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Keller Center Research Report

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What are Likes Worth? A Facebook Field Experiment

Daniel Mochon, PhD, Karen Johnson, PhD, Janet Schwartz, PhD, and Dan Ariely, PhD

Today's businesses are devoting increasingly larger portions of their marketing budgets to social media. In fact, a recent survey revealed that marketers expect to spend about 10% of their budget on social media in the coming year and expect that number to double over the next five years. In this growing social media marketing landscape, interacting with customers on Facebook is at the forefront of businesses' higher spending. However, despite the social reach and power of the social media giant and the tremendous resources businesses allocate to marketing through Facebook, businesses are not always able to understand or quantify the effects of Facebook marketing once customers log off of Facebook. In other words, little is known about whether Facebook page likes and content are really driving customers to engage and spend more offline.

Facebook pages enable both customer-initiated social interactions (word of mouth) and firm-initiated promotional communications (advertising). When functioning as an advertising platform, Facebook pages are just like most paid online advertising platforms where businesses post promotions and information to the news feeds of customers who follow their page. Businesses can further the reach of these posts by paying to put them on customers' newsfeeds. Facebook pages can also function as an online word-of-mouth platform where customers themselves initiate interactions (likes, shares, comments) with the brand and other customers, and as they do this, they generate buzz that spreads organically through the social network. Research shows that both paid advertising and organic word of mouth can be effective and lead to increases in sales and repeat purchasing.

These similarities aside, marketing through Facebook pages also differs from traditional advertising and word of mouth in some important ways. Most notably, it relies on garnering coveted Facebook "likes," where customers first opt-in to receive a brand's promotional content by liking its page. This means that customers who like a brand are a self-selected group who may have been more likely to engage with the brand anyway. That is, we cannot tell whether liking the Facebook page causes greater engagement or greater engagement causes people to like the brand's page. To answer this crucial question, we set out to test the value of a like by inviting a

random subset of a brand's newest customers to like their Facebook page and then tracked their offline behavior. This allowed us to see whether a brand's fans behave differently depending on whether they like the Facebook page. Second, we explored whether newly acquired page followers were changing their behavior because of the effect of word-of-mouth or traditional advertising.

In collaboration with Discovery Vitality, an incentive-based health and wellness program offered by the private health insurer Discovery Health, we developed a simple experimental method that measured the effect of acquired Facebook page likes (i.e., page likes solicited by the firm) on customer behavior. At the same time, our experiment leveraged Facebook's content filter to test how the content was reaching customers. Our results showed that inviting customers to like Vitality's Facebook page increased their brand engagement offline—customers who were invited to like Vitality's page were more likely to do healthy things that earned them Vitality points than customers who were not invited to like the page. We also found that likes were most effective when Vitality paid to boost their Facebook page posts. That is, Facebook marketing works better as a platform for paid advertising than online word of mouth.

Our Study

We ran our study in collaboration with Discovery Vitality, a wellness program whose structure is similar to that of loyalty programs. Vitality customers earn points for healthy behaviors, and an accumulation of points leads to higher status levels, which, in turn, lead to greater benefits and rewards. Discovery Vitality's Facebook page was designed to create a community around the Vitality program by promoting healthy behaviors, and thus increasing engagement and loyalty.

We targeted brand new Vitality customers because they were less likely to have already liked the Vitality Facebook page and might be open to an invitation. We sent an email to new customers inviting them to complete an online survey about the relationship between Facebook and health behavior. At the end of the survey, we randomly selected some of the participants to receive an invitation to like this page. This basic A/B test allowed us to compare the Vitality points activity of customers in the treatment condition who were invited to like the Vitality Facebook page to customers in the control condition who were not invited to like the Vitality Facebook page. Customers who liked the page were exposed to Vitality's Facebook page content and could interact with it whenever they logged in to Facebook, exactly as they would with any other page they liked.

Our study consisted of a six-month experiment. During the first four months of the experiment, Vitality simply posted their Facebook content and let customers do the rest. During the last two months of the experiment, Vitality paid to boost two posts per week. In addition to testing whether Vitality customers who liked the page were more active than those who did not like the page, this design allowed us to see whether Facebook liking influenced people via word of mouth or advertising.

Our Findings

Most of the customers we invited to like the Facebook page went on to do so. The invitation was particularly appealing to new customers who were relatively active on Facebook and involved in the Vitality Program. We also found that customers were sensitive to how we framed the invitation to like the Facebook page. Vitality's newest customers were more likely to accept our invitation to like their Facebook page when the message focused on not missing out on valuable Vitality program rewards.

Overall, when we compared the Vitality points activity of the treatment group to the control group, we found that those who were invited to like the Facebook page showed an 8% increase in monthly Vitality points activity over those in the control group. We also found that the increase in customer activity was specifically due to advertising and not word of mouth. That is, liking Vitality's Facebook page only increased customer engagement during the last two months of the study when Vitality paid to boost two posts per week. During the first four months, customer engagement did not generate enough word of mouth to show an overall increase in points activity.

Implications

The fact that the majority of Vitality's customers agreed to like the page in response to a simple request suggests that our methodology is viable for both initially acquiring Facebook likes and later measuring their impact on customer behavior. Our results also indicate how sensitive the liking process is to small descriptive changes to the invitation. Most importantly, our results show that acquired likes can translate into offline behavior change and that Facebook pages are most effective when used as a platform for firm-initiated promotional communications, that is, a form of traditional advertising rather than a platform for social interactions.

With regard to the effect of a like specifically, we found a large effect of page liking for low-involvement customers. That is, Facebook likes were especially effective at engaging customers who reported being relatively unengaged with the Vitality program prior to liking the page. We believe the reason why the information shared on Vitality's Facebook page mainly affected low-involvement customers is that Facebook posts are typically targeted at a broad audience. Therefore, these posts contained general brand information, which highly involved customers were likely to already know but that low-involvement customers were not.

Furthermore, the effect of acquired page likes also depended on Facebook activity levels, with the strongest effect for the customers who were relatively less active on Facebook. This suggests the possibility that news feed clutter has become a real impediment to reaching customers. Those who spent more time on Facebook and also tended to like more pages, showed little to no effect of liking the firm's page. This was true even when posts were boosted, which should be factored into budget considerations when estimating the cost to reach customers of Facebook.

Conclusion

Our methodology is easily applied as is. You or your brokerage can simply send e-mail invitations to a random subset of clients asking them to like your or your brokerage's Facebook page, and then compare the behavior of the 'invited' group to the control non-invited one. Most importantly, do not assume that clients who have not previously liked your page are not interested in engaging with you on Facebook. A simple invitation to like the page is very likely to yield desirable results.

In conclusion, our research demonstrates that Facebook page likes are relatively easy to acquire and can cause a measurable and positive change in customers' offline behavior. However, acquiring page likes does not guarantee increased brand engagement. You must pay for ongoing reach because Facebook pages are most effective when used as a platform for firm-initiated promotion communications—that is, when Facebook is treated as another traditional advertising platform. Therefore, our findings suggest that, as an agent, you should think of resources devoted to developing and managing a presence on Facebook much as you would any other traditional media tool in your marketing mix.

Recommended Reading

Mochon, Daniel, Karen Johnson, Janet Schwartz, and Dan Ariely (2017), "What are Likes Worth? A Facebook Page Field Experiment," *Journal of Marketing Research*, 54(2), 306-317.

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Dr. Daniel Mochon's (PhD – MIT) research focuses on understanding how the biases inherent to people's decision-making processes affect their judgments and choices, and examining the practical implications of these biases for business and policy. His research spans many practical domains, including financial decision making, health, and online behavior. It has been published in top business and psychology journals such as *Management Science*, *The Journal of Marketing Research*, *The Journal of Consumer Research, The Journal of Consumer Psychology* and *Psychological Science*. His research has also been featured in various media outlets, such as *The Atlantic, Forbes, The New York Times, NPR,* and *Wired*.

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Pricing Strategies: The Difference of a Digit

Lingjiang Lora Tu, PhD and Chris Pullig, PhD

If you've ever driven through Southern California, Nevada, or Texas, you've probably driven past a 99 Cents Only Store. These stores operate under the theory that people are more attracted to prices ending in 9 than a round 0. This is not a new concept—businesses have been using this nine-ending price effect and other persuasive pricing techniques for decades. But are there ways that this phenomenon may be magnified or mitigated?

In real estate, it is universally agreed that strategic pricing plays a huge role in determining how quickly a house will sell; yet there are still questions on how pricing affects different people, especially those with different cultural backgrounds. Does the way people think make them more or less susceptible to nine-ending pricing? In this article, we look at several studies conducted to determine the following:

1. The effectiveness of nine-ending pricing on analytic versus holistic thinkers
2. Whether mental load cancels out the effect of thinking style on pricing

What is Thinking Style?

Analytic and holistic thinking styles have been found to affect consumers' perceptual judgment and memory (Nisbett et al. 2001). The analytic thinker tends to pay more attention to focal issues and ignore the background information. They see separate details of complex problems instead of the connections between the details. On the other hand, the holistic thinker pays attention to both the focal issue and the context in which the focal issue is embedded. They understand complex problems by recognizing interconnectedness between elements.

The Effect of Holistic vs. Analytic Thinking Style on Pricing

A consumer with an analytic thinking style tends to view the digits within a price as separate and independent. Their brains process the multi-digit price information digit by digit with a focus on the left most digit. This is called *left-digit anchoring*, making the consumer more susceptible to nine ending pricing (Manoj & Morwitz 2009).

In contrast, a consumer with a holistic thinking style tends to view all the digits in a price as interdependent, with each digit being an inseparable part of price information. That is, their brains process a price of $299 more holistically as a number line that is close to the number line of $300. Therefore, a holistic thinker doesn't think of a 9-ending price as much smaller than a round price one unit higher.

In our first study we examined the effect of thinking style on nine-ending prices with Chinese consumers who are culturally holistic thinkers (Chua 2015). Participants were grouped into two categories: high and low holistic thinkers. Participants were then asked to rate the price of a pen ending in nine against the price of a pen ending in zero.

Results showed that the low holistic thinkers perceived nine-ending price as lower than the zero-ending price. In contrast, the high holistic thinkers did not perceive a difference. Results from this study provided evidence that thinking style impacts the nine-ending price effect.

In our second study, we aimed to replicate the results of study one with American consumers, who are culturally analytic thinkers. Participants were again grouped into high and low-analytic thinkers and tested on the effectiveness of the nine-ending price effect with the perceived price of pens.

Results showed that for analytic thinkers, the price of the pen with a nine-ending price was perceived as significantly less than the pen with a zero-ending price. This confirmed our hypothesis that analytic thinkers are more susceptible to nine-ending price effects.

Mental Load Effects on Pricing

Our brains have a finite amount of cognitive resource. When our senses are overloaded we experience adverse effects in our thought processes. The third study was designed to understand how the nine-ending price effect is affected by the presence of time pressure and cognitive load. We found that holistic thinking is more effortful than analytic thinking. When under time pressure or cognitive load, holistic thinkers respond to the nine-ending prices the same way as analytic thinkers. That is, the nine-ending price effect was more prounnounced when consumers are under high levels of time pressure and mental stress, regardless of thinking style.

In other words, when individuals are under time pressure or cognitive load (i.e., with limited cognitive resources), both holistic and analytic thinkers will be subject to the nine-ending price effect. In the real estate context, the buyer who is stressed or burned out would be more significantly affected by the nine-ending price effect.

Implications for the Real Estate Industry

When applying this research to the real-estate context, it's most important to consider the buyer's perspective. What thinking style are they most likely to possess? Analytic buyers will be more

focused on specific property details, while holistic thinkers will be more concerned with the big picture.

At point of sale, marketers are able to influence price evaluation by considering the effect of mental load on thinking styles. Given the results of this research, nine-ending price effects might be more effective where consumers have limited cognitive resources. For example, when considering an open house, how much stimuli is the buyer receiving at once? Is there music playing in the background? How much information is the consumer trying to process at once? These have an influence on how effective pricing strategies will be.

Conclusion

Learning to effectively price is an invaluable tool in the real estate industry. The better you understand how your prospective buyer processes information, the better you will be able to price listings. It is important to remember that these findings have key implications for segmentation strategies and marketing communications. Identifying holistic and analytic thinkers in regional and local markets can help boost the effectiveness and predictive accuracy of listing prices.

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Boundary Conditions of Ethical Leadership: Stress as a Potential Inhibitor

Matthew J. Quade, PhD, Sara Jansen Perry, PhD, and Emily M. Hunter, PhD

What are the differences in working for an ethical versus unethical leader? How do your perceptions change if you feel inhibited in your work by an ethical leader? We study the relationship between ethical leadership and employee deviance and turnover intentions, considering the role of hindrance stress from the leader and the job. We find that ethical leaders who also impose additional demands (either from their own role as leader or allow those demands to exist in the employee's job) are perceived to miss the mark in providing proper social support, and as a result, are likely to have deviant or withdrawing employees.

Ethical Leadership in Employee Deviance and Withdrawal

Ethical leadership is "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown, Treviño, & Harrison 2005). On one hand, this type of leader is seen as fair, honest, and trustworthy in his or her personal character (Treviño, Brown, & Hartman 2003; Treviño, Hartman, & Brown 2000). On the other hand, however, ethical leadership also reflects the degree to which the leader explicitly promotes ethical behavior among followers, through rewards and discouragement of unethical behaviors (punishment). It is believed that ethical leaders influence their followers' behavior through social learning (Bandura 1977, 1986; Brown et al. 2005), as employees learn how to behave ethically in the organization via role modeling from their leader. In general, we expect that ethical leaders, through role modeling, resource provision, and their apparent sincere concern for employees, foster less deviant behavior or withdrawal among employees. However, there have also been studies with mixed findings on this relationship (Detert et al. 2007; Miao et al. 2013), suggesting the need to further investigate boundary conditions concerning the efficacy of ethical leadership.

Hindering Forms of Stress

Certain detrimental factors tied to the leader may potentially weaken or even reverse the benefits of ethical leadership, providing some insight on these mixed results (Babalola et al. 2017; Stouten et al. 2013). We focus on hindrance stress because this form of stress may work directly against the benefits that ethical leadership otherwise represents. Hindrance stressors are demands or obstacles that constrain individuals from reaching desired goals (e.g., bureaucracy, ambiguity, conflict; Cavanaugh et al. 2000). Hindrance stressors can come from any source, including the leader or the job itself. Employees experience a stressor as a hindrance when it drains resources, resulting in little reward for effort (Hobfoll 2001). The accompanying negative affect (e.g., anxiety or frustration) that arises from hindrance stress can further drain resources as individuals cope with those emotions (Edwards et al. 2014), leaving individuals with inadequate ability to meet future demands, and decreased motivation and engagement (May et al. 2004). Meta-analytic data demonstrates that employees facing hindrance stressors tend to withdraw from their work (Crawford et al. 2010), and other research has linked this type of stress to lower job satisfaction, greater deviance, and more turnover (Cavanaugh et al. 2000; Peters & O'Connor 1980; Pindek & Spector 2016). We expect that hindrance stress from either the leader or the job will create detrimental (rather than beneficial) effects of ethical leadership on employees, and we expect the most detrimental effects when both forms of hindrance stress (supervisor-induced and job) are present.

Social Support as an Intermediary

One explanation for these expected relationships is social support. Namely, employees who report to an ethical leader, and also experience few hindrance stressors in their work, may perceive more social support in that work environment, and thus are less likely to engage in deviant acts or develop intentions to leave the organization. Social support is the provision of work-related instrumental and/or socio-emotional resources (e.g., assistance on a task or listening sympathetically to a coworker's venting) from anyone in the work environment, intended to make a positive impact on the recipient (Nahum-Shani & Bamberger 2011). When an employee experiences high levels of hindrance stress however, we expect that ethical leadership will impose additional demands on the employee to act and behave according to a narrow set of standards, and thus, employees are likely to perceive a less supportive work environment. This, in turn, is likely to lead to more deviance and withdrawal.

Findings

We conducted two independent studies with full-time working adults, both using the online survey service, Qualtrics Panels. In Study 1, we surveyed 306 employees (52% female, average age = 45.7 years, average weekly work hours = 42, and 82% non-minority, and average organizational tenure = 11.6 years; 67% earned $75,000 or less per year). In Study 2, we included 299 employees (50% female; average age = 47.2 years, average weekly work hours =

42, 82% non-minority, and average organizational tenure = 11.4 years; 75% earned $75,000 or less per year).

The results support our predictions, suggesting that increases in ethical leadership are most likely to be associated with deviant behavior when employees experience hindrance stress from both the leader and the job itself. Turnover intentions were also the highest among employees who experienced stress from both sources, but this did not depend on the level of ethical leadership. In contrast, employees perceived the most support in their work environment as ethical leadership increased, as long as those sources of stress were low.

Real Estate Application

Ethics are clearly an important consideration in the real estate industry, and our findings shed light on how ethical leadership might be most effective in deterring unwanted behavior. Sales managers and their bosses are not likely to get good results if they espouse ethical values but then also fail to protect their employees from the hindering stressors of daily work life. Thus, these leaders are encouraged to find ways to remove stressors, and when that is not possible, to equip and empower employees to handle those forms of stress (e.g., red tape, ambiguity), instead of adding to it. Furthermore, we alert managers to the likelihood that salespeople may withdraw from the organization in the form of wasting time or psychologically checking out. Even worse, they may impose intentional harm to the organization if they feel they are over-burdened with hindering stressors even when they have a supposedly "ethical leader."

Based on the findings of this research, we encourage leaders in real estate firms to pay careful attention to individual agents' well-being. Consider implementing an employee feedback mechanism or hosting one-on-one or group feedback sessions, and encourage agents and administrative employees to voice day-to-day concerns to identify stressors. Managers should follow through on addressing needs and creating social support to encourage employees and to protect the firm from employee withdrawal.

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Salesperson Ambidexterity and Customer Satisfaction

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While sales productivity will always be paramount to a competitive advantage, now, more than ever, salespeople must also focus on service quality and effectiveness to meet increased customer demands (Bowen & Schneider 2014). To remain competitive, salespeople must provide excellent service while still reaching their sales quotas (Agnihotri et al. 2012; Ahearne, Jelinek, & Jones 2007). When these two ideas converge, sales-service ambidexterity is achieved. But how can sales managers encourage their sales associates to reach this medium? And what difficulties will sales associates experience along the way?

Our Study

Because sales and service goals can often be inherently at odds with each other, we focused on the possibility of both positive and negative effects. Building from control theory and resource allocation logic, we developed a model that tested two main questions. First, does sales-service ambidexterity enable salespeople to better customize and tailor their interactions to customer needs? Second, do these dual expectations yield an internal inconsistency or erratic shift of work focus?

Our research examined whether ambidexterity enabled one of the most prized behaviors in the salesperson's arsenal (i.e. adaptability), yet created the opportunity for discontent with one's role (i.e. role conflict). In addition, we incorporated customer demandingness as a contingency variable (Jaramillo, Mulki, & Boles 2013) to help shed light onto how customer expectations shaped these relationships. Customer demandingness, as a moderator, provided insight into whether an exacting customer environment strengthened or weakened the relationship between ambidexterity and both the positive (adaptive selling) and negative (role conflict) outcomes. Further, we use control theory to understand the underlying rationale for the dual outcomes emanating from the salesperson's level of ambidexterity. The theoretical framework highlights the means by which individuals allocate resources toward multiple, simultaneously held goals (VandeWalle et al. 1999), as well as the downside of such a resource allocation.

We employed an international market research company to collect salespeople and customer data across a wide range of B2B companies and industries. The sample of sales professionals was randomly chosen from a group of targeted companies. Each salesperson provided a list of his/her customers, from which we randomly selected one name and invited his or her participation. The customers were asked to report their satisfaction with the salesperson.

Findings & Implications

The results of our study showed a positive relationship between sales-service ambidexterity and adaptive selling behavior. Likewise, there is a positive relationship between sales-service ambidexterity and role conflict. A working relationship driven by the integration of pushing sales growth while maintaining high levels of customer service provides the seller with a solid foundation for dealing with a variety of customer types and needs. Those sellers who experience lower levels of role conflict (or simply handle role conflict more efficiently) are better suited for adaptive selling at the discretion of their customers.

Our research also found a statistically significant negative relationship between role conflict and customer satisfaction for the salesperson. This makes sense in that, as the level of role conflict experienced by the sales person increases, s/he may find difficulty in adequately satisfying the needs of the customer. Connected to this finding, we uncovered a positive relationship (non-hypothesized) between ambidexterity and customer satisfaction. The level of role conflict in these relationships served as the determining factor for overall customer satisfaction.

We examined the effect of customer demandingness on the relationships between both ambidexterity and adaptive selling as well as ambidexterity and role conflict. The findings show that customer demandingness interacts with sales-service ambidexterity to positively impact adaptive selling behavior and role conflict. The more demanding a customer group is, the more role conflict a salesperson experiences, thus encouraging higher levels of adapting selling behaviors.

Application

Organizations are striving to implement overarching corporate strategies that focus on both service provision and sales generation. Firms that demand that their salesforce excels in both sales and service may find a series of positive and/or unexpected outcomes (Mittal et al. 2005). The key for managers is to understand their firm's strategic objectives and how best to structure their salesforce to reach these objectives. For instance, in our research, salesperson ambidexterity impacted both adaptiveness (a positive outcome) and role conflict (a negative outcome). Thus, the adoption and organization-wide embrace of ambidexterity warrants careful consideration. We submit that firms must articulate the role of the salesforce. Will it be tasked with role specialization or role ambidexterity? The key for managers is to understand their firm's strategic objectives and how best to structure their salesforce to reach these objectives.

Second, if the firm requires ambidexterity from its salesforce, this undoubtedly entails a rearrangement of employee priorities and resources (Piercy 2010), as well as the acquisition of additional competences among salespeople (Kindström, Kowalkowski, & Alejandro 2015). Hence, organizations expecting greater ambidexterity from their salesforce should proactively consider the investment required for training their sales teams while acclimatizing their managers to the shift in strategic focus (Kauppila, Rajala, & Jyrämä 2010).

Third, the relationship between salesperson ambidexterity and role conflict should be highlighted. Hence, increasing expectations of ambidexterity placed on the salesforce may impose a physical and psychological toll on employees, which eventually manifests itself with negative performance effects (Gibson & Birkinshaw 2004; Jasmand, Blazevic, & de Ruyter 2012). Thus, the sales manager needs to understand how to equip his/her salesforce to meet the resource demands required by ambidexterity. The properly equipped salesperson may be more able to effectively manage his or her resources to meet the demands inherently required of ambidexterity.

Fourth, managers should be mindful of the market environment in which their salesforce operates. The customers who possess greater expectations from their ambidextrous salesperson actually facilitate higher levels of adaptive selling techniques. Alternatively, the more demanding the customers are, the greater the role conflict experienced by the ambidextrous salesperson. With this knowledge, managers could proactively work with their ambidextrous salesforce to mitigate role conflict. When the sales manager becomes aware that a salesperson is serving a customer or group of customers with increasing demands, the manager could either: (a) provide the salesperson with proactive support to reduce role conflict or, (b) potentially transition the customer to a salesperson who better handles role conflict. By reducing the opportunity for role conflict, the manager would effectively be increasing the potential for customer satisfaction with his/her salesforce.

Conclusion

Because firms must balance revenue generation with customer retention, salespeople are expected to maintain multiple goals and behaviors, namely sales generation and service provision. Our research examined how sales-service ambidexterity can address this new business landscape. We applied control theory and resource allocation logic to examine the possible

friction stemming from sales-service ambidexterity. We modeled and tested customer-salesperson dyadic data to offer an empirical examination of how this friction manifests through both positive and negative outcomes.

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The Influence of Political Skill on Sales Outcomes

Jie Li, PhD, Gong Sun, PhD, and Zhiming Cheng, PhD

To maintain competitive advantage in the marketplace, salespeople must be able to influence customers and prospective customers through persuasion, negotiation, or coalition. This ability is known as political skill. Not only do managers employ political skill, but they also expect salespeople to act politically. In other words, salespeople should effectively understand others and promote interpersonal understanding. By doing so, salespeople proactively engage in the process of creating interpersonal effectiveness and social capital. It is widely recognized that political skill enables employees to secure valuable resources within their own companies and to promote positive outcomes with customers.

In this study, we focus on salespeople specifically, recognizing their job tasks and processes vary significantly from other roles. Salespeople typically drive the bottom line more than other staff because of their direct effect on sales. In fact, some customers may purchase products or services because of their relationships with salespeople rather than their relationship with the company. Due to this phenomenon, a salesperson's political skill determines their work outcomes, and because of this, companies are focusing more on their salespeople's political skill when hiring and developing employees. In this study, political skill is measured by how much respondents agree with such statements as "I spend a lot of time and effort at work networking with others," and "I am good at getting people to like me."

What is Salesperson-Customer Guanxi?

We use the Chinese word *guanxi* a great deal in our study because it encompasses an idea not easily expressed in one word in the English language. Guanxi is commonly translated as "relationship," but this is insufficient because relationships can be positive or negative; however, guanxi can only be categorized as positive. Guanxi refers to the quality of interactions between buyers and sellers and involves the exchange of trust. It is essentially the realm of influential relationships that facilitate business and other dealings. In Chinese culture, guanxi regulates social interactions. For centuries, the need to establish and maintain harmonious relationships has created a reciprocal system of trust and favors between individuals. As a fundamental principle, guanxi plays a huge role in social interactions as well as individual and firm performance.

Buildup of Salesperson-Customer Guanxi, Political Skill, Access to Resources, and Work Outcomes

Political skill reflects individual differences in one's ability to understand and navigate the interpersonal fabrics within organizations and between salespersons and customers. In definition, it is the ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one's personal or organizational objectives. Politically skilled employees can influence others to enhance their personal image, prestige, and personal objectives through interpersonal interactions. Because of this, political skill can lead to positive work outcomes such as job performance and satisfaction, and career growth. Since politically skilled employees appear as having greater integrity, sincerity, and genuineness, they are more likely to have better social networking abilities that are critical in achieving work goals. Such networking abilities are crucial in the development of relationship ties, which are the building blocks of social capital. Because internal resources such as information, money, and materials are located at the workplace, political skill enables employees to gain greater access using their networking abilities. Thus, politically skilled employees are more likely to obtain valuable resources, which is especially helpful for salespeople in finding ways to better serve customers. Unlike internal resources, salesperson-customer guanxi is derived from meaningful social exchanges between salespeople and customers.

Politically skilled salespeople understand that their interactions with customers are opportunities to benefit their sales performance, so they are motivated to proactively interact with customers and build guanxi. Additionally, those with a high level of political skill effectively observe and understand their customers' needs. Access to resources is a key factor in job performance. Employees use resources, including capital, materials, information, and time, to achieve their personal or organizational goals. Thus, their performance relies heavily on their ability to acquire organizational resources. Employees with higher levels of access are more likely to experience being empowered and comfortable, thus they are motivated to perform well.

Our Study

In our study, we approached this process of building trust from a resource perspective. The phenomena of relationship orientation in China differs somewhat from relationships in the West. For example, Chinese salespeople have an extremely strong motivation to interact with customers, even after work hours. It is considered normal in China for work and social relations to overlap. We propose that in this context, political skill enables salespeople to uncover and utilize internal and external resources, which in turn enhance their sales performance and overall job satisfaction.

We also propose that the interaction of internal and external resources shapes and constrains salespeople's work outcomes. Internal resources refer to salespeople's access to organizational resources and external resources refers to their build-up of salesperson-customer guanxi. To

examine these factors, we analyzed data collected from over 200 salespeople in China. The results gave us valuable insight into important aspects of sales and the relationships between various elements of relationship building and business success.

Application to Real Estate Professionals

Our model highlights the importance of the build-up of salesperson-customer guanxi to the success of salespeople and their organizations. This article examines the effect of political skill in the sales context and helps draw several conclusions which can be directly applied to the real estate field. What we found was that active efforts to build and improve the seller-customer relationship are crucial to a business's long-term success. Through our research, we found that it paid dividends in the form of higher sales, higher customer retention rates, and higher overall job satisfaction. Real estate agents, more than any other type of salespeople, must realize how vital positive relationships with their clients are to their professional success.

It is seven times more expensive to take on a new customer than to keep an existing one, and research shows that over 80% of those customers are willing to pay more for an enriched and personalized experience. This research shows how important it is to pay attention to what customers want. If agents concentrate efforts on building constructive relationships with clients, they are much more likely to be trusted with not only the initial sale but all of the client's future real estate endeavors and their recommendations to others. Instead of just focusing on short-term goals such as monthly sales, the best agents work to foster long-term customer loyalty, which drives future growth and profitability. The idea behind this is building a foundation of reciprocal trust so customers feel a personal connection to you as an agent. If you can accomplish this, you have effectively differentiated yourself from other agents in your area and set yourself up for success in real estate.

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Maximizing Your Social Media Marketing

Kevin Pettit, MBA Candidate

Social media is an extension of your business and is an effective tool that can be used to enhance and strengthen your brand. If used improperly, however, it can undermine your credibility.

Whether your firm is new to social media or a regular contributor, do not half-heartedly invest in social media. It is better to do without social media accounts than to post substandard content just for the sake of being online. Social media content should be the same quality as your other marketing efforts in order to maintain a consistent brand. This seems elementary, but every day thousands of second-rate social media business accounts are born.

Generating Valuable Content

The cornerstone of social media mastery is producing content that people actually want to see. If your post is perceived as valuable to users, they will interact with it by sharing or liking it. This multiplies the reach of your post by creating new entry points for search engines and users outside of your direct sphere of influence. Not only have *your* followers seen it, but because they shared or "liked" the content, your post has now been published to *their* network as well. This is especially important when you are new to social media, as it takes a considerable amount of time to build a large base of direct followers.

At its core, social media is a tool to help bridge the communication gap between you and your potential clientele, but it's also important to understand social media is a portal for two-way communication. Listen to your followers. Many businesses fail to simply listen to their followers and miss out on valuable feedback from customers. Monitor your account's page replies and inboxes for customers voicing concerns or asking constructive questions. These are great opportunities to build relationships with clients and set yourself apart from the competition. Make sure to reply to all serious inquiries and do so in a respectful way. Social media is no excuse to be overly casual. Remember, you are representing and producing content on behalf of the business, not as an individual.

Producing quality content is something that seems so simple, but few businesses intentionally concentrate on it. A common mistake for new business accounts is over-posting new content to

seem relevant (Norcross 2018). Quality over quantity is the golden rule in social media, and the easiest way to alienate followers is by posting sub-par, repetitive content. Businesses that push for every social media post to produce sales often make this mistake. This is not a realistic ambition and will hurt your long-term social media goals. Instead, focus less on conversions and more on generating genuinely valuable content for your followers. A good rule to follow is the 80/20 rule: 80% of your content should simply be lifestyle posts relevant to your clientele, such as tips for preparing to move, things to look for during a house walk-through, or even home decorating tips. The remaining 20% of posts should be specific to your business. Within that 20%, try to incorporate more than just listings; instead, focus on content, such as success stories of clients. While 80% might seem like wasted effort, posting more generalized information adds value to the user and will build rapport for your page.

Developing a Content Strategy

To effectively produce quality content, the formatting of your posts should not be sloppy or deflect attention from the actual content of the post. To accomplish this goal, develop a content strategy, which outlines the parameters for an effective post and helps minimize differences across platforms. The first element of your strategy should be to couple a graphic or image with every post. Studies show that social media posts with some form of graphic consistently outperform posts (in terms of clicks and views) that only contain text. Essentially, a graphic enhances the user's interaction with it and helps visually differentiate your post from others that may show up on the same feed.

The lifeblood of your content strategy should be the look and feel of your posts. Having an inconsistent look and feel across different social media platforms is a common mistake, and, while there should be slight differences in the content you post on Twitter as opposed to Instagram, your messages should still look and feel synchronized across all platforms. One look and one voice show a unified, cohesive strategy. Identify a theme for your social media, including a color scheme, photography style, photo editing style, and voice of accompanying text. An effective content strategy should produce quality content that feels like it came from the same author across platforms and over the years. This is the voice of your brand, so once you have formulated a sound strategy, you need to trust it to be effective over time. Success never happens overnight and the same goes for building a strong social media following.

When pushing out content to different platforms, make sure you are varying the content slightly. There is a delicate balance between appearing disorganized by having fragmented content and sterile by having identical content on all sites. The solution to this problem is to organize your potential posts into two tiers. Tier one posts are the most important posts that have taken more time to develop, and the tier two posts are the less significant "filler" posts. The content in these tiers will vary depending on your business and what you identify as important. Tier one posts should be published across all platforms with no distinction. The gaps between tier one content

can be filled with tier two posts, which should vary slightly across platform based on your unique audience.

Another way to fast-track your success on social media is the effective utilization of hashtags. Hashtags turn regular text into keywords or categories that are searchable and may become memorable. When used properly, hashtags will expand the number of places your post is linked online. Spend some time identifying hashtags that are relevant to the content you are posting, your business, and your clientele. Examples of relevant hashtags are #realestate and #dreamhome. Avoid the common mistake of adding a paragraph of hashtags to your posts. You only need a few to be effective, and, for most posts, one to two hashtags should be enough. While posts on Twitter and Instagram that contain hashtags tend to get twice as many views as those without, studies have shown that Facebook posts with hashtags tend to perform worse than those without. This is a great example of why the content on different platforms should be treated differently.

Leveraging Social Media with Add-on Tools

Mastering social media may seem overwhelming, but there are several extra tools to help you be more efficient and effective. The top tools you should use to harness the power of social media are platform organization software, custom advertising tools, and on-site insight statistics.

The first tool, a social media management platform, allows you to plan social media content for all platforms. Think of it as a dashboard. In the management system, you have access to Facebook, Twitter, and every other account you run. You can upload images and content and schedule the time and date of each post. Real estate is an extremely demanding field and requires all the attention you can afford to give. This tool allows you to keep posts consistent throughout the day and maintain a consistent messaging schedule.

The second tool is social media advertising. Although social media advertising is infamous for becoming very expensive very fast, it is too effective a tool to be written off immediately. Social media ads are only expensive because they are frequently misused. Selective social media advertising features allow you to target very specific populations. For example, you can choose to run an ad only for females, age 24-28, who are living within a certain radius of a given address. When you take advantage of the sophisticated tools available and narrow the target market, the cost of the campaign drops dramatically. In addition, you can target only those who share the characteristics of your target audience.

The third tool is social media analytic reports. Every social media platform has an analytics tool, but let's explore Facebook's robust statistics program. Essentially, as a business account administrator, you have access to large amounts of data, mostly for free. You can access detailed reports about who you are reaching, which of those demographics are most frequently interacting with your content, and what days and times are most effective to maximize your reach. In essence, the platform conducts your market research. This data allows you to see exactly who is viewing what content and when and how they reacted to it. Data analytics help pinpoint what you should post, what time you should post, and where you should spend your marketing dollars to get the best results.

Avoiding Common Mistakes

Even when following best practices for social media management, some businesses may make common mistakes. The following mistakes undermine the power of your social media, but they are often easy to correct:

- No link to the business website on social media profiles
- Inconsistent graphical approach
  - Low resolution photos
  - Different sized photos
  - Unpleasant lighting that downgrades images
  - Excessively long and distracting captions
- Lack of profile picture, background or description
- Improper use of newer or lesser used social media platforms such as Snapchat and YouTube (Quesenberry 2018)

Conclusion

The single most important factor in the success of any real estate professional is brand recognition. Most buyers prefer familiarity with their agent through word of mouth, prior buying experience, or online reviews or referrals. A strong social media presence is critical for efforts to cultivate relationships with potential clients and build credibility in the public eye. Effective use of social media platforms will help convert views into sales, retain those clients over long periods of time, and build a lasting business.

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INSIDER: When—The Scientific Secrets of Perfect Timing
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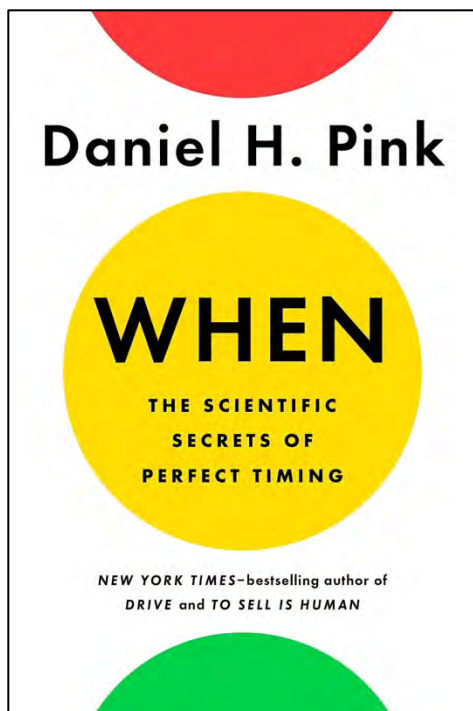
Opportunity comes when it's good and ready. As business professionals, it is our job to seek out opportunity and prepare to take advantage of it. But much like lyrics to the infamous Dr. John song, how often do we find ourselves saying, "I been in the right place, but it must have been the wrong time"?

In his book, *When—The Scientific Secrets of Perfect Timing*, Daniel H. Pink reaffirms the idea that "timing is everything" and provides practical applications to incorporate in our daily lives. Through anecdotal discourse and scientific research, Pink imparts a better understanding of what time means to us, why each component of time is important, and how we can get the most out of each part and ourselves.

THINK POINT #1: Understanding the Day

Ruled by the sun, human existence has adhered to the morning, afternoon, and evening cycle throughout history. We rise and fall with the innate idea that the earth's rotation governs our days. Contrary to this notion, Pinks submits that the day is comprised of a less tangible cycle that greatly impacts the way that business professionals perform. Guiding our thoughts, actions, and energy levels is a cycle the author describes as the peak, the trough, and the rebound.

The *peak* is the portion of each day where a person experiences their optimal emotional point. The mind works almost flawlessly, allowing us to reach our greatest potential for task execution. The peak is followed by the *trough*, a time of mental fatigue or despair that renders us incapable of superlative performance. This experience encourages our bodies to enter the *rebound* stage in order to recover and prepare for the next cycle. Through sociological research, Pink found that this daily cycle held up across all individuals, regardless of age, sex, ethnicity, etc. From viewing the description of each stage, you may be well aware of its existence in your own life. But what exactly does it mean to you? And how are you able to utilize this knowledge in order to perform better in the field of real estate?

To answer this question, you must first know your bird type. Are you a lark, an owl, or a third bird? Sounds funny, right? Pink's book provides these avian categories to define the way each type of person experiences his or her daily cycle. Each bird represents the biological rhythms of a person's sleep cycle on "free days," or days where responsibilities are limited and we have the

capability to wake up whenever we'd like. Larks are the early birds, rising promptly and feeling energized during the day but wearing out by evening. Third birds follow suit with a slightly later start time. Each of these categories follow the peak, trough, and rebound cycle detailed above. Owls, however, have a flipped schedule, feeling energized in the evening, rebounding, and starting the day with the trough. Whatever bird you may be, as Pink says, "figure out your type, understand your task and then select the appropriate time." Following the cues of your daily cycle will allow you to be more productive, getting the most out of yourself and your day. Organize more thought-intensive work during your peak, save simple tasks for your trough, and thoughtlessly trudge through the more monotonous tasks during recovery.

THINK POINT #2: Beginnings, Midpoints & Endings

Following the cycle of your day (and learning how to get the most out of it) is paramount to finding success as a business professional. Taking this idea further, understanding the cycle of life helps us better understand the roles we must play in each part. The second section of Pink's book provides an in-depth analysis of beginnings, midpoints, and endings.

To master beginnings, we must understand how to start right, start again, and start together. Starting right revolves around understanding your daily cycle and planning your day accordingly. The real estate industry can be demanding. When time permits, allow yourself to start at a more reasonable hour to improve cognitive function and retention. When this isn't an option and business becomes overbearing, provide yourself with an opportunity to start again. Be willing to pivot in order to reassess your starting point and adjust accordingly. Starting together allows us to form bonds with our coworkers, enabling us to share in burdens and joy. At the start of any project, anticipate problems you may encounter and develop initiatives to avoid them before the project begins. As Pink puts it, "although we can't always determine when we start, we can exert some influence on beginnings—and considerable influence on the consequences of less than ideal ones."

In every event (project, relationship, lifespan, etc.), there exists a midpoint that either numbs our interests and stalls our progress or awakens our motivation and propels us forward. Pink refers to these effects as the *slump* and the *spark*. The key with midpoints is to understand which effect you're experiencing and make adjustments to improve your overall well-being. As many approach middle age, the recognition of unremarkable accomplishments or unfulfilled expectations creeps in. While studies show this feeling can primarily be attributed to our biology, the same feeling exists in a sociological context for projects. We hit the middle, we realize we haven't progressed as far as we'd hoped, and a feeling of despair settles in. When you reach this point, whether it be in a project or the trajectory of your career, Pink encourages you to rely on the *uh-oh effect*. When you notice you're halfway through the time you've been allotted, let stress kick in to revive your motivation and reshape your strategy. Recognizing that you're

running slightly behind can provide the inspirational wake-up call needed to push through and achieve your goals.

Like beginnings and midpoints, endings are the subtle hand guiding our thoughts and actions. Pink asserts that endings shape our behavior in four predictable ways—they help us energize, encode, edit, and elevate. The energizing portion is simple; seeing the end provides the boost needed for completion. In the beginning, we're generally more motivated by what we've accomplished thus far, but near the end, we're energized by finishing the little we have left. Encoding utilizes endings to help determine the outlook we take for the entirety of the process. Endings help us edit out the portions that aren't worth remembering while highlighting the good portions that elevate our worth. Meaningful endings, however, are fairly complex. A mixture of happiness and sadness in an ending is what helps us, as humans, comprehend our experiences. As Pink says, "powerful endings deliver poignancy because poignancy delivers significance." When facing the finish of a sale or project, allow the ending to reinvigorate your determination and conclude with confidence.

THINK POINT #3: Synching & Thinking

The Dabbawalas of Mumbai are a group of roughly 5,000 individuals who deliver over 200,000 lunches across Mumbai each day. Utilizing a vast network of bicycles and public transit, the Dabbawalas traverse the busy streets of Mumbai day-in and day-out delivering home-cooked meals from family residences to city-wide businesses. This elite group is always on time despite employing no technology in their delivery system. How does such a large group operate so efficiently and effectively in the overpopulated commercial capital of India? The key to the Dabbawalas' success is synchronization.

To achieve this level of synchronization, Pink contends that a group must synchronize on three levels: to the boss, to the tribe, and to the heart. The key to group timing is simple—a group must have a boss to help set the pace, maintain standards, and focus the collective mind of the group. A *boss*, literal or metaphorical, provides the guidance needed for a group to work well together. But successfully working together goes far beyond leadership.

Successful groups are synched to the tribe—a sense of belonging exists among them that makes the whole feel greater than its parts. Pink believes the tribe synch for the Dabbawalas is derived from a heightened sense of coordination across codes, garb, and touch. A shared

culture/language along with markers of affiliation help foster a sense of belonging for the group. As this sense of belonging grows, the group synchs to the heart through shared purpose.

When building your real estate business, consider implementing policies that will help foster the same level of commitment to purpose and relationships witnessed between the Dabbawalas. As a leader, give perspective and direction to agents while maintaining common ground with them. Create a welcoming atmosphere within the agency that encourages comradery amongst your agents—the goal is to help build the team vibe for your sellers. Promote a mission with passion, and motivate others to join in. When all three levels are in synch and relational connectivity is at its pinnacle, all pursuits become attainable.

Conclusion

Taking advantage of opportunity almost always comes down to one thing—timing. Through understanding our days, the cycle of life, and the synchronization of our organizations, we are better equipped to find success in our business endeavors. In *When—The Scientific Secrets of Perfect Timing*, Pink provides a "Time Hacker's Handbook" section at the end of each chapter to provide quick tips for improving your *when*. Whether you're looking to increase efficiency in your personal life or help get the most out of your business, Pink's book provides the insight you need to get there.

Recommended Reading

Pink, Daniel H. (2018), *When—The Scientific Secrets of Perfect Timing*, New York, NY: Riverhead Books.

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Rebennack, Malcolm "Dr. John" (1973), "Right Place, Wrong Time," *In the Right Place*, Louisiana Music Factory.

About the Author

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Clint Ratliff is a graduate student from Durango, Texas. After spending the last six years in Los Angeles working in Music and Film, Clint is now pursuing an MBA with a concentration in Data Analytics. He earned his Bachelor's degree in Marketing from Baylor University. Clint plans to work in advertising post grad school, finding innovative ways to seamlessly integrate data into the creative.

INSIDER: Sales Insanity
*Jorge Trevino, MBA Candidate*

Cannon Thomas, a retired management consultant, dedicated his career to helping organizations strengthen their sales force while improving the bottom line for senior executives. Throughout the course of his career, Thomas realized that the conventional, accepted way of doing things was not always the best course of action. Your way of selling a listing might not work for another realtor. Your way of organizing an open house might not be the same way another realtor might set up theirs. As a sales person, one must always be ready to embrace the challenges that the selling environment poses in your professional life. Thomas highlights the importance of adapting to the ever-changing sales environment to be the most productive sales person you can be.

Sales Insanity, what can almost be considered an autobiography of Cannon Thomas' career, recounts 20 unique stories of times where things just did not go the right way. Rather than retelling the stories where Thomas helped an organization close its largest sale to date or the time when he transformed an organization's sales force to lower costs and increase revenues, he tells 20 floundering stories where organizations did not get it right the first, second, or third time and ultimately experienced utter failure. Thomas formats *Sales Insanity* in this manner so readers won't make the same mistakes these organizations and sales teams made.

THINK POINT #1: Best Practices Aren't the Best Practices

Best practices are defined through dictionary.com as "commercial or professional procedures that are accepted or prescribed as being correct or most efficient." Essentially, best practices are the accepted norms that have been entrenched in the mindset of the specific industry in which you're participating. For so long, best practices have been an organization's life support with executives and salespeople alike relying on such methods to produce maximum results. However, what if best practices aren't always the "best" methods to follow?

The idea of a worst practice defining an organization's procedures and processes is coined by Cannon Thomas himself, a practical theory he has utilized through many years in the workforce as a salesperson, sales manager, and consultant. Thomas explains that a worst practice is a "terribly bad idea that's been terribly executed and results in terribly wrong outcomes." Worst practices are failures that have resulted in layoffs, firings, and bankruptcies, but Thomas
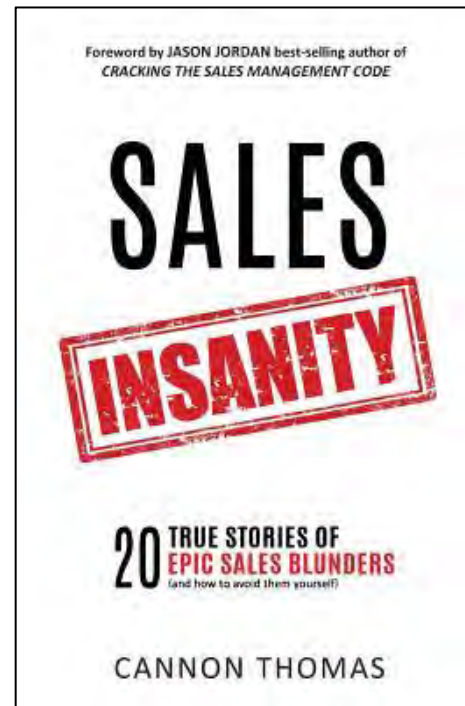
emphasizes that salespeople, sales managers, and entire organizations learn best from utter failures. Think about a time when you struggled to sell one of your listings. Did you make a mistake? What do you think went wrong? We have all experienced failure, but how will you learn from it to capitalize on future opportunities for growth and success?

THINK POINT #2: Empower the Customer Throughout the Sales Process

As a real estate agent, it is important to understand conceptually what the sales process entails, the important stakeholders, and the ultimate objective that is to be accomplished. By understanding the intricacies involved throughout the sales process, the agent is better equipped to empower clients during their search for a new home, while maximizing commission at the end of the sale. As a facilitator during the sales process, the salesperson's primary jobs are to understand the client's main objective and help them achieve their objective through preparation, education, and freedom of choice. The client is the most important stakeholder during the sales process—without the client, there is no sales process, thus, the client must be empowered by the salesperson.

Thomas encourages all salespeople to utilize the following tips in order to empower the customer throughout the sales process:

- Before approaching potential customers, think about how you can provide the best service possible and enable them to reach their objectives. It's about the quality of the sales effort, not the quantity.
- Establish a trustworthy relationship during the sales process so clients feel the intimacy and value you represent throughout the sales process.
- Give the customer the benefit of the doubt. Frequently, the client is the most motivated stakeholder during the sales process—rather than having the client meet your demands as the salesperson, the salesperson should undoubtedly meet the demands of the client.

THINK POINT #3: Productivity = Effectiveness x Efficiency

Finally, Thomas highlights the importance of productivity as a salesperson, which he defines as the product of effectiveness and efficiency. Essentially, the difference between both components boils down to accomplishing something and how well you accomplish it. An agent can be effective by posting listings on local newspaper, magazine, and social media websites. Likewise, an agent can be effective by responding to all voicemails and emails, setting up open houses for popular listings, and attending all their daily meetings. At first glance, this agent is certainly the most productive agent in the group; however, the most important consideration is how those actions are translating into closings. If the daily actions aren't translating into results, the daily actions aren't truly productive.

As a salesperson, you should always be ready for prospective customers by having a comprehensive understanding about what your client needs and what your client wants. Do you just post your listing or are you conducting substantive research about the features of the house and surrounding neighborhood and community? Are you solely responding to the dozens of emails and voicemails you have not caught up on or do you intend to have meaningful conversations with prospective clients about the wants and needs of their future home? Rather than just walking clients through properties pointing out obvious elements of the home, help them envision their life in this home by idealizing where furniture would be placed or how their children will be successful in the local school district.

How will you define effectiveness? How will you define efficiency? Leverage your strengths, capabilities, and resources, whether it be a vast network, diligent work ethic, or savvy technical skills, in order to be the most productive salesperson you can be.

Conclusion

In conclusion, utter failure is not the end of the world. By examining the sales blunders and utter failures Thomas experienced and witnessed, we learn that knowledge can be obtained from worst practices, the salesperson should empower the customer throughout the sales process, and salespeople need to be both effective and efficient in order to be considered productive.

Recommended Reading

Thomas, Cannon (2017), *Sales Insanity, 20 True Stories of Epic Sales Blunders (and how to avoid them yourself)*, Ivy House Publishing.

Reference

Best practices (2018), *Dictionary.com*, http://www.dictionary.com/browse/best-practice

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Jorge Trevino is a graduate student from Brownsville, Texas. He earned his Bachelor of Arts in Health and Society along with a Certificate in Business Foundations and a Certificate in the Business of Healthcare from The University of Texas at Austin in 2017. Jorge is currently seeking an MBA in Healthcare Administration through the Robbins Institute for Health Policy and Leadership. He plans to pursue a career as a healthcare executive focusing on hospital operations.

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