting. Unlike so many linear depictions of a transformation process, most sales processes are truly cyclical in operation. The typical real estate sales cycle of a listing (fundamental flow unit) starts at the center of the cycle (the prospect) and involves essential activity steps (see visual).

The total performance of this chain of activities is subject to the variability and dependency of each individual activity. The effective performance of the cycle's chain of activities is irrevocably tied to the performance of its weakest link. Therefore, any attempt to improve the management of the process must be viewed from a system-wide or holistic viewpoint. Silo or functional thinking, or the focusing on individual process activities for advances and not the whole, has probably done more to impede customer-centered, business productivity improvement over the past three decades than any other factor.

The hub activity of the sales process cycle is prospecting. In the end, the quality of an agent's future prospects is largely determined by the satisfaction of previously cycled customers (please see Personal Touch Portfolio article from the March 2010 issue of the *Keller Center Research Report*). Effective prospecting, the lifeblood of any successful sales enterprise, will be discussed in our March 2011 issue as Necessary Condition #4 – The Right Prospects. During each of the 14 activities, the salesperson should be focusing on successful prospecting.

What connects the activities of the sales cycle and keeps the cycle working as an integrated process is the flow of quality, real-time information between the activities. The effective sharing of information within the cycle enables the sales organization to function most productively and with the least amount of waste, where "waste" is defined as any activity that doesn't add value to the customer. Salespeople need business management tools that enable them to work smarter, work faster, and do work right the first time.

Manage Against Inertia and Continuously Improve

To ensure the cycle's productivity, the sales organization must understand how inertia impedes the productivity of process. You must have the proper mindset to methodically challenge inertia's impact. Inertia is illustrated in the throughput cycle as a constant drain to potential sales organization performance.

Inertia, a physics term, means "the tendency of a body to maintain its state of rest or uniform motion unless acted upon by an external force." Human beings are subject to a reluctance to change. However, an organization's commitment to continuous improvement can overcome the force of inertia, break the primary constraints to process progress, and achieve "incremental" improvement. A continuous improvement mindset is critical to ensure a sales organization creates enduring customer value and achieves consistent productivity gains.

Summary

Any productivity-minded sales organization must manage its sales throughput process as an integral factor in determining long-term customer satisfaction. The chosen sales throughput process must be designed with a long-term view, be a customer-centric perspective, operate in a system-minded approach, and strategically match planned product/service offerings (attributes) to the needs/desires of targeted customers. By sharing quality, real-time data throughout the sales cycle of operations, you can operate with synchronicity and avoid waste. To achieve regular and consistent incremental productivity gains, you need to successfully manage your process against inertia and implement a continuous improvement mindset.

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A Social Networks Perspective on Sales Force Ethics

By Matthew T. Seevers, Steven J. Skinner, and Scott W. Kelley

The past decade has witnessed a number of well-publicized ethical misconduct disasters, including accounting fraud at Enron and WorldCom, product liability at Firestone, and expense abuse and tax evasion at Tyco International. In some of these cases, a single person became the face of the misconduct. But the reality is often that a variety of individuals within and beyond the company are complicit. (The ties between individuals at Enron and Arthur Andersen offer a chilling example.) This suggests that ethical behavior is not merely a function of personal or corporate values. Instead, observation tells us that ethical misconduct is oftentimes a social activity. As illustrated in the case of Enron and other disasters, the social ties that link a sales professional to clients and other stakeholders are a critical factor.

In this article, we highlight a developing line of research on the role of social ties in ethical decision-making by salespeople. The current state of research doesn't yet lend itself to sweeping prescription. Nevertheless, we believe the topic is thought-provoking, and opens a conversation for real estate professionals. Discussion of the social network perspective has become increasingly prominent in practitioner journals because it offers a useful approach for examining relationships among salespeople (Cross, Liedtka, and Weiss 2005; Üstüner and Godes 2006). Here we present a brief introduction to social network concepts, as well as their application to a sales context. These concepts hold promise for understanding how social ties affect motivation and opportunity for ethical misconduct. We then close with a discussion on the implications of networks for sales managers and brokers.

What are Social Networks?

As a starting point, a *social network* refers to a specific set of actors and the relationships that link (or fail to link) them together (Barnes 1954). Networks of interest may involve links among collective groups, such as departments or entire organizations, but we will focus primarily on interpersonal links, such as those developed and maintained by salespeople or agents.

Unique to the social network perspective is its emphasis on the characteristics and patterns of relationships. The most visible aspects of a business network are formal relationships, such as a contractual tie between a buyer and seller, or a reporting tie that links supervisor and subordinate. But as any sales agent knows, informal relationships often precede, sit alongside, and even grow out of formal transactions. Such relationships are said to shadow the organizational chart, and include network ties based on friendship, hall talk, advice-giving, and influence (Bristor and Ryan 1987).

Social Ties in a Real Estate Sales Network

Before discussing more detailed network concepts, we consider the breadth of social ties that might be found in the real estate industry. A typical real estate sales network involves a variety of firms, such as real estate organizations, banks, title companies, insurance companies, and trade groups. The collection of individual actors is particularly rich, including real estate agents, real estate brokers, mortgage brokers, loan officers, insurance agents, appraisers, inspectors, and homebuilders, as well as the buyers and sellers of a property.

The real estate industry has two key features that heighten the importance of relationships. First, for a typical transaction, there exists a high degree of interdependence among the various actors. A real estate agent, for example, often serves to help a client orchestrate ties to other service providers, such as finding a lender or home inspector. Second, many of the benefits offered by agents are intangible in nature, and may be difficult for clients to evaluate prior to entering into representation. This feature amplifies a client's reliance on third-party referrals for finding an agent, as well as referrals from an agent toward other service providers. In sum, we believe the real estate industry offers fertile ground on which to discuss social network concepts.

Network Relationship Types

The first set of concepts we present considers *relationship types* that describe the relational tie between two actors, which is termed a dyad. Examples of dyads in the real estate industry include agent ↔ client, agent ↔ broker, agent ↔ agent within the same firm, and buying agent ↔ selling agent. We outline three concepts that address relationship types: tie strength, multiplexity, and asymmetry.

Tie Strength. The strength of a social tie refers to the amount of time, emotional intensity, intimacy, and reciprocity that characterizes the connection between two actors (Granovetter 1973). A strong tie is exemplified by a trusted client or colleague with whom you frequently interact, confide in, exchange advice, and share an expectation of ongoing friendship. By contrast, a weak tie might take the form of a business relationship in which two people occasionally interact, maintain emotional distance, and hold limited expectations about friendship. Such ties might be found when an agent has a one-time encounter with a prospect.

Multiplexity. Any given social tie might be based on multiple forms of interaction, such as kinship, friendship, organizational reporting, contractual agreement, and common membership (Knoke and Kuklinski 1982). When two people are tied strictly by one form, the relationship is said to be uniplex. It is not uncommon, however, for two people to interact in multiple forms or settings. Such multiplex ties arise, for example, when an agent and client attend the same church, live in the same neighborhood, or play together in a golf league.

Asymmetry. A dyad in which two people are in some way not on equal footing is said to be asymmetric (Wasserman and Faust 1994). Asymmetric ties occur when the emotional involvement of one person is not reciprocated by the other. Take for example an agent that considers a co-worker to be a friend and places them in confidence, only to find out that the co-worker gossips about the agent with others. Relationships are also asymmetric when one person in a dyad occupies a position that provides an opportunity to exercise power over the other. This situation is easily envisioned where a sales manager wields power over a salesperson, or a senior agent exerts influence over a less experienced agent. Similarly, a powerful client may push their weight around to negotiate a reduced commission.

How do these concepts relate to ethical conduct? Research suggests tie strength and multiplexity weaken one's motivation to act harmfully toward another (Brass, Butterfield, and Skaggs 1998). For tie strength, this effect results from not only mutual trust and empathy, but also from escalating the consequences of wrongdoing (e.g., loss of a friend). Multiplex ties further magnify the ill-effects of misconduct. A wrong-doer risks not only losing more than a mere business associate, but also having others learn about their misdeed across multiple contexts.

Asymmetry works differently. If two people are not on equal footing in a relationship, the opportunity – though not necessarily the motivation – for misconduct is more salient. When asymmetry is based on emotional involvement, the more involved person is at risk of being taken advantage of by an emotionally distant other. Fraud and con games offer extreme cases of this effect. Power-based asymmetry also invites misconduct targeted toward the less powerful, more dependent individual. And whereas more powerful actors may have less to lose from misconduct, less powerful counterparts may be subject to reprimand or retaliation.

Network Relationship Structure

The second set of concepts concerns *relationship structure*, which describes the configuration of present and absent ties among three or more people. We discuss three concepts – structural holes, network density, and cliques – each of which hinges on patterns of present and absent ties among members of a network.

Structural Holes. The term structural hole is a metaphor that refers to the absence of a tie between two actors (Burt 1992). Such gaps in a network are significant because they present opportunities for a third person to play a "middleman" role between unconnected people. Structural holes are found in a variety of everyday settings. A classic example is when a seller is approached independently by two prospective buyers. Provided the buyers are not in direct communication, the seller has the opportunity to play one buyer against the other in order to escalate the value of successive offers. An individual that spans structural holes may also distort or withhold critical information that passes through a network.

Network Density. The concept of network density refers to the degree to which all individuals of a network are interconnected (Scott 2000). A high density network is found in settings in which "everyone knows everyone else." This brings to mind a small town, but it could also be imagined within a luxury home segment where, by virtue of its exclusivity, the agents in a market are all well-acquainted. Conversely, a low density network might be expected in high population areas, where agents are more likely to know only a small subset of their peers.

Cliques. As the size and scope of a network grows, reaching a high level of network density is less likely. Consider IBM, for example, which employs nearly 400,000 employees around the globe. Even with modern technology, it is hard to believe that all or even a high percentage of their workforce is densely connected. But we might still expect formation of smaller groups of employees based on common geography, customers, or expertise. In network lexicon, these are termed components, which are subgroups of highly interconnected people. And perhaps the most well recognized component is the clique, which by definition is a group of at least three actors in which every possible pair of actors is connected.

How do these concepts relate to ethical conduct? Research suggests that structural holes present opportunities for misconduct. When spanning a gap between otherwise unrelated contacts, a person is positioned to act unethically toward one person without fear of the other person learning of the act. In contrast, when a hole is filled by a tie between two contacts – known as *closure* (Coleman 1990) – the previously untied parties may engage in mutual surveillance and "compare stories" about their mistreatment. Thus, closure is expected to limit motivation for misconduct because offenses are more easily communicated, which places the third party at risk of reputational damage.

The effects of network density and cliques largely follow the logic of closure. High density networks increase the level of surveillance among network participants, and increase the risk of reputation loss for wrongdoing. (Think, for example, about the speed at which word travels in a tight-knit neighborhood or small town.) Cliques, as highly dense subgroups in a network, are also expected to reduce motivation for misconduct aimed at group members. Research, however, suggests that strong subgroups may foster an "us versus them" mentality (Labianca, Brass, and Gray 1998), which may give rise to misconduct against those outside the group.

Implications for Sales Practice

The *National Association of Realtors* and the real estate commissions of most states offer codes of ethics. Many real estate companies also have an established ethics program. Guess what? So did Enron! The social network perspective highlights how otherwise ethical people may participate in unethical behavior. What appears to be a disconnect between individual values and company behavior may in part be due to a failure to recognize that salespeople are influenced by the social ties that link them to the marketplace. Even if a manager or broker establishes a strong ethical culture inside the company, an employee or agent may interact with someone in their outside network that leads to unethical behavior. Salespeople and agents are particularly vulnerable since they are often geographically dispersed and with little direct supervision.

A principal challenge, then, for managers and brokers, is to extend beyond company boundaries in establishing ethics programs. This first requires identifying the set of actors that comprise the sales network and the various ties that connect them. Once this is accomplished, managers would likely need to partner with peers in other organizations in developing and enforcing ethics codes, ethics communication programs, and ethics controls. Managers may not be able to identify and remove every "bad apple." It is crucial then for managers to become sensitive to the role of social networks and to understand how connectivity within a sales environment may impact ethical decision making by members of the sales force.

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The Persuasive Role of Incidental Similarity on Attitudes and Purchase Intentions in a Sales Context

By Lan Jiang, Joandrea Hoegg, Darren W. Dahl, Amitava Chattopadhyay

Introduction

As any well-seasoned agent knows, creating a connection with the client is essential. Connections can be made in a variety of ways and usually hinge on some common value or shared demographic. The intent of our research was to explore the effects of incidental similarities, or chance similarities, such as a shared name, birthday or birthplace, on the buyer-seller relationship. Our findings revealed that these types of connections enhance the client's favorable attitude and increase their intention to purchase.

Defining Incidental Similarity

Incidental similarities refer to the trivial aspects of our lives that we share with another person. Examples of incidental similarities include a shared birthday or a common hometown. These "coincidences" aid in meeting a person's need to belong and may appear trivial on the surface, however, within the context of a buyer-seller relationship, can be building blocks for success. In the context of real estate, being aware of this phenomenon can assist agents as they strive to make those vital connections with the client.

How Common are Incidental Similarities?

While it often seems uncanny when you meet someone who shares an incidental similarity with you, the truth is these chance similarities are not as rare as they sound. For example, the chance for at least two people to have the same birthday is greater than 50% in a group as small as 23 people (McKinney 1996). Often times, these incidental similarities may go unnoticed, if the agent does not investigate such questions. Develop a set of casual questions to ask the client when making introductions. This way you can easily identify any incidental similarities from the onset of the relationship and thus benefit from the positive effects.

Effect of Incidental Similarities on Buyer-Seller Relationship

Research has shown that the existence of incidental similarities attributes to such positive outcomes as increased liking, persuasion and cooperation between individuals (e.g., Burger et al. 2004; Miller, Downs and Prentice 1998). Furthermore, our research shows that within the context of a sales relationship, buyers' favorable attitudes and intentions to purchase both increase when a incidental similarity exists. These two positive outcomes show that incidental similarities have both an immediate and a long term benefit to be gained. For the immediate sale, agents will benefit from an increased willingness to purchase. Agents will also gain long-term rewards as client's increased favorable attitude will increase future activities.

Social Connectedness

An important element to our study was the idea of social connectedness, or what is known as the emotional expanse connecting the self and others (Lee and Robbins 1995). This connectedness is the foundation that paves the way for the positive results arising from incidental similarities. Social connectedness involves the need to form and maintain strong, stable interpersonal relationships (Baumeister and Leary 1995). The need to belong is universal because it is a need that all humans share. Incidental similarity is one way to fulfill our need to belong because it closes the emotional distance between two people.

Consider How to Find Incidental Similarities with Clients

Many businesses have begun to capitalize on the positive effect of incidental similarities by providing personal information about their agents or employees on their homepages. For example in another industry, we find many fitness clubs providing full bios of their fitness trainers, citing information to potential customers that does not necessarily speak to their credibility as a professional, but instead opens the door for customers to make connections. As a real-estate agent, consider how you might market yourself to those clients who may share some common ground. A client may be more inclined to work with you if he or she knows that you share a similarity.

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INSIDER: The Mindset of a Sales Superstar: Achieving Higher Sales and Compensation

By Donald Jackson, M.B.A. Candidate

How can I achieve higher sales and develop better relationships with my clients? What are some hidden obstacles that are slowing my growth as an agent? In The Optimal Salesperson, Dan Caraminico and Marie Maguire answer these questions and go in-depth to identify the appropriate mindset and strategies that turn good salespersons into optimal salespersons. Using fifty years of experience and knowledge, the authors identify ways to eliminate self-limiting beliefs, ignite passion and motivation, and establish confidence to pursue any sale. By harnessing individual traits that most already possess, the authors provide analytical insight on how to tap into these strengths and make them work for you.

Think Point #1: Let's start with the basics. There is a high causal relationship between essential attributes and success in sales. The optimal salesperson exhibits personal motivation, realizes proactive tools and hidden obstacles, and has compelling reasons to succeed. Some personal motivators include desire, commitment, outlook and responsibility. Salespeople also need to develop a proactive sales activity plan, selling process, interpersonal skills, and a prospecting program that will allow them to reach their personal goals. Some hidden obstacles that the optimal salesperson will encounter and overcome may be self-limiting beliefs, need for approval, limited funds, dry spells in sales, and becoming too emotionally involved.

Think Point #2: The first person you must sell is you! As important as it is to set sales goals, it is more important to recognize and exploit the necessary incentives that are needed to motivate you in achieving those goals. In other words, the first person you must persuade during a sale is yourself. In order to be effective, an agent must set goals that are specific and incite passion. Appropriate metrics and milestones should also be put in place to keep track of progress along the way. While plans can always change, and unforeseen obstacles can appear, it is important for agents to be resilient and work through adversity and failure. Agents should become emotionally involved with their goals. In order to do this, it is important to ask the 'tough' questions:

- Why do I want this particular goal?
- What will happen if I don't achieve it?
- What will happen if I succeed?
- What will happen if I fail?

By analyzing your goals to this extent, it is more probable that you will take them seriously and maintain the necessary focus and prioritization to make them successful.

Think Point #3: Optimal salespeople are prospect-centered rather than close-centered. The optimal salesperson needs to be able to develop a sound sales activity plan that tracks the number of sales activities needed to achieve sales success. By keeping track of sales activity (those activities that directly affect sales), agents can have an accurate metric to determine what is and what is not working. Optimal salespeople realize the relative importance of prospecting related to closing. In sales, a heavy emphasis is commonly placed on closing the deal; however, prospecting proper clientele beforehand can increase sales efficiency and ease the process of closing sales. Some of the main strengths that are needed to be a good prospector are utilizing proper introductions, identifying target clients, and maintaining a functioning referral database. Overall, the optimal agent's number one priority is making sure that networking, sales activity planning, and selling processes are all prospect-centered.

Think Point #4: Optimal salespeople limit self-limiting beliefs. The competitive nature of sales can take its toll on any individual who pursues success in the field. Consequently, one of the largest obstacles an agent can face is self-limiting thinking and beliefs. The good news about self-limiting beliefs is that they usually all go away at once. By taking the appropriate action, agents can rid themselves of these beliefs by adhering to the following:

- Picking a belief that is causing you trouble and working to diminish that belief with these steps
- Analyzing how the belief affects you and your sales process
- Making a conscious decision to change
- Establishing a reinforcement mechanism to adopt the proper mindset
- Holding or committing yourself to maintaining the mindset

Another hidden obstacle exists in agents who always yearn for approval before taking on a particular venture or strategy. By challenging yourself to eliminate your need for approval, you will be able to effectively maneuver strategies and projects, and expose yourself to beneficial risk that can reap high rewards.

Think Point #5: Optimal salespeople "de-personalize" rejection. Maintaining an abundant pipeline can take away the amount of 'cold-calls' an agent needs to make; however, in the case that you must make a cold-call, remember that a rejection of your product or service is not personal. In most cases, agents refrain from making sales calls due to fear of rejection. If fear of rejection is keeping you away from active prospecting and making cold-calls, realize that no physical damage occurs as the result of a rejection, and also that the person is rejecting the service or product you offer and not you as a person. By developing these beliefs, and keeping resources for reassurance, you will be able to conquer your fears and get past the hidden obstacles that are hampering potential sales. (See the March 2010 Keller Center Research Report article on dealing with fear of rejection or call reluctance issues.)

Recommended Reading

Caramanico, Dan and Marie Maguire (2009), *The Optimal Salesperson*, Great Falls, VA: Linx Publishing.

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INSIDER: Selling to Giants

By Laura Tweedie, MBA Candidate May 2011

Sales management gurus, William T. Brooks and William P. G. Brooks, co-author an insightful novel entitled, Playing Bigger Than You Are: How to Sell Big Accounts Even if You're David in a World of Goliaths, which delves into the benefits to be gained from focusing on selling to "giants," or large corporations, within an industry. This book pertains to the real estate field in its exploration of small business capabilities to target these customers.

Think Point #1: Pursuing Giants: An Arena of Potential Success

Residential Real Estate agents may overlook the benefits to be gained from targeting large corporations. However, by expanding your focus to meet the needs of large corporations, you enter an arena where potential for success is greatly increased. Developing a strategy to capitalize on these benefits will primarily result in an increased client network. Compared to prospecting at the individual level, which may lead to that "one" sale, a single contact with a large company can lead to hundreds of individuals in need of your service. Overtime, as you develop a positive relationship with the businesses in your area, your prospecting work load is greatly reduced as the recommendation from your contacts brings you new business.

Think Point#2: Making Corporate Contacts

As an agent, work towards making a network of contacts who can serve as conduits to large pools of individual clients. First, identify and make a list of all the large corporations in your area. Hoovers (www.hoovers.com) is an excellent resource for developing such a list. Once you have developed your list, begin working toward making contacts within each company, working your way toward your target contact: Human Resource Managers. Human Resource Managers have access to many individuals within the organization who may be in need of real estate services. Imagine the benefit to be gained by becoming the go-to person for a large organization's relocation needs in your area. Another place to make business contacts is with your local Chamber of Commerce. Attend Chamber meetings, and seek out Chamber representatives who can place you in touch with key contacts. Making yourself and your services known to these contacts builds a bridge connecting you to the giant, as well as their constituents, and opens the door to the immense benefit of large account selling.

Think Point #3: 5 P's to Consider When Prospecting Giants

Prospecting to locate pertinent executive contacts can be an overwhelming task; however, the associated rewards make this a very worthwhile endeavor. As agents prepare to engage a giant client, Brooks and Brooks have identified five essential factors to consider: Preparation, Professionalism, Presentation, Proof and Performance. Mastery of each of these aspects, as they pertain to the needs of giant clients, will distinguish you from the competition that you may successfully compete for these valuable accounts. Specific considerations for each category include:

Preparation: When targeting a large client, it is imperative to have the background knowledge essential for facilitating communication and acceptance. Learn the language of the business; what are the industry buzz words, what phrases and concepts translate into value for the business? Research the company you are targeting by acquiring their financial statements and other relevant documents that can show you are knowledgeable and tenacious. Be prepared with knowledge regarding any current issues by scanning newspapers and online journals that have covered recent stories about the company. Think about how your business services can meet the specific needs of the company and be prepared to intelligently articulate these ideas.

Professionalism: When initiating a proposal with a large client, focus on how to make a positive first impression. Follow proper business etiquette rules paying special attention to promptness, attire, and follow up. Arrive to meetings early, dress in conservative business professional clothing, and follow through with deliverables as soon as possible. While it is important to appear friendly and approachable, avoid unnecessary small talk that can distract from your professionalism and call into question your capabilities and business skills.

Presentation: When preparing to make a formal presentation to a large client, practice is essential. Develop a presentation that is clear, concise, relevant and insightful to your client. Address industry- and company-specific needs and show how your services can create meaningful solutions for your client. Because time is a coveted commodity in business, keep your presentations as brief as possible always focused on measureable goals and specific actions.

Proof: Develop a portfolio of materials that demonstrate your credibility. This portfolio can include, but is not limited to: references, awards, articles, certificates and testimonials. Research has shown that offering this information *after* offering recommendations is an effective method for establishing credibility.

Performance: Delivering what you promise is an attribute that establishes your reputation as a reliable vendor within the business community. Therefore, only make promises that you are able to keep. Keep clients updated on your progress, and continually look for feedback from your client to measure how well you are meeting their needs.

Think Point #4: The Attributes Giant's Value Most

In order to successfully sell to large corporation, you must be in touch with their needs and expectations. Careful preparation and acute business knowledge is imperative to your success. The following characteristics, outlined by Brooks and Brooks, are extremely important in the corporate arena, and should be carefully considered when engaging the large client:

Excellence: Large corporations demand high levels of customer service and seek to engage with those businesses who demonstrate competence and professionalism. As you position yourself with respect to excellence, ensure that you have refined your image to appeal to a high-level executive. Brush up your knowledge about the client's industry so you will be attuned to their specific needs. Each interaction your client has with you or with your agency should leave a lasting impression that signifies quality work and a strong ethic.

Reliability: This aspect refers to the follow through of deliverables. Large businesses expect a superior level of commitment and communication and adhering to the goals and agendas outlined during client meetings is a must. Make sure that you have clear understanding of the client's goal for their business, and keep these goals at the forefront of every decision you make for this account. You must demonstrate that you are dependable and can be trusted. Make yourself available via several modes of communication and show flexibility in your willingness to meet your client's specific needs.

Responsiveness: Because large corporations recognize their critical value to you as a large account, their expectations regarding responsiveness are increased. Avoid putting such clients on hold or delay in returning phone calls. Make yourself as available as possible, showing that you value your client and that you are willing to go to great lengths to ensure their satisfaction. In reaching these objectives you will gain a competitive advantage over other contenders. Increased responsiveness means you will be more approachable, more user friendly and more likely to maintain excellent rapport with your valued client.

Flexibility: Showing willingness towards customization of your service will distinguish your business. Become experts in their industry, so that your recommendations will be pertinent and insightful. View yourself as a resource to your client, always seeking innovative approaches to fulfilling their needs.

Speed: By delivering quick results to your clients you set yourself apart from competitors who may be slow or inflexible to work with. Tune in to the immediate needs of your clients and make these areas top priorities.

Innovation: Provide a unique perspective on the client's industry by offering options they may not have considered. Keep in mind that finding ways to save your client money, while maintaining performance, will always place you in a favorable light. Stay in touch with the local buzz of your industry and think of ways to capitalize on creative approaches to integrating these aspects into increased business offerings.

Think Point #5: Sustaining the Giant Account

Laying the groundwork for winning a large account will be a meaningless pursuit if proper measures for sustaining giant accounts are not taken into consideration. Once you have achieved a giant account, you must continue to prove that your services are worthwhile. Letting down your guard not only jeopardizes the giant account you are currently working on, but also risks future big business by damaging your reputation. Continue to develop your strategic relationships with relevant key employees. Provide feedback to the corporate contacts on your success in solving employee real estate needs. Maintain a high level of reliability and excellence with each contact you engage, establishing yourself as competent and resourceful. Constantly look for ways to develop trust with your contacts and open lines of communication to stay ever vigilant in identifying future opportunities.

Recommended Reading

Brooks, W., & Brooks, W. (2010). *Playing Bigger Than You Are: How to Sell Big Accounts Even if You're a David in a World of Goliaths.* Hoboken, NJ: John Wiley & Sons, Inc.

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