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THE IMPACT OF COACHING ON SALESPERSON'S PERFORMANCE AND
THE MECHANISMS THAT REGULATE THIS RELATIONSHIP

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This document has been evaluated by a jury, composed of the following persons

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ABSTRACT

Companies worldwide are facing a severe competition from an increasing number of domestic and foreign competitors, who put extra pressure on the achievement of market efficiency and performance. In this context, research and transference of managerial tools aimed at increasing performance has become decisive for organizations. One particular tool, the coaching of the sales force, has been largely praised by practitioners and scholars alike as a central managerial activity increasing employee's performance. As salespeople's performance is a key antecedent of organizational performance, research on sales coaching as a tool for increasing performance is critical.

Despite its importance, research on coaching has been scarce and inconsistent, and published work has been predominantly practice-driven and guru-led, lacking solid theoretical basis. Additionally, the relationship between coaching and performance has not received conclusive support, and the mediating variables linking coaching with performance have not been studied; these restrictions limited the explanations and predictive capacity of present models. This research tries to close the gap between what is presently known about coaching and what should be known in the opinion of both practitioners and scholars, by answering two general research questions: 1) does coaching by the sales manager have an impact on salesperson's performance?; and 2) what are the mediating mechanisms that turn coaching by the sales manager into salesperson's performance?

This dissertation presents a model based on two institutionalized¹ theories, Leader-member Exchange (LMX) Theory and Goal-setting Theory; LMX is a dyadic, relational theory, useful to explain the high quality relationship developed between

¹ Following Miner (2005) we use the term institutionalization to refer to those theories that are widely known, accepted and endorsed by the scientific community.

coach and coaché during the coaching intervention, and some of the proximal outcomes of this relationship; goal-setting theory is particularly useful in sales contexts, where salespeople have clearly defined goals, to understand how the coaching intervention can mobilize salesperson's cognition and motivation in order to achieve the goals.

The model explores the motivational and cognitive process enacted by the coaching intervention that have an impact on salesperson's performance, and proposes different ways through which coaching could be translated into increased performance; according to the model, the coaching intervention helps the salesperson to develop *new task-specific strategies*, which increases his capacity of adapting to different selling situations; additionally, the characteristics of the coaching intervention increases his *goal commitment* and his *self-efficacy*; in consequence, the salesperson will spend *more effort*, with greater *persistence*, and will *choose* better strategies; as a consequence of increased sales adaptability, new strategies, goal commitment, self-efficacy and effort, salesperson's performance will also increase.

The model was tested using data collected early in 2011; a local Latin-American branch of a global industrial company and a Canadian bank accepted to participate in the study, and invitations to take a web-based survey were sent to their sales forces. I received 186 complete, usable responses, for a total response ratio of 40.43%, which were used to test the model using Structural Equation Modeling.

Results supported the main hypotheses; the conclusion of the dissertation is that the coaching intervention actually enacts motivational and cognitive mechanisms in the salesperson that allows him to increase his performance. These mechanisms are increased effort, adaptive selling, sales planning, new strategies, goal commitment and self-efficacy.

The dissertation contributes to the solution of the research problem in several ways. First, it proposes a model of coaching mediators, an issue that has not been addressed by previous research. The model represents an original perspective that advances the field of coaching research by enlarging our understanding of the processes addressed by the coaching intervention.

Second, the model proposes two complementary ways for achieving performance; one that considers the motivational aspects of the coaching intervention, where an increased performance is achieved through increased goal commitment and effort; the other one considers the cognitive aspects of the coaching intervention, where an increased performance is achieved through increased adaptive selling and sales planning behavior, and the development and implementation of new task-related strategies. These two ways are consistent with present research on adaptive selling and sales performance.

Third, the model is based on two institutionalized theories: LMX and Goal-setting Theory. The use of these theories is an original approach, useful to understand how coaching work in sales contexts. As the proposed model is not based on any particular practitioner's model or set of experiences, it can potentially be generalized through a large series of organizational settings.

Finally, the results of this research contributes: 1) to the advancement of scientific knowledge through the development of an original, theory-based model of coaching mediators, as well as 2) to the solution of a managerial problem by providing practical insights to practitioners willing to implement successful coaching processes in their organizations.

Keywords: coaching, sales, LMX theory, Goal-Setting theory

RÉSUMÉ DE LA THÈSE

La thèse porte sur l'impact du coaching sur la performance des représentants de vente et sur l'identification des variables médiatrices qui expliquent la façon dont le coaching se traduit en performance.

Basée sur deux théories institutionnalisées (Leader-member exchange theory et Goal-setting theory) la thèse identifie des processus motivationnels et cognitifs qui sont sollicités comme suite à l'intervention de coaching faite auprès du représentant. La qualité de la relation entre le directeur des ventes (coach) et le représentant (coaché) facilite l'exploration des comportements envisageables qui, si mis en application, permettront au représentant d'atteindre ses objectifs.

Ainsi, après l'intervention de coaching, le représentant est plus motivé et plus outillé pour faire face aux défis qu'il rencontre; une motivation accrue est caractérisée par un engagement élevé envers les objectifs qui lui sont confiés, ce qui incite le représentant à déployer un effort accru dans la poursuite de ces objectifs, l'encourage à déployer des mécanismes cognitifs qui lui permettent de mieux adapter son comportement de vente, de planifier davantage ses actions commerciales et de mettre en place de nouvelles stratégies, toujours dans la perspective d'atteindre les objectifs spécifiés. Tous ces facteurs contribuent à accroître la performance de résultats du représentant.

La thèse présente une contribution théorique majeure. Elle fournit un cadre explicatif qui précise quels sont les facteurs intrinsèques sollicités chez le représentant qui sont mis à contribution et se traduisent en performance suite à une intervention de coaching.

Sur le plan managérial, la thèse permet aux directeurs des ventes de comprendre pourquoi leurs interventions de coaching devraient influencer le

comportement et les résultats des commerciaux; elle fournit aussi des lignes de conduite qui permettent aux praticiens d'évaluer l'efficacité d'une intervention de coaching en observant les comportements des commerciaux après leur intervention.

Mots clés : coaching, ventes, Théorie LMX, Théorie du goal