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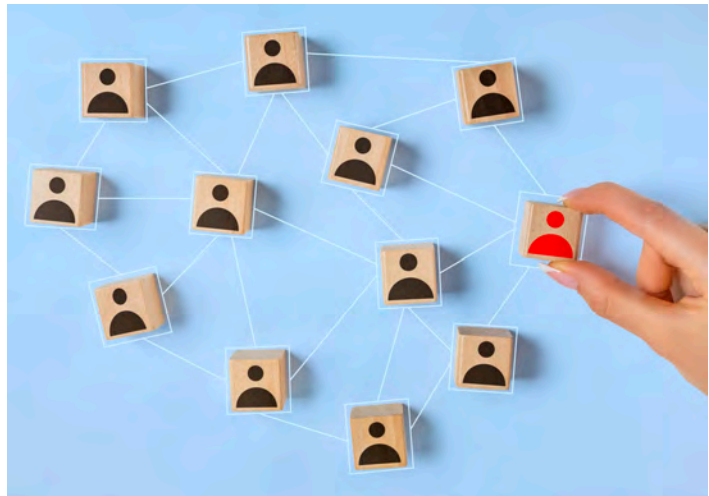*Editor*

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Earning Effective Referrals with the Right Incentives

Rachel Gershon, PhD, Cynthia Cryder, PhD, and Leslie K. John, PhD

Referrals made by satisfied buyers are an important source of new business for real estate agents and brokers. Incentives are often used to induce current customers (senders) to refer an agent to new prospects (recipients) who are friends or family. With respect to the design of referral incentive programs, many believe self-benefitting incentives produce action more often than recipient-benefitting incentives of similar size.[1] Our research considers a more nuanced approach for referral incentives. Specifically, we consider the reputational benefits that a referrer receives and the material benefits that a referral recipient gains to maximize the effectiveness of referral incentives. Our study shows that most businesses that use referrals are not implementing them in the most effective manner. When a sender refers a close social connection, she perceives a benefit to her reputation, which may be enough incentive to make the referral. When the recipient receives the referral, she has the greatest action cost and needs a strong incentive to convert. This study finds that recipient-benefitting (prosocial) referral incentives overall do recruit more customers and are more effective than programs that solely benefit senders. Our findings also confirm that senders expect reputational benefits to accrue from new customers who receive rewards for uptaking the referral (signing up).

Mismatched Incentives

At the beginning of our research, a hypothesis-blind research assistant was instructed to find and categorize 351 referral incentive programs in use today. Of these, 40.5% offered sender-benefitting incentives, 55% shared the benefits between sender and receiver, and only 2.6% used receiver-benefitting incentives. This shows that referral incentive programs usually focus attention on senders without giving much thought to the motivations of the receivers. This model ignores two important aspects of human motivations: reputational benefits and action costs. Individuals care about their wallets, but they also care about their reputations.[2] Most people value the opportunity to send a material benefit to a friend or family member because they perceive an increase in the receiver's opinion about them. It requires little effort to send an email or a URL referring a friend to your business. The receiver faces the largest action cost, as most customers perceive that acting on a referral requires extra effort as well as possible financial cost. Usually, one must enter personal information, receive a sales pitch, or take a substantial amount of time to investigate the good or service being referred. Since the action cost is so high, the incentive must

match the effort. All else being equal, material incentives are particularly effective at prompting action when behavior requires this much effort.[3]

Our hypothesis suggests that prosocial incentives could motivate a customer to send a referral with material benefits for the receiver, and that material benefits were more likely to motivate receivers to act on the referral, resulting in new business. Our research was primarily concerned with the impact of this model relative to sender-benefitting models; however, we did give some attention to models that share benefits between sender and receiver. We suggest that a shared-benefit model would be more effective than a sender-benefitting model, but a recipient-benefitting model would evidence the most success in spite of high receiver action costs. Those recipient benefits should be material (e.g. cash reward, discount, gift card, etc.), because reputational benefits are not enough to overcome those action costs. We conducted eight experiments to test our hypotheses.

In the Field

The first experiment tested the hypothesis that receiver-benefiting incentives would increase conversion rates. A startup called GiftA-Meal emailed over 6,000 current customers and asked those customers to refer their friends to download their mobile app. Some were offered no incentive, some included a gift card for the sender, some a gift card to the receiver, some a shared offer, and the rest were a commitment to donate to charity. The results showed that—compared to no incentives or a sender gift card—the receiver-benefiting referral had much better conversion rates. Our second and third experiments were similar, except this time we worked with companies that tracked consumer activity at both the referral stage (the *sender's* decision) and the uptake stage (the *receiver's* decision). The results showed that receiver-benefitting referrals performed as well as sender-benefiting ones during the referral stage, but significantly outperformed during the uptake stage. These three studies proved our initial hypothesis that many businesses' current referral infrastructures might not be as effective as they could be.

The next three studies examined the role of reputational benefits for referral senders involved in a sender's decision to refer. The first of these three studies found similar results from the GiftA-Meal study. Senders were as likely to send a referral, whether they received a material benefit or not. The second study provided an interesting result. In this study, referrals were anonymous. The receiver did not know who sent them the referral. This study showed a marked decrease in the number of referrals. When senders do not expect to receive recognition from their friends for sending the benefit their way, they are not motivated to make a referral. This was especially apparent in the third study that examined individuals who displayed an increased concern about their reputation.

The last two studies examined the role of action costs during both the referral and uptake stages of the referral process. We tested this by changing the way referrals had to be made. Some senders were simply asked to enter a friend's email. Others were required to print out an email

and mail it along with providing the friend's email. The remainder were required to follow a long step-by-step process intended to sign up a friend for a loyalty program. This was the only study that saw increased referrals made when the sender received a material benefit. If senders were required to follow a complicated referral process, they were more likely to send if offered a gift card. This agrees with our hypothesis because, all things being equal, selfish motivations are more effective than altruistic ones. This experiment was helpful in confirming the influence of self-reward, but in most cases a referral is as simple as entering a friend's email. It is unusual for action costs during this stage to be as high as the experiment required of some participants. The second study revealed the most important information. We tested the role of action costs during the uptake stage and found that those participants who received a material benefit were more likely to sign up for the service suggested in the referral. Most referrals have low action costs during the referral stage and high action costs during the uptake stage, so those referrals that had reputational benefits for senders and material benefits for receivers resulted in the most amount of new business.

Your Referral Strategy

As a real estate agent, you know the importance of referral business. When you manage transactions for buyers and sellers, you want to be the one their friends and family call when they need an agent. You want the client you just served to take the time to refer you, and you want their friends to choose you over your competition. Examine your current referral strategy. Are you hoping customers will refer you because they appreciate how hard you worked? As our research shows, many people are willing to send a simple referral with low action costs for other-benefiting causes. However, many will want to perceive a reputational benefit from sending it and, unless you prove worthy in terms of performance, customers may be reluctant to make referrals.

Also, what can be said concerning the recipients of these referrals? They have no direct experience with you, so they do not truly know (yet!) that you are a great agent. As our research shows, this is the stage that requires the most effort. If you want your referrals to be more effective, consider offering a discount or a gift card to potential clients in response to a friend's referral. This might cut into the margin on that sale, but you should expect more business as a result of this method. Make sure the receiver knows who sent the referral, so the sender is motivated, and make sure the receiver is offered a material benefit, so the receiver is motivated.

It is likely that your competition is still only offering sender-benefiting referrals, so a small change in your referral strategy may be all you need for a competitive edge.

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Dr. Rachel Gershon's (PhD – Washington University in St. Louis) research interests include consumer decision making, corporate social responsibility, and referral incentives. She is published in the *Journal of Marketing Research,* the *Journal of Personality and Social Psychology*, and the *Journal of Consumer Research*. She was the Society for Marketing Advances (SMA) winner of the Doctoral Dissertation Competition in 2018 and reviews many academic journals in marketing and consumer research.

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Marvin Bower Associate Professor of Business Administration, Harvard Business School
Dr. Leslie John's (PhD – Carnegie Mellon University) research centers around the seemingly paradoxical and sometimes self-destructive decisions that people make, especially as they pertain to two critically important domains: online consumer privacy and health. To explore these topics, she uses laboratory and field-based methods in a complementary and iterative fashion: field experiments (in collaboration with companies) document important real-world phenomena, and laboratory experiments nail down the psychological processes underlying these phenomena. Her work has been published in academic journals including the *Proceedings of the National Academy of Sciences, Psychological Science, Journal of Marketing Research* and *The Journal of the American Medical Association*. It has also received media attention from outlets such as *The New York Times*, *Financial Times*, *The Wall Street Journal*, and *Time* magazine. She teaches the Negotiations course in the MBA elective curriculum, as well as in various Executive Education courses.

How Older Adult Couples Make Downsizing Decisions
Nikki Buckelew, PhD

Virtually every government, organization, community, family, and individual will ultimately be affected by what was first described in the 1990s as the impending Age Wave.[1] While the growth rate of the over-65 demographic is expected to stabilize between 21-24% from 2030 onward, the oldest-old and fastest growing segment of the population (age 85 years and older) is expected to grow from 6 million in 2014 to 20 million by 2060.[2]

Despite research indicating that most seniors desire to age in place,[3,4] there comes a time when older adults must evaluate their current and anticipated future circumstances. This evaluation is referred to as residential reasoning.[5,6] In fact, it is said that the decision about whether to live independently at home or move to a retirement community setting is one of the most significant decisions of a lifetime.[7,8,9] This makes the role of the real estate professional invaluable.

The Study

As a veteran real estate agent specializing in the mature market for over two decades, I have observed that the residential reasoning process of older adults, especially those ultimately choosing to relocate to senior living communities, is of particular interest. Therefore, this research serves to help answer the question of how older married couples perceive and describe the experience of residential reasoning.

A qualitative research method was utilized to gain rich, detailed descriptions of the residential reasoning experience of six married couples ranging in age from 73 to 85 (average 81), all Caucasian, heterosexual, and residing in independent living apartments located in or around the Oklahoma City metro area. On average, the couples had lived in their previous residences for 25 years with a range of 4 to 56 years. Each couple participated by being interviewed and then individually (without the spouse present). Interviews were transcribed and evaluated for common themes.

Findings

A total of six themes and ten subthemes emerged from the data; however, for purposes of this article, only themes most pertinent to the role of the real estate agent are expanded upon here: (a) *The experience of someday*; (b) *The experience of declining capabilities*; (c) *The experience of selecting a forever home*, and (d) *The experience of letting go of personal possessions*.

The experience of someday. Regardless of age or circumstance, all of the couples reported that ideas about a future relocation had pervaded their thoughts in the years before they moved. The early reasoning of male participants tended to be one of *wait and see* while females contemplated *what if* scenarios and researched their options far in advance.

Harry: I was a homebody and in pretty good health…. But then we talked it over and I realized that we're over 80 years old. If something happened to one of us, we would really be in a bind because she doesn't drive.

Margaret: I just think we both knew we probably [would move to the nearby senior apartment complex]. This is the only place I've ever been in because I've had so many friends over the years that have been here. But every time I've been in one of these apartments, I go home and mentally place my furniture in it.

The experience of declining capabilities. All the couples interviewed were experiencing either non-normative or normative age-related decline. These physical and/or cognitive changes were significant factors in their decision making. In fact, had it not been for current or perceived future difficulties affecting their home maintenance and homemaking responsibilities, the couples indicated they would most likely have continued to attempt to age in place.

Abigail: It was a big responsibility. But I just – it was becoming a big thing. Joe had always run the sweeper and mop, well, he was getting to where that was a load for him.

Harry: The yard and maintenance of the yard is really one of the factors that led into us wanting to move.

The experience of selecting a forever home. Once the decision had been made to move, the goal became finding a suitable residence that would accommodate both their short and long-term needs. As they began to consider declining capabilities, increasing concerns about future care needs, and a desire to alleviate the need for family support, they looked to options beyond typical homes or neighborhoods.

Joe: I'm only going to be here for maybe two years to five years, nobody knows. She's up in age too so she needs somewhere that's safe, somewhere that's comfortable... a place that has some pretty good activity and around people.

Carol: This is so much—you get so much here for the rest of your life and all levels of care. It's a lot of stress really off my shoulders.

Tom: We moved into a smaller house before…that was our third forever house…this is our fourth forever house.

The experience of letting go of personal possessions. Surprisingly, those in the study all noted that the decision to relocate was easier than subsequent decisions about which personal items to keep and which to liquidate. This process created marital tension for some couples.

June: It is very frustrating downsizing. I kept saying, "Oh no, I can't throw that away." We have a storage unit which is packed now with stuff that we kept.

Dan: She keeps putting it forward… going through every cupboard. "What do we want to keep? What can we bring?" I tell her, "We can't bring anything else over here. We can't. We're full up." But we keep carrying back and forth and back and forth.

Applications for Real Estate Professionals

Statistics from the National Association of REALTORS® Profile of Home Sellers indicate that one in four home sellers is age 65 or older. So, whether an agent is specializing in the mature market or simply employing typical lead generation strategies, they are likely to encounter older adult home sellers in their regular daily practice.

This study highlights the fact that older adult couples, while intending to age in place until death, may ultimately elect to sell the home and move into a congregate setting. The impetus for this type of move is often a level of physical or cognitive decline making homemaking and/or home maintenance tasks unmanageable or undesirable. The same difficulties causing home ownership to be a burden can also limit their ability to conceive of, orchestrate, and execute a move. In order to better assist these clients in forwarding the relocation process, agents must cultivate and/or develop appropriate and qualified resources or referral partners, paying special attention to the spoken or unspoken capabilities and concerns of the elder client.

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Dr. Nikki Buckelew (PhD – Northcentral University) holds a bachelor's degree in Family Studies and Gerontology and master's degree in psychology from Southern Nazarene University. After 20 years as a real estate sales associate, broker, and business coach focused on the mature market, she earned her doctorate in psychology with research focused on older adult living environments. She is the founder of the Seniors Real Estate Institute, which provides coaching and training for real estate professionals seeking specialization in the mature market. Together with her husband, Chris, they own and operate an Oklahoma City based real estate practice and senior move management company dedicated to the simplification of late-life relocations. Her research interests include residential normalcy, residential reasoning, and environmental gerontology. Her passion is educating, equipping, and empowering people to make informed and educated decisions.

The Secret to Linking CSR to Financial Profitability

Sean Yim, PhD, Young Han Bae, PhD, Hyunwoo Lim, PhD, and JaeHwan Kwon, PhD

In today's socially conscious environment, social responsibility is an increasingly important strategy for business. With the rise in social media and prioritization of socially accountable

organizations, we continue to see companies engage in corporate social responsibility (CSR). CSR is the idea that a corporation or small business is accountable for having a positive impact on social, economic, and/or environmental factors. This social responsibility, whether it's attempting to diminish poverty, championing women's rights, or embracing social equality, can lead to a firm's superior reputation since the public image is critical to its success.

Our study answers the question of how corporate social responsibility (applied in many businesses today) can lead to financial profitability. The purpose of this research is, using signaling theory, such as attempting to signal information to customers and a wide range of stakeholders, to investigate the relationship between corporate social responsibility (CSR) and corporate financial performance (CFP). We examine corporate reputation and the role of marketing capability—the ability to plan/execute marketing programs that drive market competitiveness on the prior relationship. Though CSR focuses on big business environment (our study focuses on large US public firms), its concept can be applied in small business as well. Marketing capability in the corporate environment is usually budgeted and involves large amounts of capital. A smaller business owner can design an appropriate level of marketing capability (e.g., advertising and promotion through social media platforms, customer relationship management, sales management).

Establishing the Path from CSR to Financial Performance

Due to incorrect implementation, not all corporate social responsibility programs have resulted in favorable financial results. The assumption that corporate social responsibility directly impacts corporate financial performance, or that implementing CSR alone will lead to profitability is inadequate. Research has shown that the relationship between corporate social responsibility and corporate financial profitability is indecisive (positive, negative, or insignificant) and likely mediated by other factors, such as customer satisfaction or corporate reputation. Because

previous research cannot provide evidence on how either the positive or negative effects of corporate social responsibility occur, we examined these two factors (CSR and CFP) and whether a firm's CSR initiatives may positively affect its financial performance through an improved corporate reputation that is enhanced by marketing capability.

Hypotheses

We tested three hypotheses regarding the relationships between our key variables: Corporate Social Responsibility (CSR); Marketing Capability (MC) as a moderator of CSR and CR; Corporate Reputation (CR) as a mediator of CSR and CFP; and Corporate Financial Performance (CFP) as the desirable result of this hypothesized process. First, we posit a positive indirect CSR effect on CFP through the mediator CR. Next, we hypothesized that the positive CSR and CR association will be stronger when a company maintains strong MC. Finally, we investigate whether the indirect CSR effect on CFP through CR can be altered conditioned upon the level of the company's MC.
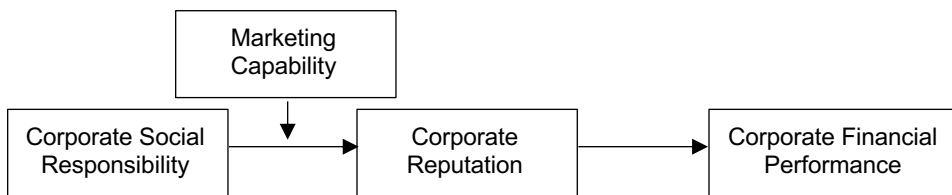
We found that when a firm has a higher level of MC, the effect on the CSR—CFP relationship via CR is enhanced. In other words, the synergies between marketing capability and social responsibility as two congruent signals lead to higher corporate reputation (high-quality signals to consumers), and this earned reputation then delivers high-quality signals to shareholders, resulting in positive financial outcomes. Furthermore, the indirect association will be stronger when the firm possesses a higher level of marketing capability, versus a lower level. However, our alternative model testing revealed that the marketing capability does not amplify the relationship between CR and CFP. In other words, when a company maintains an established reputation, the excessive marketing spending can be seen as unnecessary resource overspending in shareholders' perspectives.

Application

Our findings show that firms should develop a consolidated CSR marketing program, which simultaneously satisfies the various stakeholders' needs for both socially desirable business practices and value-creating marketing programs that increase corporate reputation.

The results have strong managerial implications for real estate. The commercial real estate industry is taking on social responsibility by going green, talking about diversity, and community development. Companies that are involved or will be involved in corporate social responsibility

should effectively communicate these programs to a great extent through marketing programs to their constituencies. Without a high level of marketing capability, corporate reputation will not be evident to shareholders or investors, so consider branding and advertising your business's social responsibility initiatives.

A small business owner or an individual real estate agent may not need large amounts of marketing capital in order to portray their CSR to their customers. As an example, one could use social media to emphasize those contributions. Advertising could also include your company's dedication to community service. Overall, a firm's CSR missions should build upon a higher level of marketing capability to ultimately gain a competitive advantage.

Recommended Reading

Yim, Sean, Young Han Bae, Hyunwee Lim, and JaeHwan Kwon (2019), "The Role of Marketing Capability in Linking CSR to Corporate Financial Performance," *European Journal of Marketing*, 53(7), 1333-1354.

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Dr. Sean Yim's (PhD – Washington State University) research interests are centered on interfirm marketing strategies and the financial implications, with special emphasis on the topics of innovation/new product development, sustainability/CSR, and marketing metrics. He has taught marketing courses, such as innovation and product management, , international marketing, business-to-business marketing, and marketing strategy. He had over eight years of industry experiences at multinational corporations such as General Electric and LG Electronics. His primary expertise in the industries lies on quality management systems, regulatory affairs, and strategic planning & management.

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JaeHwan Kwon, PhD
Assistant Professor of Marketing, Baylor University
Dr. JaeHwan Kwon (PhD – University of Iowa) has received a variety of awards, most recently given the Young Researcher Award from the Hankamer School of Business. He has two years of strategic consulting experience with over seven such international firms as LG electronics, GM Korea, and SK Telecom. His research interests include human evaluative judgment and decision making, new-tech products, visual information processing, and consumer mindset. His research has been published in highly respected marketing and business journals such as the *Journal of Consumer Research.*

Beat the Averages: How to Write More Engaging Facebook Posts

Keith A. Quesenberry, M.S. IMC and Michael K. Coolsen, PhD

Social media offers great opportunity to gain brand awareness and drive conversions. With 2.7 billion monthly active users[1] and 1.7 billion active daily[2], Facebook is the biggest social channel. Research shows brand Facebook pages build relationships that turn consumers into customers,[3] increasing their likelihood to purchase.[4,5,6] Increased brand page activity can also elevate search engine rank, click-through rate, and conversion rate.[7]

Despite these opportunities, reaching consumers on Facebook has become more of a challenge. Organic reach, the total number of people shown a brand post without payment, has dropped from 16% in 2012 to as low as 2%.[8] The good news is that individual brands and posts can and often do get better than average results. We approached viral social media based on a three-part framework where shares indicate viral reach, likes measure affective evaluation, and comments demonstrate message deliberation.[9]

Sharable, Likable, and Conversational

Facebook changes the algorithm used to determine what appears in users' news feeds. In more recent changes Facebook reports that brand page organic reach is now more dependent on people sharing posts. To appear in more news feeds content must be sharable.[10] Research confirms that shares can contribute to 55% of impressions for brand posts.[11] Shares contribute to viral reach which builds awareness.

Likes are another measure of engagement. When someone *likes* a post they are showing a positive emotional reaction. This affective evaluation is a sign of a consumer liking a brand over other content or even other brands. This could be a sign of consumers considering alternatives and building a preference. Likes can also provide signs of social proof, indicating the content is valued by others.

Comments are the third measure of engagement. Comments on a post indicate that not only have people seen the message but that they are deliberating on it. This deeper consideration may be seen as a sign of purchase intent. They are invested enough to affirm the message or ask

questions. More comments are also a form of social proof. The more comments, the more perceived value of the post.

Engaging Messages in Post Text

Our study randomly selected 1,000 Facebook brand posts from various brands and various industries ranging in size from under 18,000 fans to more than 57 million. We looked at the text of the post, coding for 18 possible variables from *number of words*, *hashtags*, *promotions*, and *celebrities* to words that indicated new/now (such as "new," "now," or "introducing"), date/time (indicating a specific time, date, or deadline), or educational content. Five produced significant differences. All results were independent of the number of fans a brand page had.

Findings

First, we found that brand Facebook posts with new/now messages received significantly more shares—a sign of viral reach. New/now messages also received significantly more comments, which is an indication of message deliberation. To increase shares and viral reach or comments and message deliberation, try to craft messages that convey a sense of something new or happening now for the first time. Posts can be written to convey a sense of new without using that specific word.

Next, we found that brand Facebook posts with a time/date message also received significantly more shares. Thus, another way to increase shares and viral reach is to add a specific time or date to a post. Examples could be a product release date, time and date for an event, or a deadline for an offer, order, or submission. The posts that performed better didn't necessarily use the words time and date but had a specific time or date in the post text.

Finally, we found that brand Facebook posts with educational messages received significantly fewer likes and significantly fewer comments. Educational posts on Facebook reduce emotional response or affective evaluation (fewer likes) and reduce further time investment of message deliberation in leaving comments. This negative result surprised us. We are often told to create valuable content, but it seems that when people are on Facebook, they are not looking for educational content.

Posts in the Buyer's Journey

We noticed that this three-part social media viral frame work can be compared to the typical buyer's journey. Increasing viral reach (shares) can be seen to help increase awareness; affective evaluation (likes) can be seen to impact consideration; and message deliberation (comments) can be seen to help influence purchase intent.

A new agent, team, or firm (or even a seasoned agent looking to increase social media reach) may need to first focus on increasing awareness with consumers through shares. Once a

consumer is aware and is in the consideration phase, the consumer is looking for ways to differentiate alternatives. Here, the agent could focus on increasing affective evaluation through likes as positive signs to distinguish from the competition.

In the purchase stage, consumers seek final confirmation that they are making the right decision. Seeing comments from other customers helps achieve this. In the purchase stage, the agent or firm could look to increase comments as a way to answer questions, provide further details, and provide testimonials to convince consumers of the purchase. It would also be helpful to encourage post-purchase customers to share their experiences in comments to influence new customers.

For real estate agents looking to craft sharable and likeable posts, consider including text in your posts that integrate the new/now, such as listings hitting the market "today" or listings that were "just listed." Highlight photos of "newly remodeled" or "brand new" features in your listings. Consider sharing open house details in the post text rather than including the time/date as a graphic or in an image. Agents can also re-share old posts or images of house closings from prior years, which may encourage the buyers and those involved in the sale to share the post, as well.

Finally, it is interesting to note that the one post type that had a significant negative impact was the most frequent content type of the sample (27%). This indicates that marketers may be mistaken in thinking that educational content drives viral effectiveness, when it actually may be having the opposite effect.

Our research team would like to thank Unmetric for providing the data for our study.

Recommended Reading

Quesenberry, Keith A. and Michael K. Coolsen (2018), "What Makes Facebook Brand Posts Engaging? A Content Analysis of Facebook Brand Post Text That increases Shares, Likes, and Comments to Influence Organic Viral Reach," *Journal of Current Issues & Research in Advertising,* 40(3), 229-244.

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How Psychological Resourcefulness Increases Sales Performance

Bruno Lussier, PhD and Nathaniel N. Hartmann, PhD

If one were to poll executives around the nation asking what one thing their corporation could do today to increase sales, what kind of answers would be submitted? New CRM software? Additional advertising? Scale up your prospecting? Answers would no doubt be myriad and specific to the products sold and the challenges facing that industry. Our research shows, however, a simple practice salespeople can initiate to boost sales performance and customer satisfaction. The change requires no additional sales training and, when implemented well, works to relieve salesperson stress, rather than add to it.

Our research showed that *psychological resourcefulness* influences a salesperson's customer-oriented behaviors— defined as the ability to assess and meet customers' needs,[1] which in turn leads to better sales performance and customer satisfaction. We define psychological resourcefulness as the extent to which persons utilize their positive psychological capacities, including optimism and resilience. Optimism can be defined as "one's general expectation of successful and favorable outcomes."[2] Resilience is "the capacity to overcome or bounce back from adversity, conflict, failure, or other events that induce high levels of stress or pressure."[3] Previous studies have shown that utilizing these positive attitudes, beliefs, and behaviors can expand a person's diverse, exploratory, and novel behaviors—skills that come in handy for sales and customer relations.

Building on Broaden-and-Build

An essential organizational behavior theory used to construct our study is the broaden-and-build theory. This theory holds that people can broaden their momentary thoughts and build enduring responses. Essentially, well-practiced momentary habits can become permanent fixtures in our lives. As a theory within positive organizational behavior, the broaden-and-build theory means that practiced positivity can "broaden people's momentary thought-action repertoires and build their enduring resources."[4] Our study seeks to apply this theory by assessing how psychological resourcefulness, or the utilization of positive attitudes, beliefs, and behaviors, builds customer-oriented behaviors. These behaviors can then increase sales productivity. That is, optimism and resilience, by means of psychological resourcefulness that results in customer-oriented behaviors may then increase sales.

Therefore, our study sought to evaluate three hypotheses related to how psychological resourcefulness broadens and builds a salesperson's customer-oriented behaviors and results. First, we wanted to understand if psychological resourcefulness is positively directly related to customer-oriented behaviors. Second, we sought to test if salespersons' customer-oriented behaviors are positively directly related to sales performance and customer satisfaction. Finally, we hypothesized that the salesperson's customer-oriented behaviors mediate the positive influence of psychological resourcefulness on sales performance and customer satisfaction.

How We Carried Out Our Study and What We Found

To test these hypotheses, we designed a survey after conducting 30 in-depth interviews with sales professionals, evaluating what questions to ask and how to optimize our study. We randomly selected 175 salespeople across 17 organizations, and from each of these salespeople, we randomly selected one of their clients and administered an extensive questionnaire at the end of a client meeting to both the salesperson and the client.

After evaluating the results, we confirm the positive relationship between salesperson psychological resourcefulness and customer-oriented behaviors. Optimistic salespeople were more likely to show customer-oriented behaviors. Additionally, more resilient salespeople facing adversity and challenges in their work were more likely to show these customer-oriented behaviors. In developing a conceptual framework based on this finding, we are also able to show that higher levels of psychological resourcefulness positively impact a salesperson's customer-orientation, leading to improved sales performance and customer satisfaction. Through this middle step of customer-orientation, we can say that psychological resourcefulness positively influences customer satisfaction and sales performance.

What This Means for You

A previous generation of sales professionals may have focused primarily on product knowledge and training clients to adapt to market needs and product benefits. Today's market, however, calls for much greater customer orientation—behaviors designed to promote salesperson-customer relationships and customer satisfaction. In real estate especially, the highly specialized nature of each property means you must be completely oriented to a variety of customer needs and wants, such as affordable financing, customized amenities, or income-producing capabilities.

Second, salesperson optimism and resilience can lead to more diverse, exploratory, and novel behaviors, leading to the kind of problem-solving necessary to meet customer needs. Our research shows a positive correlation between optimistic, resilient salespeople and sales performance and customer satisfaction. Managers then should hire for optimism and resilience, even including tests for optimism and resilience in the interview and application process.

Optimism and resilience can also be taught to an existing sales team. Managers can help build optimistic employees by fostering realistic conversations on potential adversities and the availability of solutions. As salespeople face inevitable rejection, managers can help salespeople separate the immediate adversity (a rejected cold call) from deeply held beliefs (for example, that a rejected sales call is a personal insult or sign of wrongdoing.) Emphasizing these simple practices of optimism and resilience are not simply good for office morale; they have the potential to increase sales and customer satisfaction within your company.

Where We Go From Here

Broadening our capacity through continued optimistic and resilient practices builds habits which help us become more oriented to customers. In turn, this customer orientation habit will lead to better sales performance and higher customer satisfaction. Optimism and resiliency require no additional complicated business knowledge of sales theory. Besides the studied benefit on sales and client relations, the increased resiliency of improved psychological resourcefulness can help salespeople as they process the inevitable failures inherent in the job.

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INSIDER: Atomic Habits
Maria Morales Menendez, MBA

If you can get 1% better each day for one year, you'll end up 37 times better by the time it's all said and done. Just as time magnifies the margin between success and failure, good habits make time your ally, while bad habits make time your enemy. For most, it can be natural to overestimate the importance of one defining moment and underestimate the value of making small improvements on a daily basis. In *Atomic Habits*, James Clear, one of the world's leading experts on habit formation, outlines the framework for getting 1% better every day.

Success is the product of daily habits and not once-in-a-lifetime transformations. Furthermore, success is not about the goals you set, but about the systems in place to achieve those goals. Clear defines atomic habits as a regular practice or routine that is not only small and easy to do, but also the sources of incredible power; a component system of compound growth. Overall, the ultimate purpose of habits is to solve the problems of life with as little energy and effort as possible. To put this into practice, The Four Laws of Behavior Change are a simple set of rules to build better habits as follows: (1) make it obvious, (2) make it attractive, (3) make it easy, and (4) make it satisfying.

THINK POINT #1: Make it Obvious

One of the greatest challenges in changing habits is maintaining awareness of what one is actually doing. In order to understand why the consequences of bad habits can sneak up, a "point-and-call" system can be established in one's personal life. To create this system, make a list of daily habits. For example: wake up, turn off alarm, check phone, go to the bathroom, and so on. Once a full list is created, look at each behavior and mark each habit as positive (+), negative (-) or neutral (=). The marks will depend on an individual's situation and goals. Additionally, there are no good or bad habits, only effective habits— effective at solving problems. Clear states that the process of behavior change always starts with awareness. The system above is focused on the ability to recognize habits and acknowledge the cues that trigger them. With enough practice, one's brain will pick up on the cues that predict certain outcomes without consciously thinking about it.

The best way to start a new habit is through implementation intention, which is a plan created beforehand about when and where to act. For example, "When situation X arises, I will perform response Y." This can be translated to your habits by filling out the following sentence: "I will [BEHAVIOR] at [TIME] in [LOCATION]." Although this is applicable in one's personal life, it
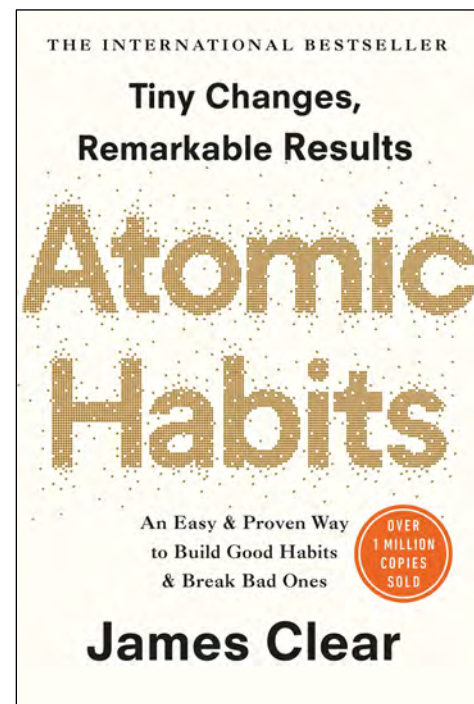
can be just as applicable in one's work life, including real estate. For example: (personal life) I will exercise for one hour at 5 p.m. in my local gym; (work life) I will write thank you letters to my clients every Friday at 1 p.m. in my office. Next, Clear describes the art of habit stacking, in order to combine the effects of these incremental habits. The formula for habit stacking is "After [CURRENT HABIT], I will [NEW HABIT]." To add on to the previous work life example: After I write my client thank you letters, I will plan out and review my to-do list for the following week. Overall, this method allows one to create a set of simple rules that guide future behavior. No matter what strategy is used, the secret to creating a successful habit stack is selecting the right cue to kick things off. Make the cues of good habits obvious in your environments. For example, if you want to remember to send more thank-you notes, keep a stack of stationary on your desk. Making a better decision is easy and natural when the cues of good habits are right in front of you.

THINK POINT #2: Make it Attractive

The second Law of Behavior Change is to make habits irresistible by making them attractive. This means understanding what a craving is and how it works. The reward system that is activated in the brain when someone receives a reward is the same system that is activated when someone anticipates a reward. Therefore, habits must be made attractive because it is the expectation of a rewarding experience that motivates one to act in the first place. Clear creates a practical application of this concept by combining temptation bundling with the habit stacking described above in the following formula: "(1) After [CURRENT HABIT], I will [HABIT I NEED]. (2) After [HABIT I NEED], I will [HABIT I WANT]." For example, if someone wants to watch sports but needs to make sales calls, the formula would look as follows: (1) After I get back from my lunch break, I will call three potential clients (need). (2) After I call three potential clients, I will check ESPN (want). Overall, the strategy is to pair an action that is wanted with an action that is needed—making the habits more attractive.

Behaviors are attractive when they help us fit in. The role of family and friends coupled with social norms can shape habits, therefore it is critical to understand these intricacies. Most people imitate the habits of three groups in particular: the close (people around us), the many (groups), and the powerful (highly effective people). With this in mind, one of the most effective things someone can do to build better habits is to join a culture where (1) your desired behavior is the normal behavior and (2) you already have something in common with the group. If a behavior can get approval, respect, and praise, it becomes more attractive. Finally, habits are attractive when associated with positive things and unattractive when associated with negative things. Create a motivation ritual by doing something enjoyable immediately before a difficult habit.

THINK POINT #3: Make it Easy

In order to make habits easy, the focus should be on taking action and not being in motion. In other words, habit formation is the process by which a behavior becomes progressively more automatic through repetition. Therefore, the amount of time spent on performing a habit is not as

critical as the number of times spent performing it. Repetition is required to make it automatic. In addition, human behavior follows the Law of Least Efforts, defined as taking the option that requires the least amount of work to achieve the desired outcome. In order to achieve this best, one's environment must be created where doing the right thing is as easy as possible and doing the wrong thing becomes more and more difficult. Reduce the friction associated with good behaviors by priming your environment for future use. An example of this could be organizing a space for its intended purpose so that the next action is easy—such as creating a home office space to make working from home easier. This principle can also be inverted and prime environments to make bad behaviors difficult—such as leaving certain technology outside the door while working, making it harder to procrastinate or get distracted.

In Clear's final application for making habits easy, he explains how to stop procrastinating by using the Two-Minute Rule. Even when one knows that they should start small, the tendency is always to start too big. The Two-Minute Rule states that "when you start a new habit, it should take less than two minutes to do." Just about any habit can be scaled down into a two-minute version—otherwise known as a gateway habit. The idea is to make your habits as easy as possible to start. For example, your goal might be to run a marathon, but your gateway habit is to put on your running shoes. All in all, the point of this rule is to master the habit of *showing up*. Once the easy habit is done on a more consistent basis, the next habit becomes more automatic. It is key to standardize before one can optimize. If at any point the Two-Minute Rule feels

forced, try doing that habit for two minutes and then stop and repeat each day. Eventually, that habit becomes standardized, and the art of showing up has been mastered—making the rest easier. At some point, once the habit has been established and you're showing up each day, the Two-Minute Rule can be combined with a technique called habit shaping—or to scale the habit up to the ultimate goal.

THINK POINT #4: Make it Satisfying

What is rewarded is repeated. What is punished is avoided. While the first three laws described above increase the odds that a behavior will be performed *this* time, the fourth law, "make it satisfying", increases the odds that a behavior will be repeated *next* time. The trick is identifying immediate satisfaction, or what scientists call an immediate-return environment. What is immediately rewarded, is repeated and vice versa is known as the Cardinal Rule of Behavior Change. It is possible to train yourself to delay gratification, but the best way to do this is to add a little bit of immediate pleasure to the habits that pay off in the long-run and a little bit of immediate pain to the ones that don't. It is also important that the rewards do not conflict the

identity of the habit being established—i.e. eating a bowl of ice cream after working out. Overall, immediate reinforcement helps maintain the motivation in the short term while waiting on the long-term rewards to materialize.

Because one of the most satisfying feelings is the feeling of making progress, having a habit tracker can be crucial in establishing a behavior. A habit tracker can be a simple way to measure whether the habit was completed; an example could be marking an x on a calendar for each day it was completed. These visual forms of measurement can display clear evidence of progress and encourage habit streaks, further inducing satisfaction. Just as habit streaks can be established, Clear states that one should never miss a habit more than twice. If one day is missed, get back on track the next day or as quick as possible. As your habits evolve, the measurements themselves should evolve as well. An application of this in real estate could be creating the habit of marketing more constantly through social media, which can be a daunting task. A social media tracker calendar could be created to show how many days a post was made. The small business owner could also track how many views or likes they receive over time. Finally, Clear shows that an accountability partner can create an immediate cost to inaction since it is human nature to care about what others think of us. Knowing that someone else is watching can be a powerful motivator.

Conclusion

Behaviors are effortless when habits are obvious, attractive, easy and satisfying. In both work life and personal life (which, in turn, can affect work), positive habits are necessary to be successful as a business owner and leader. The key formula is as follows: Habits + Deliberate Practice = Mastery. Anyone can work hard when they feel motivated, but it is the ability to keep going when work is not exciting that makes the difference. Make it obvious. Make it attractive. Make it easy. Make it satisfying and repeat. This is a continuous process that has no finish line. Always look for the next way to get 1% better and understand that habits don't add up, they compound. Clear states, "That's the power of atomic habits. Tiny changes. Remarkable results."

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INSIDER: The Technology Fallacy

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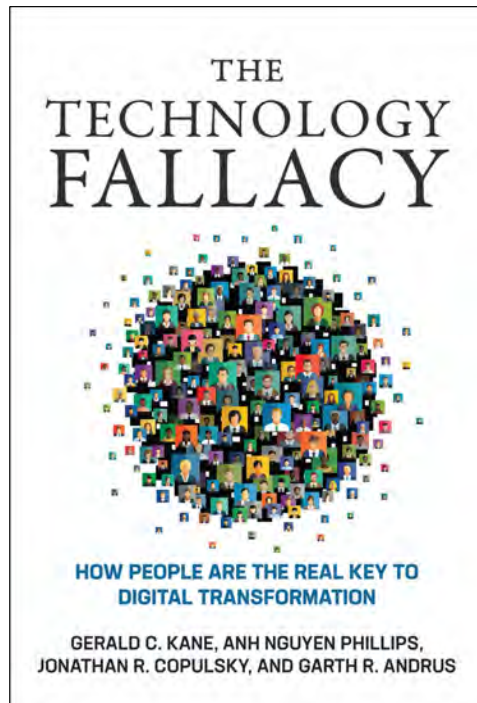
On August 10, 1999, Blockbuster was valued at $4.8 billion at its IPO. By September 23, 2010, Blockbuster—now $900 million in debt—filed for chapter 11 bankruptcy. In 1992, Borders went public and sales from operations reached $224.8 million. Fast-forward to February 16, 2011, and Borders was over $1 billion in debt and filed for chapter 11 bankruptcy. Technological innovation has excited people and worried others. Companies are on edge wondering when the next "digital disruption" will upset their industry and drive them to bankruptcy. Computers seem to always get smaller, cheaper, and more powerful. How can companies manage the rapid change in technology? *The Technology Fallacy*, authored by Gerald Kane, Anh Phillips, Jonathan Copulsky, and Garth Andrus, suggests that managing technological disruption is not about managing technology at all. It is about managing *people*.

THINK POINT #1: Striving for Digital Maturity

In their research, the authors found that approximately 87% of survey respondents—taken from a 16,000-person cross-section of 20 different industries—believe that digital technologies will disrupt the industry in which they work. Only 44% believe that their organization is adequately preparing for the future. A likely explanation for this discrepancy is that executives do not know how to respond to the rapidly changing landscape. Moreover, many companies experience better digital gains in some aspects of their business than others (e.g., communication with employees vs. customers).

The authors cite Everett Rogers' well-known research on the diffusion of innovation. Innovative changes—in this case, changes in technology—are first adopted by innovators and early adopters in society. Business's adoption of new technology, along with its employees, signals acceptance of new technology by the majority as it is adapted to specific business applications. The final assimilation of technological innovation occurs when society implements laws and regulations that govern the proper use of and boundaries for technology.

The authors suggest that companies should strive for digital maturity, which they define as "aligning an organization's people, culture, structure, and tasks to compete effectively by taking advantage of opportunities enabled by technological infrastructure, both inside and outside the organization." Instead of requiring employees to reskill themselves to use the company's new

tech every six months, companies should take advantage of the fact that their employees have great consumer technologies with which they are already familiar. If managers encourage a digitally savvy culture where innovation arises organically (vs. top-down command structures) then growth happens naturally and new technologies will reveal themselves, not as threats, but as great opportunities. In other words, managers should manage people, not technology.

THINK POINT #2: Leading Toward Digital Maturity

A common temptation is to think that core principles of good leadership have changed as a result of digital disruption. This is wrong. Good leadership in today's business environment must first consider the *business* value of digital initiatives the same way that businesses have always considered new initiatives. Good digital leaders form a culture that is comfortable with change by casting a vision for the organization that encourages experimentation and leadership at every level of the organization. Digital leaders are influencers, not commanders. The traditional command-structure of rigid hierarchical organizations cannot adapt to the changing digital landscape quick enough to maintain competitive advantage. The core principle of determining the business value of an initiative is still the same.

While core principles of good leadership have not changed, the leadership style necessary for good digital leadership has. In order to maintain a digitally mature culture, leaders must search for the right kind of talent. The most important talent a digitally mature workforce has is a commitment to lifelong learning. Since change happens every day in a digital landscape, employees (and leaders, for that matter) must continuously improve their knowledge and skillsets to take advantage of the new opportunities that digital innovation provides. If employees are not concerned with continuous learning, their skills may become obsolete. Successful leaders understand that the future of work is very different from the present and so encourage their employees to continue learning. Leaders can identify the kind of learning that is needed by looking for great talent in some of the least expected places. One of the fastest growing talent pools is the "gig" employee talent pool. These are freelancers who produce digital content, often on crowdsourced platforms, who can be brought in for specific projects. Remember, individuals adopt new technologies faster than companies can adapt to them, so looking to a pool of freelancers for special projects leverages those talents for your company and teaches you something about the future of the digital landscape.

THINK POINT #3: Structuring for Digital Maturity

The key attribute every company needs to be digitally mature is agility. With transformation happening so quickly, companies need to be able to change quickly across all levels of the company, as well. Companies that are not digitally mature often implement a "push" strategy. That is, top management decides on a change and pushes those changes outward. This requires a lot of effective communication and can take up too much time. Companies that are digitally

mature use "pull" strategies that encourage a culture of transformative thinking. In digitally mature companies, employees are the catalyst for digital transformation.

Fostering an agile company culture requires some changes in the way businesses have been organized. Organizations reinforce siloes to their own peril. Agile organizations encourage cross-functional teams that work together to accomplish business initiatives. These organizations build project teams from multiple business units—marketing, finance, operations, etc.—that can think outside the box in which siloed business units may be stuck. Leaders in agile organizations do not need to control every decision. Instead, they should invest these teams with decision-making power, so those teams are incentivized to produce quality results. Moreover, good digital leaders will often place some freelancers on the cross-functional teams within their organizations to broaden the perspectives of the teams. By tapping into these talent pools, organizations improve their ability to adapt to changes in the digital landscape.

Digital leaders set up these cross-functional teams for success with tools that encourage collaboration and with an understanding that failure will sometimes happen. Agile organizations communicate quickly and adapt project workflow quickly. One of the best ways to encourage collaboration is equipping employees with digital platforms, such as social media, that allow digital content to be shared and explored on demand. This rapid communication encourages innovation. Efficient innovation is a core competency of a digitally mature organization. In the past, many organizations sought to make their business processes as efficient and error-free as possible. Failure was not an option, because it created extra costs. In today's digital landscape, companies need cross-functional teams that are always innovating to keep up with the rate of change. This means that sometimes failure occurs. The authors do not suggest that failure should always be tolerated—only expected occasionally. The important thing is that companies experiment fast, learn fast, and scale fast.

Conclusion

Becoming a digitally mature organization is a change in mindset. It will not happen in a day. Organizations can only identify a few areas at a time that can grow. Therefore, it is critical to periodically assess the current situation by consulting multiple sources like employees, talent pools, and other digitally mature companies. Organizations will have to be intentional about creating cross-functional teams that seek solutions for those few areas that have the best potential

for growth. For real estate, this may mean that firms learn from the success they have with digital initiatives for employee and partner collaboration, then assign a cross-functional team with the task of leading the organization to the same level of digital maturity with customer communications. Leadership needs to inspire employees to take ownership of their organization's digital abilities. After all, managing digital transformation is really about managing people.

Recommended Reading

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