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PERSONAL SELLING AS A KNOWLEDGE BASED ACTIVITY: COMMUNITIES OF PRACTICE IN THE SALES FORCE

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PERSONAL SELLING AS A KNOWLEDGE BASED ACTIVITY:
COMMUNITIES OF PRACTICE IN THE SALES FORCE

Abstract

This research posits personal selling as a knowledge-based activity. In their day-to-day interaction with customers, sales personnel gain priceless insights into their personalities, likes and dislikes, their process requirements or their position in formal and informal networks. If such 'soft' knowledge is externalised and made available in organisations, it can be a highly precious asset in developing genuine customer-oriented marketing and sales strategies. In most firms, however, such knowledge is not included in databases and other technological means of knowledge exchange. Using the Grounded Theory method, an exploratory investigation is undertaken to examine if and how such personal customer knowledge is shared in sales teams. The findings point toward the importance of so-called 'communities of practice' in the sales organisation and show that knowledge exchange is inseparable from the social environment in which it is created and put to use.

1 Introduction

It is almost a truism that for market-driven organisations, knowledge of the firm's customers is the single most critical factor for success. However, despite the many technology-based efforts to extract customer information from the sales team, it appears that many firms have yet to devise practices for sharing salespeople's 'soft' or tacit knowledge (Bennett 2001). This paper sets out to investigate how customer knowledge is shared and disseminated in a sales context. It presents research on group knowledge sharing processes in the knowledge management literature and links this body of research to the sales arena. To explore knowledge sharing processes empirically, depth-interviews with members and managers of five sales team were conducted and observational methods were used to study sales team

interactions. Results show that in the sales profession, the notion of ‘communities of practice’ (Lave and Wenger 1991) is a fruitful one that highlights a number of factors central to successful knowledge management in sales.

2 Knowledge sharing in work groups

Over the past decade, the surge of interest in capturing customer knowledge in marketing and sales has mirrored a fascination with knowledge management in the organisational literature. It appears however that marketing has engaged only to a limited extent in the discussion of the role of human knowledge in an organisational context. Research on customer knowledge in marketing and sales seems to focus predominantly on technological applications such as customer relationship management or sales force automation tools (Campbell, 2003). Yet, many knowledge management researchers emphasise the embodied and individual nature of *knowledge* in opposition to the codified nature of *information* that can be computerised (for example von Krogh and Roos, 1995; Davenport and Prusak, 1998). Incorporating pragmatism’s epistemological concepts, these organisational researchers typically see human knowledge as intrinsically linked to the individual using it (Orlikowski, 2002). ‘Knowing how’, that is the practical skill or expertise of a knowledge worker, leads and precedes ‘knowing that’, namely its formal (and potentially computerised) expression (Kogut and Zander, 1992).

This perspective has important implications for knowledge sharing processes in organisations. If human knowledge is predominantly embodied in individuals and embedded in activity, organisational action is dependent on individuals sharing this ‘soft’ personal knowledge with other humans in a social context rather than through computerised systems. Nonaka and Takeuchi’s (1995) knowledge spiral is an example of how knowledge management researchers describe the dynamics between individual and group knowledge exchange in

organisations. Nonaka and Takeuchi present four processes of knowledge conversion: (1) socialisation, which is passing on tacit knowledge through shared experience, observation, imitation and practice; (2) externalisation, the process of articulating tacit knowledge into explicit concepts; (3) combination, the process of integrating explicit knowledge into a formal knowledge system; and (4) internalisation, which is the process of embodying explicit knowledge into tacit knowing through learning by doing. While information technology can be used to great effect in the third process of this knowledge spiral, the larger part of the spiral seems dependent on individuals interacting in their social environments (Boland et al., 2001).

Surprisingly, Bennett's (2001) study on the applicability of the Nonaka-Takeuchi model in a sales context is the only sales publication to take note of these discussions. Bennett demonstrates that the existence of a shared social space, or 'ba' (Nonaka and Konno, 1998), in a firm has a beneficial impact on sales force performance. Not only does a shared social or communicative space facilitate the externalisation of previously tacit individual knowledge, but it also generates new knowledge through the combination of different perspectives in a work group. The existence of such a (physical, virtual or mental) space also lessens sales people's reluctance to share knowledge and improves their willingness to accept change. Bennett however fails to describe what forms such a 'ba' can assume in a sales organisation, what processes lead to its creation, and how individual sales people can benefit from its existence. The present study aims to fill these gaps and investigate current knowledge sharing practices in the sales force.

3 Methodology

This study uses Strauss and Corbin's (1990) formulation of the grounded theory method as a template for analysis. Five firms based in the Republic of Ireland were solicited to participate in the investigation, one firm each in the advertising, confectionery, corporate finance,

brewery and wholesale pharmaceutical sectors. Over a period of six months, observational data were collected during sales team meetings and client interactions. 22 depth-interviews were conducted with sales staff and managers to complement observations. Interviews and field notes were transcribed verbatim by one of the researchers and checked for completeness. The two researchers then coded transcripts independently in the software package QSR Nvivo[®]. In joint recoding sessions, the individual coding schemes were discussed and data were recoded until full agreement between the two researchers was reached. The emerging coding frame in turn informed the interview and fieldwork schedule. Analysis of the data moved from a broad ‘open coding’ stage to a more focussed ‘selective coding’ stage, where relationships between concepts were uncovered and fieldwork was used to elucidate any unresolved issues (Strauss and Corbin, 1990).

4 Findings

Broadly speaking, the analysis of the observational and interview data shows that talking to other sales executives about their customers is something that salespeople consider an intrinsic part of their job. Interestingly, the customer information passed on particularly during informal interaction with fellow sales representatives is rarely captured through any other means. Even sales managers seem to rely on personal channels of communication more than on written reporting structures in order to form a complete picture of the firm’s customers. The study also shows that informal interaction in sales teams has important ancillary functions for sales force socialisation and the psychological well-being of sales staff, which in turn facilitate knowledge exchange. The following sections will present the results of the investigation in detail.

4.1 The sales team as a knowledge repository

4.1.1 Complementing information technology infrastructure

From an outsider's point of view, the first remarkable fact about the way knowledge seems to be exchanged in many sales organisations is that many client details are not as systematically captured as one may assume:

A lot of the information that should really be widely available is only available to one or two. For instance very few people would know my client as well as I do, very few would. Likewise for the other account managers, they know their clients extremely well, but I am not sure if I moved over into one of their jobs in the morning if it would be that easy for me (Financial services).

Salespeople in general were aware of the value of the customer insights they gain during their everyday activities; however, they were also conscious of the fact that these are not often passed on in any structured manner. In the accounts of many respondents, the norm emerges that sharing of customer information should concern everybody, but that organisational reality rarely reflects this imperative:

My own theory is that a lot of the knowledge is in people's heads, so that if somebody was knocked down by a car tomorrow, a lot of the information would be lost. So that's a particular worry we have to think of and we are trying to address that (Pharmaceutical wholesale).

When asked about the mechanics of knowledge externalisation in the company, respondents mentioned three ways in which customer information may be shared with others, namely through information technology, through non-technological but formalised channels such as sales debriefings, and through informal modes of sharing customer knowledge such as 'chats' among sales staff. It seems that when sales people 'chat' informally, for example during

coffee breaks at sales meetings or during social outings, talk about customers is considered to be 'off the record' and personal knowledge is shared more liberally than through the other modes of information exchange. On these occasions, sales representatives seem to learn about the clients of other representatives and their idiosyncrasies; they get to know the problems associated with some accounts and the best ways to resolve them:

You would meet them [other members of the sales team] in the canteen or you would meet them socially, and you would find out a lot of information. You wouldn't find out a lot of information on personalities in a sales meeting, you get hard information on what sales or what prospects there are, but when you meet them informally, when you are just talking to somebody in the course of your work, you find out very quickly how well they are rated or how poorly they are rated and regarded. [...] If you don't have that in an organisation then the poorer for it because how do you engender these communication channels formally? Once they are formal, they can be very rigid and people aren't as relaxed as when they are informal (Financial Services).

Throughout the informal occasions of knowledge sharing observed – for example during coffee breaks -, client insights seemed to be exchanged much more openly than in formal records. Sales representatives, for instance, talked about the 'bad vibes' they got off one customer, or the fact that another had recently been on holidays and was in great humour at the moment. While this type of anecdotal customer information may be vitally important for sales efforts, it is unlikely to appear in any database. In fact, salespeople are often acutely aware of the difficulties of making such information available through more formalised channels:

If you begin to write down opinions on brokers it could be quite dangerous. If you have something written about a broker and you say this is a very awkward person to deal with, that could be quite dangerous. So I would never put down in writing what somebody is like. I would perfectly say it verbally (Financial services).

Beside the potential legal implications of sharing personal customer knowledge via formal modes of exchange, many sales staff were also somewhat suspicious of the capability of technological applications in capturing 'thick' personal knowledge:

In terms of technology information sharing I think we are pretty good, there's email there, but the information that's most important is still in people's head and I don't think that you can 'technologise' that for want of a better word (Advertising).

Many sales representatives seemed to believe that the 'measure of a person', as one of the respondents called it, that is the holistic picture of the client a salesperson develops through client interaction, could only be shared with others verbally. Respondents seemed to feel that database applications do not offer the requisite flexibility to accommodate their personal in-depth knowledge of clients; they were equally aware of the liability of processing certain pieces of information on clients in databases. If such information is exchanged in the sales team, it is typically done on a personal one-to-one basis, mainly when a business deal is being negotiated or when interpersonal problems arise with a client. In particular, members of the sales team who have dealings with a client in other product or service areas are often asked for advice if a client manager runs into difficulties with a particular client. It seems that many sales people thus share their knowledge in order to obtain a more 'objective' perspective that could complement their own subjective view of the sales person-client interaction.

4.1.2 Multiple Perspectives on a Complex Reality

The argument that informal, or more generally oral, modes of communication are more effective in sharing the 'thick' customer knowledge salespeople hold seems to be equally true when it comes to the issue of sales reporting. Many of the sales managers interviewed are aware of the quality of 'soft' insights that are exchanged orally rather than in writing and appreciate the influence of context on the richness of the information conveyed. One of the

respondents, for example, accompanies his sales representatives to their customers' sites as often as possible in order to get them to talk about the account *in situ*. He uses such visits in a very studied fashion to obtain as much contextual information as possible from sales representatives. If he cannot go out with a sales representative, he will at least try to meet them personally rather than relying on the weekly written sales reports. As with many other informants, he knows intuitively that only face to face meetings allow an organisation to create what Weick (1995, p. 187) calls 'requisite variety': multiple perspectives on a complex reality.

Throughout the interviews, research participants pointed out that verbal client insight was 'richer' in nature than written or computerised customer information. When written down or typed into a computer interface, personal knowledge typically has to be fitted into a narrow mould of standardised fields and drop-down menus. Face-to-face meetings, on the other hand, offer the space for rich descriptions of the complex reality that is the customer and the customer relationship. Verbal information exchange affords the flexibility to negotiate the meaning of information while it is being exchanged. Written information, separated from its sources and context, does not have the same flexibility, 'because you can't interact with it', as one respondent said.

4.2 The team as socialisation device

From an organisational perspective, regular social contact among sales executives serves another critical purpose: it acts as a socialisation device where a common language, frame of reference and worldview can be created. As Dubinsky et al. (1986) note, sales people are physically, socially and often psychologically disconnected from back-office functions, which can inhibit sales people's socialisation into the company culture. For many sales representatives, their sales team and sales manager provide the only opportunity to develop

like-mindedness and a feeling of belonging to an organisational network. From this perspective, the sales team represents a home base that provides a shared mental frame and a common language, which in turn facilitates knowledge externalisation and sharing:

The accounts department wouldn't have a clue what I was going on about, but then this type of information they don't need. But my colleagues in my own circle would, for no other reason than that members of the same team tend to speak the same way. The colour of their language may be different, but they use the same jargon, they use the same phrases (Telecommunications).

Through their informal interaction, a sales team creates a commonness that allows its members to quite literally 'speak the same language' and develop mutual understanding. The group cohesiveness that may arise from these processes can be quite strong; some of the observed sales teams developed a group identity that almost set them apart from 'the rest' of the company. Organisations may need to judge carefully whether and to what extent such group socialisation is desirable without jeopardising the sales team's integration in the wider company culture (Wenger, McDermott and Snyder, 2002).

4.3 The team as a psychological crutch

Beside its central role in the knowledge sharing and socialisation processes of a sales organisation, informal social contact with other sales representatives also appears to have an important function for the individual salesperson. As practitioners know all too well, the sales existence can be a very lonely one. In the typical sales dyad, the sales professional faces the task of developing client relationships in an environment devoid of immediate external feedback from outside. Even though the sales manager generally provides a certain amount of professional and moral backup, it seems that in many cases the sales team not only acts as a

vital reference point for the 'lone' sales person, but also as a support network on a psychological level:

Because it is a lonely existence being a sales rep. You go off and you are on your own on the road trying to do the best you can, and I think it's good to have the support from people around you and the interaction (Pharmaceutical Wholesale).

To obtain such psychological reinforcement from others, a team of sales people often relies on informal gatherings where they can discuss their client dealings in a casual atmosphere. The authors of this paper witnessed the significance of such a forum while accompanying a number of confectionery sales representatives on their daily sales journeys. Each of these sales representatives have their own independent territory, which means that they usually do not know, and indeed do not need to know, their colleagues' customers first-hand. Yet, they meet up for lunch every day in a place that is accessible to all of the representatives, where they discuss their activities and client dealings, vent their anger over 'unreasonable' customers or share anecdotes on competitor activities. The regularity of these informal meetings and the comments made on it by the sales people interviewed indicate the significance salespeople attach to regular contact with colleagues for their psychological well-being. Even in geographically dispersed sales teams, such support structures were common and seemed important for our informants. Facing their clients on their own throughout most of their work days, many sales executives in this investigation created a 'family' for themselves among their colleagues and thus obtained a psychological support structure and a vital peer group. This finding reflects Bigus' (1972) classic study of the interaction between milkmen as well as Korczynski's (2003) more recent study of call centre employees. It appears that individuals working in closed dyadic situations intuitively resort to their peers for moral and professional support, thereby establishing what Korczynski (2003) calls a 'community of coping'. While sales research appears to have so far ignored the existence of such

communities, they may represent a central ingredient not only for successful knowledge sharing, but also for the long-term well-being of the salesperson.

5 Discussion

This study has investigated the issue of how, when and to what ends sales people share their personal knowledge of the client with their colleagues. It has shown that sales teams often create informal fora where they can exchange their views on clients and client relationships with their colleagues. These fora represent not only a platform where personal knowledge is externalised and shared with others, but also allow sales people to compare and align their perspectives, support each other on a psychological as well as practical level and experience a 'togetherness' that is often missing from sales representatives' daily existence.

The importance attached to informal occasions by the participants of this study points to their centrality as a learning and socialisation vehicle. From this viewpoint, informal group contact in sales teams fosters the development of a 'community of practice' in Lave and Wenger's (1991) sense. Lave and Wenger identify a community of practice by learning through participation, a shared repertoire and mutual engagement, helping to create identity and meaning for the individual. According to Wenger (1998), they are a vital complement to more formal practices of learning and knowledge sharing. Members of a community of practice not only deepen their knowledge and skill base through their interactions, they also offer each other moral support and nurturing (Wenger, McDermott and Snyder, 2002). Thus, they allow for the first and second process in Nonaka and Takeuchi's (1995) knowledge spiral: socialisation and externalisation. All three features observed in the sales teams studied during the present research, namely knowledge exchange, psychological support, and creation of a common mind-frame, work together to build a highly effective and rich knowledge community in the sales organisation. The latter two features play an enabling role for sharing

personal customer knowledge since such knowledge depends on a shared repertoire and mutual understanding for externalisation.

To summarise, it may be suggested in much stronger terms than proposed by Bennett (2001), that 'ba', or informal social spaces created and shared by members of a sales team, are an important factor in a sales team's effectiveness; not only do such spaces facilitate exchange of customer insights, they are also a vital nurturing ground for community spirit, which in turn will improve knowledge flow in the sales organisation.

6 Conclusion

This study represents an exploratory investigation into knowledge sharing practices in sales organisations. It has shown how informal team interaction is a vital mechanism for successful knowledge exchange in a profession that all too often fosters a 'lone wolf spirit' in its members. It has also illustrated that such informal knowledge exchange is only successful if a 'community of practice' develops within the sales force where a common language, psychological mind-frame and feeling of belonging are nurtured. Research is now called for to look beyond electronic means of information exchange and advise organisations on best practices in fostering communities of practice in the sales force.

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