Executive Summary – Fail Fast, Sell Well

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The Challenge

Sales is a profession with a strong orientation towards performance, yet it entails a substantial amount of failure. When salespeople face rejection from customers, the consequences are lasting—at the individual-level (e.g., poor performance, termination), organizational-level (e.g., turnover costs, supervisory efforts expended), and customer-level (e.g., decline in customer confidence, poor image of company). These adverse effects on internal and external stakeholders warrant scholarly attention and are further amplified by the high rates of failure common to the sales profession. Yet, much of the research on sales failure focuses on the source of the failure, attributions of and adjustments in response to failure, resources necessary to mitigate the negative impact of failure, and prevention of future failures. Perhaps, rather than aiming to prevent inevitable failures, salespeople should instead anticipate and control the timing of when failure occurs in order to preserve resources.

Addressing the Challenge

The objectives of this study are threefold. First, we aim to establish the concept of salesperson failing fast. Introducing failing fast to the sales knowledge base will provide a more granular understanding of this tactic, thus providing improvements to the conceptualization and comprehension of the failure phenomenon. Our second objective is to operationalize the salesperson failing fast construct along with its processual predictors. Using the theoretical framework of sensemaking, we conceptualize and operationalize a failing fast process model for sales: prospect intent collection, prospect intent interpretation, and salesperson failing fast. This scale development effort will allow the field to move beyond database mining approaches when studying sales failure (e.g., pipeline analysis). Third, we empirically analyze the contingent downstream effects of the salesperson failing fast construct. In doing so, this study provides evidence of the performance implications of failing fast while also offering managers a set of contextual conditions that influence the efficacy of failing fast at the individual-level (customer orientation), organizational-level (role autonomy), and environmental-level (customer demandingness). Given the high prevalence of failure within sales and the adverse impact of coping with failure, bringing additional nuance to the phenomenon via the concept of failing fast is an important contribution.

Study Findings

This research explicates the phenomenon of failing fast within a business-to-business sales context. The study theoretically conceptualizes salesperson failing fast and then empirically offers a process model by which collection, interpretation, and action are sequentially linked together. This research then studies the focal relationship between failing fast and sales performance. While the direct effect is non-significant, the finding is novel in that it shows certain forms of failure may not actually be a detriment to performance. The moderator analysis sheds further light on this relationship, revealing that customer orientation accentuates the impact of failing fast on performance. By contrast, role autonomy attenuates the relationship and customer demandingness is non-significant as a moderator in the analysis.

Key Applications

The findings provide managerial guidance for optimizing failing fast. Sales managers must be cognizant that failing fast is neither universally good nor bad. Rather, managers must understand the contingent factors affecting the efficacy of failing fast on salesperson performance. Customer orientation, for example, is important in converting salesperson failing fast to sales performance. Accordingly, sales managers can increase the customer orientation of their sales force through screening and hiring techniques, as well as by promoting customer orientation through the culture and long-term strategic orientations they establish. Our results may also influence managers to recognize the nuanced impact that role autonomy may have when interacting with variables expected to drive performance. As our findings show high role autonomy reduces the efficacy of failing fast on salesperson performance, managers may wish to provide more structure in the sales role, especially in guiding salespeople to know when to pursue customers and when to walk away.

Failure in general is noted to be more difficult to manage than success, which should be concerning to sales managers given that much of the responsibility for sales failure falls at their feet. Thus, when it is appropriate for managers to encourage salesperson failing fast, they can employ upward and downward influence. Upward influence advises working with senior leadership to cultivate an environment where failure is acceptable, beginning with convincing the organization that failure can be a good thing. As such a mentality is absorbed into senior leadership approaches, sales managers could design a culture that demands accountability when measuring sales performance while also allowing for the freedom to fail. Downward influence includes working with salespeople to encourage the collection and interpretation of intent data, as well as failing fast when appropriate. The potential benefits of the failing fast process rely upon the notion that learning occurs from prior failures, which can be applied to ensuing improvements. Managers can encourage this learning when they work with salespeople to change their mindsets. Instead of being discouraged by the pitfalls of failure, sales managers must talk about failure and what was learned, provide feedback that teaches lessons, and maintain relationships with salespeople so that failures are a discussable part of the sales process.

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