

TEAM SELLING AND CUSTOMER SATISFACTION IN THE MISSION CRITICAL SECTOR: A CASE STUDY OF EYP MISSION CRITICAL FACILITIES INC.

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Abstract:

This study examined the relationships between selling teams (STs) and customer satisfaction within the mission critical power design industry. The literature indicates that STs, which are considered a state of the art sales model, deserved further research. The SERVQUAL survey was used to measure customer satisfaction with EYP Mission Critical's most strategic customers. The difference in customer satisfaction for customers serviced by STs and traditional sales personnel were compared. The investigation found support indicating that a ST approach had a positive relationship to increased customer satisfaction levels. Based on the results of the study, it is recommended that sales leaders within the specialized service industry consider a ST approach when formulating future revenue growth and relationship strategy.

Keywords: Teams selling, business to business sales, team approach to selling technical products.

Since competition for market share has become fierce, firms are seeking innovative ways to gain customer satisfaction, which, in effect, will positively impact their ability to sustain profitability. A method that has become increasingly popular is the use of selling teams, otherwise known as enterprise teams (Dixon, A., Gassenheimer, J., & Barr, T. 2003). In a study conducted by (Batt and Keefe 1999), results indicated that self-managed teams were associated with a 9.3% increase in sales output per employee.

The pooling of intelligence through a cross-functional approach provides the market with an expanded knowledge that goes beyond the typical tell-and-sell model. (Arnett et al. 2005 P. 29) noted, "Although the main purpose of selling teams is the development and implementation of suppliers' marketing programs, they often take a problem-

solving or consultative approach to selling." With this model, the buyer is engaged with the supplier as an active participant throughout the entire process.

This approach allows the core selling team an insider's view and understanding of the buyer's needs, industry, and plans. Arnett et al. (2005 p. 29) stated, "Therefore, selling teams facilitate the development of supplier-buyer relationships that are based on communication and knowledge sharing, rather than ones based on telling and selling."

Another paradigm shift in the area of CRM is the movement from an individual sales approach to a relationship management program that is based on a core selling team (ST). This new model brings together various organizational divisions (e.g., sales and operations) to offer the market their

pooled thought leadership. The model is based on the premise that the combined ST will be able to offer more knowledge, which will open up a true buyer-seller consultative sales approach. Arnett et al. (2005 p. 29) noted "Although the main purpose of core selling teams is the development and implementation of suppliers' marketing programs, they often take a problem-solving or consultative approach to selling." Ultimately, because of increased competition and ever-changing technology, firms must devise sales and marketing tactics that provide differentiators in the market to gain share. This study focused on the relationship between selling teams, transformational leadership, and customer satisfaction.

Background

This study will examine the question: When a selling team is comprised of two people; one with technical skills and the other with commercial skills, how will this team impact customer satisfaction as opposed to a traditional single salesperson sales relationship?

The concept of a selling team is that several members of an organization are assigned to a particular key account and are tasked by management to develop and execute a growth strategy for that particular client. Research has identified many key drivers that are critical for team selling success. Team selling is more likely to occur under the following conditions: (a) the sales are potentially large, (b) the client requires a special focus, (c) product or service complexity exceeds an individual's cognitive limits, (d) the customer is purchasing a complex offering for the first time, (e) a large number of people are engaged on the buy side of the equation, (f) the product or service is key to the seller's portfolio of offerings, and (g) the buyer has a need for copious amounts of information (Jones

Dixon, A., Chonko, L., & Cannon, J. 2005).

This customer-focused approach requires change to an organization's existing structure to be successful. In other words, the process is more intricate than assigning employees to work in groups (Homburg, Workman, & Jensen 2002). In this new structure, team members, who are considered core to meeting customer needs, are selected from various departments within an organization. These members include, but are not limited to, marketing, engineering, operations, product/service development, and customer service representatives. As noted by (Stock 2004 p. 274) "The use of teams aims at realizing the following advantages: increased efficiency of organizational processes, increased innovativeness through the bundling of different competencies and perspectives within a team, and improved management of the boundaries with other companies."

With this model, the buyer is engaged with the supplier as an active participant throughout the entire process. This approach allows the core selling team an insider's view and understanding of the buyer's needs, industry, and plans.

The data that was used for the study was obtained from a mission critical (M/C) design firm within the architectural and engineering (A/E) design sector based in New York City and known as EYP Mission Critical. The mission critical design business has had an increase in focus as a result of recent widespread, long-term interruptions in electric power service caused by the vagaries of the weather and poor system design. The mission critical power design sector's primary offering is the design of mechanical, electrical, and plumbing systems for clients who have functions that require a high degree of operational continuity. These systems include data centers,

trading floors, laboratories, broadcast facilities, and radar systems.

The focus of the study was on the repeat clients of EYP Mission Critical, who were identified as clients who repeatedly purchase services from EYP Mission Critical. These clients, who are known within the firm as members of its national client relationship management program (NCRM), are in various market sectors and have multiple national locations. This is consistent with (Perreault and McCarthy's 1996) view of major accounts.

Perreault and McCarthy (1996) noted six steps in the market segmentation process. The first is to define the type of current relationship.

The typical category is weak versus strong where weak means that customers expect a company to bid for their business. A strong relationship occurs when the firm is able to forego the bid process and receive a sole-sourced approach. The second step is to determine the type of customer being served. This includes customers such as financial service, broadcast, healthcare, and insurance firms. The third is to determine the demographic areas the firm wants to serve. The fourth is to determine the applicable services required to meet the needs of the respective customers. The fifth step is to determine the customers' buying process. This could include centralized spending decisions or decentralized buying practices, which are typical for conglomerates. The final step is to understand the customers' purchasing methods. This would include issues such as vendor analysis, sample buying, competitive bids, and negotiated contracts.

Clients are segmented into three distinct tiers within EYP Mission Critical's NCRM program: A accounts, B accounts, and C accounts. Arranging clients in tiers creates an efficient sales process and places focus on the customers who present the greatest

growth potential for the firm. (Hax 2005 p. 21) stated, "Segment your customers carefully, arrange them into proper tiers that reflect distinct priorities, and provide a differentiated treatment to each tier." The A accounts, which are considered EYP Mission Critical's most strategic, typically are large multi-site firms that operate multiple large data centers or other mission critical operations that require critical power systems. The B accounts are midsize firms with multi-site locations that operate data centers or other mission critical operations, and they consistently purchase EYP Mission Critical's offerings. Finally, the C accounts are smaller firms that do not consistently purchase the services of EYP Mission Critical.

Through its NCRM program, EYP Mission Critical has made a managerial decision to select its clients and not let the clients select it. Therefore, the client is at the center of the firm's growth strategy (Hax, 2005).

Selling Teams

The selling team is a model that is built on the premise that combining the knowledge of both the technical team and the commercial team will add value to both the client and the firm that uses it (Arnett et al., 2005). Team selling at EYP Mission Critical creates the following characteristics: The sales organization differs from the traditional structure, a pooled effort will offer value in the marketplace, the customer receives more focus and an increase in relationship commitment, a learning organization is created, a platform for goal sharing is provided, and the model creates efficiencies through increased knowledge utilization that will be reflected in lower costs to EYP Mission Critical's most strategic accounts. This model depicts how EYP Mission Critical plans to serve its most important NCRM accounts. For example, the core selling team, which comprises both a commercial leader and a technical

leader, shares knowledge both internally and externally through various councils, such as the technology council noted in Figure 1, along with market trends. This matrix approach, where people are assigned to several different leaders and share

information across various internal functions, is open in nature and allows for constant learning (Scott, 2003). The model, which EYP Mission Critical has implemented, is graphically represented in Figure 1.

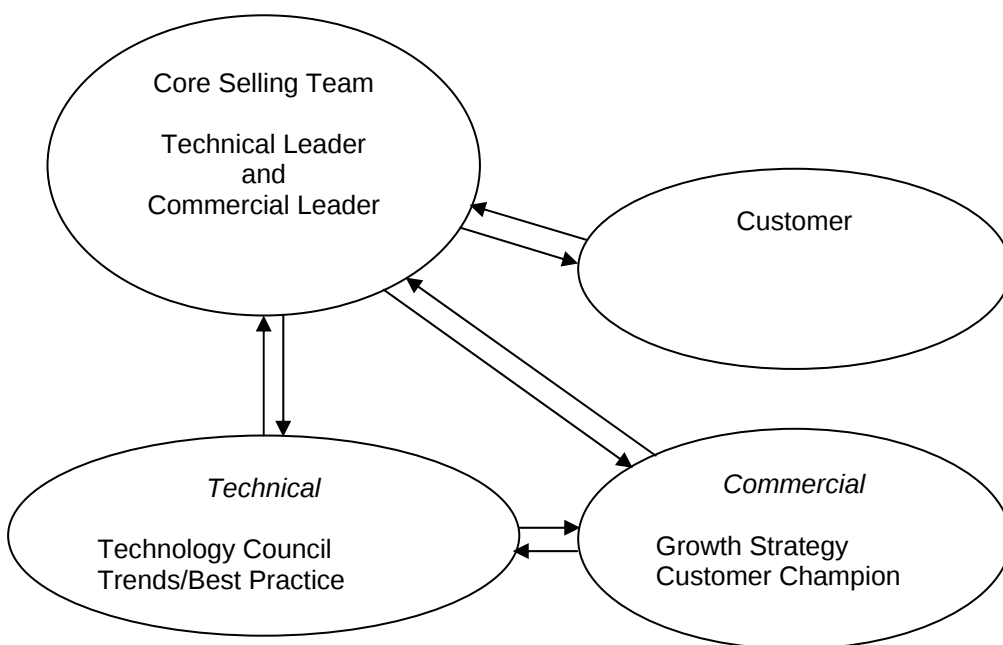


Figure 1. Relationship model: EYP Mission Critical

Study Design

The goal was to determine the effects of selling teams and how it is related to customer satisfaction. This correlational study was explanatory in design. The data was secured through EYP Mission Critical's CRM system. According to EYP Mission Critical's records, 102 NCRMs exist, and they made up the sample data for this study. The customers are classified as A accounts, B accounts, and C accounts based on metrics such as level of spending for services, revenue, number of employees, and growth potential. The NCRMs were located within the United States and provided a cross-sectional representation of clients who use

mission critical power design services. These NCRMs were made up of firms from various verticals such as finance, broadcasting, technology, telecommunications, pharmaceuticals, and energy.

The survey instrument, developed by (Parasuraman et al. 1988) and known as SERVQUAL, was used to measure overall satisfaction level with regard to the quality of service being offered by EYP Mission Critical. The SERVQUAL instrument seeks data concerning a customer's expected level of quality of service from a specific service provider, and this is measured against the perceived quality the customer is receiving from the service

provider. The tool measures a customer's expectations and perceptions across five dimensions of concerns. They include reliability, tangibles, assurance, empathy, and responsiveness.

The mathematical formula for SERVQUAL is

$$Q = 1/22 \sum (P_i - E_i)$$

Where: Q = Perceived service quality

P_i = Perceived Performance level on attribute i for the delivered service

E_i = Expected performance level on attribute i for the service offered

Findings

The returned SERVQUAL surveys indicated that 45.5% of the respondents were classified as A accounts of EYP Mission Critical. The B accounts made up 39.4% of the returned surveys, and the C accounts represented 15.1% of the results. The rankings of A accounts, B accounts, and C accounts are used by EYP Mission Critical to identify its most important accounts; these rankings serve as an indicator for the amount of focus each relationship manager should place on customers: the A and B accounts are critical, and the C accounts should have less attention. Of the 15 A accounts, 87%

were served by a core selling team (ST). The data also indicated 46% of the B accounts were serviced by a ST. Finally, the data showed 60% of the C accounts had a ST assigned to them.

The average customer service quality gap score of the 33 respondents was -10.7. The standard deviation for the sample of gap scores was 21.3 points. Since the Anderson-Darling value was .744 (< .754), the test for normality of the distribution was accepted.

The research question focused on the potential correlation between STs and customer satisfaction levels. To test this question, the Pearson's r -value (coefficient of correlation) was selected to test the strength of correlation between the two variables in question (Lind et al., 2005). The customer satisfaction data was gathered with a likert type scale and the ST data was a binary variable. Since the measurements were treated as interval data, the Pearson correlation coefficient was judged as the most appropriate test. The calculated Pearson value was .717, which is a strong positive correlation. This strong relationship is shown in the figure below.

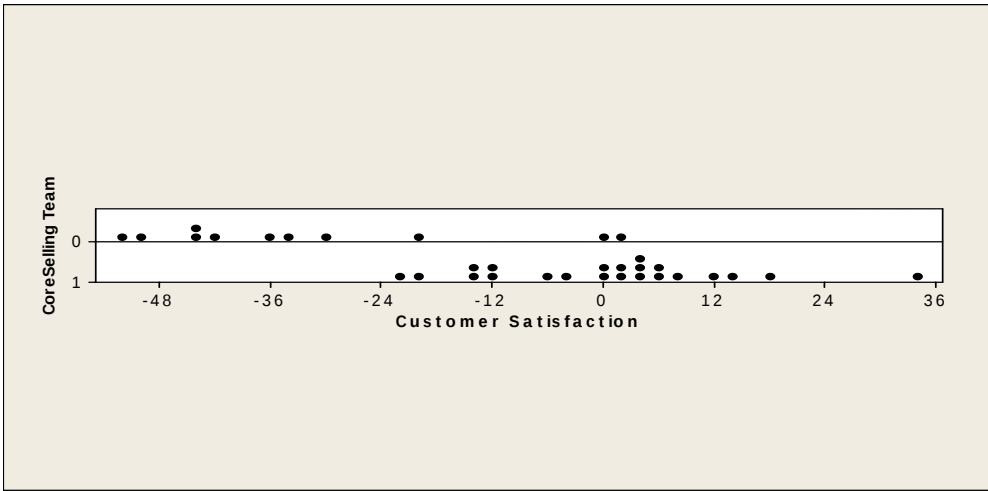


Figure 2. Customer satisfaction versus STs.

The figure graphically indicates a positive correlation of higher customer service scores when STs are assigned to EYP Mission Critical's NCRM customers (0 = no ST, 1 = ST Assigned).

Conclusions and Implications

The results of the study were focused on a research question that examined the relationship between two variables, STs and customer satisfaction. Descriptive data was secured from a validated survey tool and the records of EYP Mission Critical. The following conclusions were drawn.

There was a positive, statistically significant difference in customer satisfaction when selling teams were used to sell technical services to customers over traditional sales people working alone with a customer. This is consistent with a past study by (Arnett et al., 2005) that indicated that the buyer-seller relationship became stronger when ST's were implemented. The research question, how will this team impact customer satisfaction as opposed to a traditional single salesperson sales relationship, was answered in the affirmative.

This leads to many applications and questions for future study. The first implication is the actual business results of the two sales methods. We know that ST's lead to a stronger relationship and more satisfaction with customers, then when customer referrals and /or repeat business are important parts of the

business strategy, ST's should provide support for company business goals. This could be further tested in future research that examines repeat business and customer referrals when ST's are used in relationship to traditional sales processes. Comparing the size or the total sales between the two sales methods would also be interesting and would help clarify the business results of the different sales methods.

This was an exploratory study focusing on ST's at one firm. The results warrant further investigation using multiple firms. The present study was limited to STs that offer technical services in the mission critical power design sector. Therefore, the potential impact of STs for firms that sell technically complex products is unknown. Future research in the area of technical products needs to be conducted. This research could provide important information to the leadership of product-focused firms; such information could be used when considering new approaches in go-to-market strategies.

Lastly, the findings from this study are important to leaders who are held accountable for revenue growth in their respective firms. It is recommended that leaders within the specialized service industry, especially those selling technical services, consider a ST approach when formulating future go-to-market strategies. The authors think this is particularly true when repeat business or customer referrals are an important part of your sales strategy.

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