

## **Executive Summary –Fail Fast Strategy in Sales Force Management**

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### **The Challenge**

Failing fast involves the concept of intelligent failures, and is an agile strategy aimed at the purposive timing of a failure. While failing fast runs counter to doctrines of perseverance and grit, this efficiency strategy is recommended in resource-intensive pursuits where failures are common. Thus, sales research has begun to study the process of salesperson failing fast and its downstream implications. Conceptually, salespeople who learn to fail fast may benefit from preserving resources and diverting them towards more promising sales opportunities, while also taking control of failure to reduce its psychological toll. Sales leaders may integrate a fail fast approach into their organization by developing rules of thumb that help salespeople diagnose which opportunities to pursue, while simultaneously furnishing a way to fail early. Such guidance provides leadership aimed at driving profits through conserving resources and pursuing more promising revenue generating opportunities, while also giving salespeople permission to opt out. What is less known, however, is how managers encourage failing fast when desired and how salespeople respond to failing fast as a top-down strategy.

### **Addressing the Challenge**

Recognizing the potential of a top-down approach that advocates for failing fast to both sales managers and salespeople, our study conceptualizes the phenomenon of fail fast strategy—i.e., the extent to which sales managers suggest that their salespeople exit sales opportunities early if the likelihood of closing the sale is low. Building from this conceptualization, we empirically examine the antecedents of fail fast strategy. We hypothesize factors that direct sales managers toward or away from fail fast strategy, suggesting that a sales manager's attention toward failing fast will be influenced by both organizational (output control, product complexity) and

individual (micromanagement, profit orientation) factors. Finally, our antecedent and outcome model of fail fast strategy also assesses a boundary condition affecting its efficacy.

### **Study Findings**

Our findings support the moderating role of sales force resources on the relationship between fail fast strategy and salesperson extra-role behaviors (ERBs). High sales force resources positively shift fail fast strategy's impact on salesperson ERBs, while low sales force resources affect the relationship negatively. Regarding the antecedents, our study shows that organizations using output control signal managers to avoid fail fast strategies while those possessing a portfolio of complex products signal managers about the appropriateness of fail fast strategy. Additionally, managers who micromanage their salespeople align well with the strategic focus on failing fast. Surprisingly, however, a manager's profit orientation is not associated with fail fast strategy, thus suggesting that failing fast as a top-down strategy is not motivated by a prioritization of sales team profitability. Rather, other soft costs may influence this strategy.

### **Key Applications**

Managers are the critical bridge between firm culture and the orientation and performance of its frontline employees. Sales managers are charged with achieving requisite output from their salespeople within a desired level of resource input. These goals have increasingly pushed the field toward optimization modeling. However, managers must also recognize the human-level implications of imposing input constraining strategies on their salespeople. As a mechanism to balance that tension, managers have been advised to divest support to salespeople when the sales call is at the closing stage and instead invest efforts in early stages (i.e., pipeline management). Fail fast strategy helps salespeople preserve scarce resources for high potential opportunities.

Fail fast strategy also celebrates an intelligent failure mentality. Where organizations see value in managers adopting fail fast strategy, certain structures can be put in place or avoided. For example, we find a strong positive direct effect of product complexity on the pursuit of fail

fast strategy and suggest that a delayed exit can be expensive if the complex product involves a lengthy sales process. Thus, organizations can advocate for fail fast strategy to managers operating in contexts with complex products. Conversely, installing output controls could help organizations deter managers from fail fast strategy. Outcome controls shift the onus of results to the salesperson and dissuade managers from fail fast strategy. Managers must be cognizant of such organizational signals and their implications.

Further, fail fast strategy should be utilized when boundary conditions help create more favorable downstream outcomes. This study depicts the moderating role of sales force resources on the fail fast strategy-salesperson ERB relationship, offering important managerial implications. Specifically, when utilizing fail fast strategy, sales managers need to provide sufficient resources that enable salespeople to meaningfully allocate discretionary efforts. Providing salespeople with an array of viable alternatives for customers, or training them on how to customize their offerings to meet customer needs, can help fuel sales force resource perceptions and accentuate the desirable influence of fail fast strategy.

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Friend, Scott B., Jeff S. Johnson, and Kumar Rakesh Ranjan. "An antecedent and contingent outcome model of fail fast strategy in sales force management." *Industrial Marketing Management*, In Press.