

Adaptive Sales Capabilities and Sales Performance

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Summary Report

What can sales leaders do to *build sales capabilities that are best suited for an increasingly complex marketplace*? It is imperative for firms to develop processes for capability enhancement and reconfiguration – guiding investments in new resources and capabilities, deciding which to release and which to improve and how to do so. These processes refer to *adaptive sales capabilities* (see Day 2011¹). Salespeople that possess such capabilities thrive because they can quickly make sense out of an increasingly unpredictable market; they can sense-and respond quickly to latent or emerging customer needs customers and thus tailor solutions that cannot be matched by competitors. As Day (2011) notes, salespeople with such capacities have also a heightened sense of alertness and increased state of learning by exploiting even the most negligible piece of information that stems from either inside or outside the company. This new set of capabilities has important ramifications for managerial interventions in terms of coaching and development as well as the selling models and systems employed. Table 1 illustrates the adaptive capabilities explored in our study.

Adaptive Sales Capabilities	
<i>Vigilant market learning:</i>	Salesperson's processes for enhancing deep market insights with an advance warning system to anticipate market changes and unmet needs.
<i>Adaptive experimentation:</i>	Salesperson's processes for continuously learning from experiments in performing job tasks.
<i>Open marketing:</i>	Salesperson's processes for forging relationships with and mobilizing the skills of current partners.

Table 1. Definition of Sales Capabilities (adapted from Day 2011)

We draw on a unique dataset comprising 4 different studies involving almost 900 salespeople employed in 4 leading companies across 14 countries in the E.U. and the U.S. Based on the results of our analyses we conclude (a) that adaptive sales capabilities are an important set of capabilities for modern salespeople operating in complex and turbulent markets; (b) there are things that companies can do to improve the level of these capabilities in their salespeople; (c) improving adaptive sales capabilities improves not only the ability of salespeople to exercise adaptive selling behaviors (ADAPTS) but also their objective sales performance; (d) at least for adaptive experimentation and open marketing capabilities, companies might find it more fruitful to foster the development of these two capabilities when the environment is very complex – that is, when there are many and highly diverse competitors, suppliers, buyers, and other environmental actors that firm decision makers need to consider in formulating their strategies. We therefore encourage sales executives to, firstly, diagnose the level of adaptive sales capabilities in their sales forces using our survey instrument and, secondly, to expend effort in improving these capabilities given the evidence presented here which suggests positive links to objective sales performance. Table 2 summarizes our results for practicing managers.

¹ Day, G. S. (2011). Closing the marketing capabilities gap. *Journal of Marketing*, 75(4), 183-195.

	To increase the capability of Vigilant Market learning:	To increase the capability of Adaptive Experimentation:	To increase the capability of Open Marketing:
Managers need to improve:			
Individual Market Orientation: salespeople's practice of integrating customer preferences, competitor intelligence, and product knowledge into the process of creating and delivering superior value to customers. ²	✓✓✓	✓✓	✓✓✓
Capability exploitation: a salesperson's tendency to invest resources to refine and extend her/his existing sales capabilities.	✓✓	✓✓✓	✓✓
Capability exploration: a salesperson's tendency to invest resources to acquire entirely new capabilities.			✓✓
Resource slack: resources (e.g., tools, data, support staff, budget) made available to salespeople.	✓✓		✓✓
Learning orientation: the tendency of salespeople to enjoy the process of discovering how to sell effectively. They value the feelings of personal growth and mastery they derive from their job. ³	✓✓	✓✓	
Performance orientation: salespeople seek favorable evaluations of their skills from their managers and colleagues. They are reluctant to experiment with new approaches, fearing these behaviors will result in poor outcomes and consequently negative evaluations of their abilities and performance. They avoid challenging sales situations. ⁴		✓✓✓	✓✓

Table 2. Implications for Sales Executives

² Lam, S. K., Kraus, F., & Ahearne, M. (2010). The diffusion of market orientation throughout the organization: a social learning theory perspective. *Journal of Marketing*, 74(5), 61-79.

³ Sujan, H., Weitz, B. A., & Kumar, N. (1994). Learning orientation, working smart, and effective selling. *The Journal of Marketing*, 39-52.

⁴ Sujan, H., Weitz, B. A., & Kumar, N. (1994). Learning orientation, working smart, and effective selling. *The Journal of Marketing*, 39-52.