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Transformational Leadership in the World of Sales

Dalton R. Barnes
Claremont McKenna College

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Claremont McKenna College

Transformational Leadership in the World of Sales

submitted to
Professor Ronald Riggio
and
Dean Peter Uvin

by
Dalton Barnes

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Abstract

It takes a very specific type of person to be successful in sales; this makes recruiting and retaining effective employees a difficult task for companies in this field. Because finding and training these people is such a challenging task, it is in the best interest of companies to invest in training and developing their employees to be successful and avoid burning out. Bass and Riggio (2006) would note that in a field with such a high burnout rate, a transformational sales leader is important because they are generally able to build stronger follower loyalty, commitment, and satisfaction than their non-transformational counterparts. Northouse (2013) would say the situation present in a sales office calls for the main components of transformational leadership (Transactional Leadership plus “the four I’s”). The “Four I’s” of transformational leadership are Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. This paper will analyze the leadership techniques used in managing groups of these sales individuals; particularly, why transformational leadership is especially effective in this environment.

Keywords: transformational leadership, sales, training

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Introduction

Since the release of Martin Scorsese's The Wolf of Wall Street in 2014, there has been a great deal of attention given to the dynamics of sales offices, particularly brokerage firms. The reason for this fascination, as depicted in Scorsese's film, stems from the seemingly single-minded intensity with which successful firms imbue within their employees. Success in these sales industries is primarily driven from a system whereby employees who are starting out are willing to work long hours and make cold calls, which is mentally and emotionally exhausting work. Keeping the young employees motivated and productive is a key responsibility of leaders in this line of work. Hence the portrayal of ridiculous shenanigans in The Wolf of Wall Street; in order to produce the profit margin he demanded, Jordan Belfort wanted to keep his employees as motivated as possible

I had the pleasure of working at Matthews Retail Advisors this summer, which is currently the number one retail investment sales and commercial real estate brokerage team in their field in the nation (Matthews, 2015). During my employment with Matthews, I was able to observe several different styles of leadership in the office. Specifically, I noticed the effect that the leadership of seniors -salespeople with one or more years of experience who mentored younger associates - had on the success of their juniors - salespeople with less than one year of experience. Seniors who genuinely invested their time and attention into the development of their juniors, and took an interest in insuring their success, generally had more successful juniors. Comparatively, there were seniors who were more occupied by running their own business and tending to their own deals, or simply didn't have the necessary traits to "grow" and promote the success of their juniors. The predictable outcome of success having a direct correlation to the

relationship leaders had with their subordinates can be explained by Transformational Leadership Theory.

The current problem in the sales industry is that it is so results-focused, that talented, young employees are able to quickly gain experience and move “up the ladder” without really gaining the knowledge or deep understanding of what it means to manage more than just their own business. The ability to shift from a single-minded ‘looking out for myself and my own ‘business deals’ to that of supporting another salesperson and providing tutelage ensuring a colleagues success, is one of the hardest changes for agents to make as they transition from junior to senior. If they are going to take on the responsibility of developing a junior agent, from a new hire into a sales associate, they should be equipped with the necessary traits and knowledge to fully embrace this task. This subtle, but necessary, shift in leadership will yield greater results for both the developing agent and the company as a whole, as it will see greater effectiveness in their training program, thus creating better quality sales representatives, and therefore, lower turnover.

By the end of this paper, the reader should fully comprehend the inherent benefit for the leader of a sales organization to use a transformational leadership approach in the development of their organization. First, it is essential to fully break down what it means to be a “transformational leader.” Then, I will move on to describe the uniqueness of the sales environment; and lastly, why it takes such a specific type of person to excel in this arena. Once the reader has a working definition of transformational leadership, and attains a grasp of what is the main responsibility for a leader in this field, it will be clear why and how an effective timeline of steps a company should employ to immerse their new agent into sales which thus

leads to optimal conditions for success. Once the new employee is initiated, they can still reap benefits from transformational leadership in their day-to-day duties on the sales floor. Finally, there are long-term lasting effects that adapting this method of leadership will have, on an organizational level. By the time I conclude this paper with my final remarks, the reader will be able to clearly see the value created from following the steps to becoming a Transformational Leader.

This paper will be formatted referencing my own past experiences at Matthews Retail Advisors because I was able to observe several of these strategies being effectively utilized by the leaders of this firm. This particular firm has already been leading the nation in many ways including profit margin, company growth and cutting-edge technological innovations, and my theory is that much of their success stems from their use of transformational leadership to adapt and conquer the volatile environment that is the world of sales.

I. Transformational Leadership Defined

Peter Northouse's textbook Leadership: Theory and Practice (2013) provides an array of definitions, methods, and theories describing effective Leadership. He begins by defining leadership as, "... a process whereby an individual influences a group of individuals to achieve a common goal." (Northouse, 2013 p.5). Furthermore, he describes the main components of successful leadership as being a process, involving influence, occurring in groups, and involving common goals. Using Northouses' definitions, anybody could be a leader, at any given time, including in their regular everyday lives.

One of the biggest components of leadership, according to Northouse, is the concept of power; particularly positional and personal power. The distinction between the two forms of power comes from their bases. Positional power comes from a hierarchal structure in which the leaders have achieved a higher position than their followers, as compared to personal power which comes from expertise and relationships. All bosses have positional power, due to their 'position' as a boss; but they do not, necessarily, have personal power. The leaders who are able to combine the two forms of power tend to be more successful, and are considered better leaders by their followers. For example, a leader who has built himself from the "ground up" from entry-level to his current position, while fostering growth and success for any followers along the way, will usually be described as a strong leader who cultivates loyal and motivated followers.

"One of the most encompassing approaches to leadership - transformational leadership - is concerned with the process of how certain leaders are able to inspire followers to accomplish great things." (Northouse, 2013 p. 214). The reason that transformational leadership has become so popular recently is because it focuses heavily on the leader's development of their followers. Transformational leadership theory maintains that leaders who are successful in development of their followers will experience a plethora of positive organizational effects. "Transformational leaders are recognized as change agents who are good role models, who can create and articulate clear visions for an organization, who empower followers to meet higher standards, who act in ways that make others want to trust them, and who give meaning to organizational life." (Northouse, 2013 p. 214). The greatest distinction of a transformational leader is their ability to rise above being a transactional leader in motivating their followers; they have the ability to push their followers to work for more than just a paycheck.

Northouse additionally presents Situational Leadership, Leader-Member Exchange (LMX) Theory, and Authentic Leadership; these three are also very popular models which bolster the transformational approach, when analyzed in conjunction with each other. Situational leadership articulates the ever-changing situations that a leader will encounter with the growth and development of their followers. This relationship can range from delegating, to supporting, to coaching, or to directing, depending on the needs of the follower. (Northouse, 2013, p.99). Leader-member exchange theory focuses specifically on the relationship between mentor and mentee which may vary greatly depending on the history and the chemistry between the two. LMX theory states that a typical leader will have an “in group” which is similar to a leader’s inner circle, and an “out group” which constitutes those employees who have yet to achieve a close relationship with the leader, and that all leaders have varying levels of each type of group (Northouse, 2013, p.182). Finally, authentic leadership, which is fairly straightforward, relates the importance of the leader’s commitment and desire to lead and develop their followers as opposed to using them for their own benefits (Northouse, 2013 p.254).

Other authors offering expertise on leadership include Bernard Bass and Ronald Riggio who focus specifically on transformational leadership and its various aspects in their 2006 textbook, Transformational Leadership. In this book, the authors delve deep into the three main elements of transformational leadership, including: its components, the problems it addresses, and its effects. Their introductory chapter explains the components of transformational leadership in depth, then the proceeding chapters go on to provide anecdotal evidence to support the case for transformational leadership and to provide evidence of the problems it addresses and its effects on organizations.

“Transactional leaders are those who lead through social exchange... Transformational leaders, on the other hand, are those who stimulate and inspire followers to both achieve extraordinary outcomes and, in the process, develop their own leadership capacity.” (Bass & Riggio, 2006, p.3). The two make the argument that any leader can be transactional in that they would simply need to establish a relationship with their followers in which an exchange takes place. The example used in their book refers to a politician who promises jobs or lowering taxes in exchange for votes. The transactional leader is satisfied with simply getting the results they expect in exchange for something and while this may have some immediate results, it rarely leads to long term success. Transactional leaders set themselves apart by engaging in what are referred to as “the four I’s.” These I’s are Idealized influence, Inspirational motivation, Intellectual stimulation, and Individualized consideration. A transformational leader will behave in ways that should be idyllic for their followers; they should truly lead by example as they give idealized influence. A leader should create a vision for the future that their followers can easily understand and be motivated to achieve. They should challenge their followers to stretch themselves intellectually and achieve tasks which they initially believe are beyond their limits. Finally, a leader should give consideration to their followers on an individual level if they are going to be transformational.

In order for a leader to individualize their interaction with their followers, Bass and Riggio elaborate the importance of commitment, loyalty, and satisfaction in an organization. “Leaders in organizations can play an important part in affecting organizational members’ levels of commitment... The effective leader is able to... show how the goals and values of the follower, the group, the leader, and the organization are in basic alignment.” (Bass & Riggio,

2006 p.34). They back up this claim with an anecdote from the military which highlights the importance of loyalty and obedience which is beneficial in preventing soldiers from making biased decisions during missions. In light of the use of individualized consideration, “The follower’s self-concept becomes closer to that of the leader.” (Bass & Riggio, 2006 p.41). In other words, by giving followers individualized consideration, they will be more likely to see themselves as similar to their leader, which will cause them to have greater loyalty.

“Transformational leaders have more satisfied followers than non-transformational leaders.” (Bass & Riggio, 2006 p.41). There have been numerous studies on the effects of follower/worker satisfaction and the positive correlations that employees convey while working with a transformational leader which also contributes to desirable results. Thus effective transformational leadership directly impacts organizational benefits; and therefore, it is in the interest of leaders to engage in this type of leadership as they lead their followers.

II. The Uniqueness of the Sales Floor

“The culture of a field sales office is the living laboratory demonstrating the level of confidence the sales team has in itself and its company. Sales leadership plays the key role in establishing the department’s competence, commitment, and credibility with other functional areas.” (Thomas, 2008 p.29) The employees of the sales floor make up the front lines of a company’s interaction with their customers and the market at large. They serve as ambassadors for the company in their interactions with clients, of whom there are never two which are exactly the same. These employees, like a deadly warrior, must be flexible, nimble, resilient, and well

trained. They must be able to break down a client's objections with the grace, talent and skill to allure the client into giving the salesperson their business.

Imagine, if you will, a typical work office with a maze of cubicles surrounded by offices for management, human resources, a conference room, a break room, and a copy room. There is a low murmur of coworkers - some working while others are having hushed conversations about their weekend plans - all of which is barely audible above the buzzing fluorescent lights. This work-place is a ghost town after 5:30 p.m. and on weekends. Coworkers talk to each other in a very professional and respectful manner, and there is absolutely no drinking alcohol in the office. This is not a typical sales office.

Now, picture the office from Scorsese's, *The Wolf of Wall Street* (2014). When you first open the door from the reception area and enter the sales floor (probably after signing a nondisclosure agreement), you are met with a deafening roar. You are amazed that the salespeople are able to hear anything, as they seemingly shout their individual conversations into their headsets. There are no barriers throughout the main sales floor, and the management offices have their doors wide open. There may be a couple of guys tossing a football across the office, or juggling a soccer ball, and there is certainly going to be some sort of competition going on somewhere. The only time the office is at a normal decibel, as dictated by modern day decorum, is before "normal" (8:00 a.m.) business hours because the salespeople do not have anybody awake to call yet; however, chances are, these salespeople are already in the office researching, catching up on current events, or drafting emails. After "normal" business hours, there is probably some music playing somewhere in the office, and if it is later in the week, somebody probably has a beer or glass of scotch. "Normal" hours, being the 8:30 a.m. to 5:00 p.m. which is

when you would generally find people in the office, is often referred to as “weekend hours” by the folks working as sales associates because these are the hours that they will usually be working on weekends. This breach from business normalcy is a sales office.

In the movie, there is an article written about Jordan Belfort and his firm. This article was an attempt at demonizing Belfort and his firm, for their practices; instead, it led to a whole flood of new applicants, hungry for a job with the “hottest”, most profitable firm on the market. This is particularly true due to the volatile nature and the type of people that a career in sales attract. Because sales jobs are generally compensated on commission, athletes and those with a competitive spirit are attracted to this career avenue due to the possibility of higher risks which may yield higher rewards in compensation. Additionally, athletes are heavily recruited to these jobs because employers know that they usually possess higher stamina, the ability to work hard for a long-term goal, and a natural competitive edge which will push them to outwork their competition. In their 1966 book, Salesmanship: Communication, persuasion, perception, Baker and Phifer describe the life of a salesman:

“Constant travel taxes his physical strength and dealing with clients and their problems taxes his emotional resources. When he has finished his selling day, he must prepare for the next day, the next week, even the next month and year. He works all day, and then during his free hours he must collect information about products, markets, competition, and clients. Only if one is willing to expend effort in preparing himself and getting out into the field can he expect to become a real professional.” (p.16)

They describe the willingness to work all day, and then continue learning and training to continually stay on top of the game in the off hours. If the salesperson is going to be successful, and harder yet, remain so, then they must be willing to use their free time on improving their skills and developing their knowledge, after working longer hours than most others.

The reason why such a specific type of person and environment is required for the sales floor is simple: cold calling. Investopedia defines cold calling as: the solicitation of potential customers who were not anticipating such an interaction, is the cornerstone of sales, especially brokerage. Investopedia further describes it as: a difficult task in sales because of the wide variety of responses from the potential customers, ranging from simple hang-ups to verbal abuse. Along with general handling of clients and other day-to-day responsibilities, sales associates are also, usually expected to make a minimum number of cold calls each day. From this definition, it is clear why a career in sales is not for everyone. “Another term for salesmanship -- more polite and scholarly -- is persuasion... [Persuasion is] the art of influencing the thinking processes and emotional responses of others in order to win from them certain patterns of behavior.” (Baker & Phifer, 1966 p.6) Each one of these “cold” calls is generally a competition between the salesperson and the prospect (potential client), unless the client is already in the market for the product that the salesperson is selling. If not, then the salesperson must create a need for their product, breakdown the prospects reasons for not needing the product, and then solicit the client’s business. They must achieve all of this, with a client who may have had no need or interest in the product before the call, or may not even fully understand who the salesperson is, why they are calling, or the product being offered.

In addition to cold calling, sales people need to be attuned to nuances in market changes. “‘Incremental’ and ‘less sophisticated’ are probably valid descriptions of early competitive market changes. One serious mistake, of which all salespeople need to be aware, is to never under-estimate the future of a disruptive change. A disruptive change is a punctuation point in the competitive equilibrium where new technology changes the market direction.” (Thomas, 2008 p.85) One of the most challenging aspects of a career in sales is the fact that you are on the forefront of company operations in a field that is rapidly shifting to market trends and adapting new technologies and techniques. In order to survive in this field, one must truly be adaptable and resilient or indeed, one will perish.

Matthews Retail Advisors emergence as a serious player in the commercial real estate arena is a good example of how fast an established field can be disrupted by a new player. In April of 2015, the then named Matthews Retail Group broke off from their parent company, Colliers International. Since then, they have expanded from seven brokers, to 65 employees and introduced several new departments including Finance, IT, and Marketing with additions of demand creation, web design, and marketing-package production. Additionally, they invested in the creation of a new platform which allows them to be the first brokerage firm to actively market their listings and track the effectiveness of their marketing campaigns. Matthews Retail Advisors pioneered a “1031 exchange program” which allows them to maximize wealth creation and preservation for their clients. Instead of hiring brokers, they hire experts, who are trained to learn intimately about the tenant with whom they are working, which not only lends credibility, but also allows the experts to gain a deeper knowledge about their niche markets. Finally, they push the envelope for the requirements expected from a broker as far as work load; they proudly

boast the fact that Matthews brokers are willing to outwork any other brokerage teams. By focusing on how they could gain these competitive advantages over their competitors, it will not be long until the change created by Matthews Retail Advisors becomes a truly “disruptive change” whereby the commercial real-estate market is indeed headed in a new direction.

III. The Effect of a Transformational Leader on the Sales Floor

“Transformational leadership is more likely to appear in an organization, particularly at its top, if the organization is located in a turbulent [environment]. The stresses and dislocations outside the firm are reflected inside.” (Bass, 1985 p.156) The sales floor is where the goals and objectives of the company meet the macro and micro economic trends of the marketplace. This intersection causes the sales arena to naturally be a very turbulent environment. As such, a transformational leader is likely to emerge in a sales environment and have a positive effect on their followers. “Research suggests that transformational leadership behaviors by sales managers, compared to transactional leadership behaviors are positively associated with salesperson performance and organizational citizenship behaviors.” (Piercy & Lane, 2009 p.219)

The effective transformational leader is able to provide several key advantages for a company when positioned on the sales floor. “Leadership in the sales organization is complicated by several factors which make sales management quite a lot different to management roles elsewhere in [a] company. The fact is that sales organizations face ever-increasing demands for coping with complexity, managing collaboration, and meeting accountability requirements.” (Piercy & Lane, 2009 p.210) The transformational leader, who is truly most effective, is able to embody the hallmarks of transformational leadership through their ability to assess each ‘current’

situation and utilize specific methods to thus maximize a successful outcome... In the case of a sales leader, they should portray behaviors which maximize effectiveness of the sales force and employee development, while minimizing costly turnover and ensuring employee satisfaction.

There have been several articles which have come out recently that specifically discuss the components of what it takes to successfully lead a sales team. One particular *Forbes* article by Scott Edinger titled “Seven Keys to Sales Leadership” prescribes the necessary behaviors of a leader. First, successful leaders must create useful metrics that mark *progress* toward results; as opposed to leaders that solely focus on the end results. The first rule of goal setting is to set a goal which is measurable; this first step is very critical for a leader as they are thus setting their follower up for specific successful steps. Second, the leader should provide visionary leadership; any leader should provide their followers with a vision of where the organization is headed so that there is a clear company-wide goal to be achieved. Third, the successful leader should develop and coach relentlessly; there should never be a period of time in which no development or coaching is happening, as there is always something to be learned. Fourth, pay close attention to your selling roles and understand how you get involved in sales’ cycles; this task is much more specific to sales roles, it states that a leader should know what type of input is necessary to best help each follower. Fifth, focus on creating value in the sales process; a good salesman will actually create value when they sell something by focusing on how they sell it versus what they are actually selling. Sixth, forecast with an understanding of where the customer is in the buying process; instilling the ability to read a customer, in your followers, is invaluable in a sales arena because it gives the seller a huge edge to push value on ‘behalf’ of their customer.. Finally, motivate with recognition and awards; sales workplaces are frequently meritocracies in which

high performers are recognized; however, a good leader should find other ways to recognize their followers efforts in order to sustain motivation

Another pair of articles by recognized authority on metrics-driven sales and marketing management, Zorian Rotenberg, describes healthy behaviors of a leader in a sales office. In “Sales Leadership vs. Sales Management” (2013) Rotenberg differentiates the distinctions between a leader and a manager. A manager is a person who has the title and seniority which is established by moving up the organization; whereas, “The sales team wants to follow him because THEY want to and because they know that this will bring about a positive change, both to the organization and to themselves.” In other words, the leader is able to lead by motivating their followers to move in a positive direction toward a company goal that their leadership established. In “3 Characteristics of a True Sales Leader” (2013), he describes the three most crucial qualities that a sales leader needs to have. These qualities are: they rely on data-driven decisions, they require vision, and they empower. In sales, all decisions need to be driven by some form of data because the overarching goal for any decision should be to lead back to improving profitability or productivity. As mentioned earlier, effective leaders need to have a clear vision, which they can communicate to their followers to create a clear coherent goal. Finally, empowerment is a strong key for successful sales because agents need to be able to feel confident in their ability and authority to make decisions on their own. With that being said, leaders empowering agents should do so gradually as the agents mature and are able to work independently and take on more responsibility.

There have actually been several experiments conducted which specifically measure the effect of transformational leadership’s use on salespeople’s performance. Transformational

leadership continually emerges as the style of leadership which, in conjunction with several other factors, produces the top results in salespeople performance (Shannahan, Bush, & Shannahan, 2013).

One such example whereby transformational leadership is a hallmark practice is at Matthews Retail Advisors. Matthews recently rebranded themselves to better fit their image and success since becoming their own company. As the leading net-leased commercial investment property brokerage in the nation, they have some of the top leaders in the industry working together under one roof. The company's leadership includes some of the top visionaries who are literally redefining what it is to be a commercial real estate broker after leading the industry as top performing brokers for several years. Within the Matthews Retail Advisor's office, there is significant focus on developing the new agents into successful seniors with frequent trainings by senior agents who sacrifice time running their business to ensure the success of their juniors. One of the biggest keys to their overwhelming success is their effective leadership which creates a synergy and drives competition within the office toward pushing one another to constantly improve. There is no "secret to their success", they simply have effective leaders who are able to instill a set of values and culture within their followers which enables them to outwork and outperform the competition on a consistent basis.

"Truly transformational leaders transcend their own self-interests for one of two reasons: utilitarian or moral principles. If utilitarian, their objective is to (a) benefit the organization... and/or (b) to meet the challenges of the task. If a matter of moral principles, the objective is to do the right thing." (Avolio, 2002 p.8) Generally, in the world of the sales organizations, the objective is the former. The leader should be doing everything that they possibly can to extend

the company's bottom line, particularly by tending to the needs of their followers. In a piece called, *America's Seven Best Bosses*, Avolio shines a light on several of whom he considers to be the best leaders in America; including, Mary Kay Ash (Mary Kay Cosmetics) due to her attention to her employees, Jack Stack (Springfield Remanufacturing Corporation) for openly giving employees opportunities to answer his questions to improve the company, and John McQuiddy (MCQ Associates) for simply, "making the firm a fun place to work." (Avolio, 2002 p.24-25). All of these leaders maximize their employees' success by motivating them to perform at their fullest potential, which benefits the company as a whole. This is the hallmark of a transformational leader.

IV. Developing the Stone Cold Selling Machine

Some of the best salespeople of the world developed their skills and abilities over the course of several years of trial and error. President and CEO of Matthews Retail Advisors, Kyle Matthews, stumbled his way through his first few years at one of the largest commercial real estate firms in the country. He learned everything he knows through experience; if he did not have such an obdurate and determined sense of purpose and vision, he would not have made it as a salesman. Today, as President and CEO of one of the top firms in the country, Matthews has taken the skills and learnings from his experiences as a burgeoning new salesperson and has created a pathway that will enable the new hires in his firm to capitalize on his experience. In order to do so, he carefully developed a program that gives the new associates the tools that they will need to be successful in the commercial real-estate industry. It begins with the hiring process; he recruits top talent, of which only a select few, identified with specific skill-sets, are

then chosen to join the organization as a junior associate enrolled in for training. The training program is a rigorous process of established task completions, which can take up to several months. When the junior associate is in training and through their initial months making cold calls, they are being initiated and vetted into the company. Eventually, the associate gains enough credibility and seniority to leave their juniorship behind and repeat this cycle of exponential success, by taking on a junior of their own. This process allows Matthews Retail Advisors to invest in preparing their new hires for what will be expected of them while maintaining a system of tests to ensure the new employee will be up to the challenge.

Hiring

The first step of bringing new talent to the organization is the hiring process. To borrow an analogy from David Mayer (2006), you must start with the highest quality of silk in order to make the best silk purses; you cannot begin with a sow's ear. In other words, it will not matter if they undergo the most effective training program in the world, a new hire will never reach maximum utility for a company, if they are not the right fit for a role in sales. He goes on to explain that the biggest problem which sales companies face, in regards to employee development and retention, is the fact that the majority of newly hired salesmen simply don't belong in the world of sales.

Determining whether or not someone is the right 'fit' for sales can be a complicated endeavor. While extraverts have generally been thought of as having the best personality for a salesman, there has been new research on the effectiveness of ambiverts in this field. "Ambiverts achieve greater sales productivity than extraverts or introverts do. Because they naturally engage

in a flexible pattern of talking and listening, ambiverts are likely to express sufficient assertiveness and enthusiasm to persuade and close a sale but are more inclined to listen to customers' interests and less vulnerable to appearing too excited or overconfident." (Grant 2012). Ambiverts, a personality type which has been gaining popularity in pop culture recently, are a cross between extraverts and introverts. As Grant notes, the ambivert is able to both listen and absorb information, such as objections or client goals, like introverts classically do, and then respond with the enthusiasm and fervor of an extravert, thus utilizing the best qualities from both.

In addition to understanding a salesperson personality type, there are empirical results which have established that a salesperson coachability and trait competitiveness are two of the most important traits to look for when hiring new salespeople (Shannahan, Bush, & Shannahan, 2013). These two traits react well when a worker with these traits is under a transformational leader because they will be able to readily respond and indeed morph into the transformational leader's requirements and training, and they will compete to quickly become the best.

As sales is a volatile and challenging field, which is not 'right' for everyone, it is clearly important for organizations to carefully select who they hire. One of the biggest expenses related to employee turnover is the process involving recruiting, interviewing, and hiring new personnel. Furthermore, this is an investment decision for the company. The company is essentially risking that the costs associated with the hiring process of their new hires along with the 'potential revenue' the new hires skills and talents will bring to the company will outweigh the 'costs' associated with what the company is paying for them; in other words, there is an ongoing cost-benefits analysis with each new hire. With all of this in mind, it is important to take the hiring

process very seriously as it may be the most important step in the development of new sales agents and reducing employee turnover.

Training

The next natural step for a leader to take after they make a new hire is to train them. “One of the worst things a manager can do is schedule a new salesperson to begin and then not have a training plan for him or her or, worse yet, be personally unavailable to lead the initial training.” (Marks, 2008 p.81) This critical step is where the new recruit picks up the necessary technical skills and relevant job knowledge to begin their transformation into an effective selling agent. “Without sound training, even A-level salesmen are seriously limited.” (Mayer, 2006).

Training is supposed to serve as a great equalizer; that is, if all else is equal between two entrants beside job knowledge. This is why firms have realized the importance of hiring for ‘fit’ rather than high scores on a battery of tests. It is not an uncommon practice for firms to look for ‘greener’ applicants so that the firm can totally train the new hire instead of having to unteach and break bad habits. “Rather than think of training as a way to introduce newly hired people to the company, give information about the job, or provide communication about resources, think of training as delivering the necessary skill sets to fill any gaps between what the student consistently does in his or her job and what a top performer would do in the same job.” (McClay, 2010 p.46). An effective training program should prepare the new agents to embark on the path to maximizing their utility to the firm by becoming a top producing agent.

It should be noted that a salesperson’s training is never over, even after they finish their required company training program. A salesperson “must possess such qualities as lifelong

habits and attitudes toward continued study and learning.” (Baker & Phifer, 1966 p.21). The requirements of a salesperson are constantly changing due to an array of factors. Development of new technology, changing customers’ demands, economic trends, and implementation of new techniques all can affect the role of a salesperson. Furthermore, no two clients are the same.

“Why are there so many different styles, types, and content for sales training? ... Because none of them works for every situation.” (McClay, 2010 p.46) This means that “ongoing skills training is the key component of ... critical success” (McClay, 2010 p.45).

Initiation

Usually beginning in training (but really starts to happen when the salesperson branches out and begins to work with clients), the new salesperson embraces and embodies the culture of the company which is already established by the veteran members of the salesforce. This immersion is both socially and developmentally important for the new agent. “The salesperson personality is unique. Thus, managing salespeople effectively requires motivating and counseling them on a far more elevated level than ordinary employees need.” (Marks, 2008 p.185). As they further immerse themselves into the company, they will develop new ties with other agents which will begin to establish a support system for them beyond their direct manager. This support system is important for the cohesion of the sales team, which further benefits the organization.

As they are starting out, the new associate will probably need to report to a direct superior who is generally tasked with ensuring the development of the new associate. Besides furthering the training of the new associate, one of the most important tasks of the senior agent is

to ensure the new agent is acting within the company's guidelines (and possibly the law). If the new agent is able to successfully immerse his or herself into the company and establish a support network outside of their senior, then they can use this system when their senior is unavailable, or for quick questions. As company cohesions increases, the company begins to flatten and communication becomes more efficient.

Gaining Seniority

If the new employee is able to withstand the training and initiation phases, they will begin to gain seniority and eventually close a few deals and lessen their reliance on their senior mentor. It is usually around this time, when the employee gains full associate status and with this transition, they are provided with more freedom and autonomy. At this point, they may also be given their own junior to mentor. Thus the training comes to a complete full cycle.

This is where a lot of salespeople's development peaks. They may be able to take on the responsibility of developing a few junior agents at a time, but they will plateau around this area of seniority if they do not possess the leadership qualities to lead larger groups, or are simply not willing to step away from their clients to tend to the needs of developing their juniors. It is possible that some of your top salespeople will end up never leaving this bracket of management because they have no interest in stepping away from sales, or they just are not fit for or possibly interested in management.

Whether you stay in the mid-management range or aspire to move up in management, an important tip for sales leaders is to constantly evaluate your team. The leader should have a strong feeling for where each of their subordinate salespeople's abilities and productivity is. "All

members of your team can usually be categorized as champions, stable producers, marginal, or challenged. If you manage a typical sales team of a dozen people, you will know offhand to which group each salesperson belongs... Recruit replacements for challenged group... Schedule shape-up-or-ship-out interviews with each member of the marginal group.” (Marks, 2008 p.62) It is possible that there are members on the team who are not salespeople, but have been able to get by, or simply were not able to keep up with a changing market and fell behind. A strong leader needs to be able to realize where and when they can add value to their team; this may include that sometimes a hard decision must be made in order to make the team leaner and therefore more efficient.

V. Concrete Steps for Leaders

It is important, when writing a prescriptive analysis for effective leadership, to provide concrete action steps in order to solidify comprehension of the concepts. In his 1998 book Leadership in Organizations, Gary Yukl provides a section in which he describes the actions required for a leader to take in order to have success at a transformational level. Because the leadership at Matthews Retail Advisors enacts these actions, they will be used as a real life example of the effectiveness of using these steps.

A leader must be able to articulate a clear and appealing vision. “A clear vision of what the organization could accomplish or become helps people understand the purpose, objectives, and priorities of the organization.” (Yukl, 1998, p.341). A leader needs to be able to unite their followers, if we go back to our original definition of leadership, “a process whereby an individual influences a group of individuals to achieve a common goal” (Northouse 2013 p.5), it

is apparent why this first step is paramount. Additionally, this is especially important in keeping the actions and decisions of those workers who have been granted autonomy and discretion in line with the company goals and values. Mr. Matthews regularly presents to the company on what they have recently achieved, and where they plan on going in the near and distant future. This sharing of vision galvanizes the salespeople and furthers their motivation as the direction of the company is clear and exciting.

Another critical step is for the leader to explain how the vision can be attained. "It is important to make a clear link between the vision and a credible strategy for attaining it." (Yukl, 1998, p.341). Chad Kurz, Managing Partner at Matthews Retail Advisors, frequently builds on Matthew's vision by reminding his followers of the hard work and perseverance that went into building the company to where it is, and what it will take to make Matthew's vision a reality. The two leaders demand nothing short of excellence in effort and efficiency from their employees in order to build the top commercial real estate firm in the country. They do this through two simple measures, make more cold calls than any other brokers, and follow the selling procedures laid out in training.

The next step should be fairly natural for a good salesperson, especially when the market is doing well. "Followers are not going to have faith in a vision unless the leader demonstrates self-confidence and conviction. It is important to remain optimistic about the likely success of the group in attaining its vision" (Yukl, 1998, p.342). A salesperson should have a natural swagger about them; they should present themselves with a sense of confidence. Jordan Uttal, Partner at Matthews Retail Advisors, exudes confidence and optimism about the future success of the company so much that he regularly has groups of juniors in his office listening to him talk

about the company's future. Jordan was largely responsible in the development of the new platform that the company developed, so he knows exactly how much of a competitive advantage is gained upon its implementation on top of the fact that Matthews Retail Advisors is currently the most competitive team in the industry. This optimism is contagious, when the juniors finally leave his office, they are usually charged with the energy he provides and ready to return to work with a renewed vigor.

“The motivating effect of a vision also depends on the extent to which subordinates are confident about their ability to achieve it. There is more need to foster confidence and optimism when the task is very difficult” (Yukl, 1998, p.343). The beginning period of a career in sales is particularly difficult, it is constant flow of rejection as you watch colleagues experience success, and you are not making any commission. This makes keeping morale up a key responsibility of a leader. Aron Cline, Partner at Matthews Retail Advisors, frequently bolsters the morale of his juniors through constructive feedback. He demands that his juniors practice cold calling him, where he pretends to be an impossible prospect, but does not let the junior give up until they get the deal. After beating them down during the course of the training call, he builds them back up with compliments and constructive criticism on how they can improve their abilities. This dually serves his juniors by continuing their training and development, and gaining confidence from solving Aron's “impossible client” scenarios.

Another way to build confidence in followers is to provide opportunities for early successes. This should be accomplished by breaking up a larger, more daunting task into smaller, more immediate tasks; additionally, this can allow for the junior to build momentum going into the rest of the project (Yukl, 1998 p.343). Calvin Short, Partner at Matthews Retail Advisors,

manages one of the largest groups of juniors in the firm through an effective use of this strategy. He gives his juniors a great deal of freedom and autonomy as they deal with their clients. He supervises direct interactions, such as calls and presentations, and only steps in when necessary or to lend credibility to his junior. When juniors bring problems to him, he makes sure that they attempted to solve it first, then he helps guide them work as they work through it themselves. This affords the juniors the ability to solve problems on their own with a sort of 'safety net' which is there to catch them in case they do make an error.

One thing, I would say the Matthews Retail Advisors does better than any other firm, is celebrating successes. Whenever a deal closes, music is played throughout the office and the associate who closed the deal, rings a big bell in the middle of the sales floor. Salespeople have a high need for recognition and achievement, simply having the opportunity to be the center of attention for an accomplishment is a huge motivator. If it is the first deal that the associate closes, there is a slew of other rewards that come with that celebration, such as: getting your tie cut off, losing the "junior" from your title, and simply gaining respect around the office. Celebrating successes is important because it "reinforces optimism, builds commitment, and strengthens identification with the organizational unit" as well as "making the role of each person in the collective effort more evident." (Yukl, 1998 p.344).

The next two steps for a sales leader are to "use dramatic, symbolic actions to emphasize key values" and to "lead by example" (Yukl, 1998 p. 345). Everybody has heard the phrase 'practice what you preach,' as it is a classic expectation of any leader who does not want to appear hypocritical and also who wants to emphasize good skills sets and practices. Another strategy that is less well-known is in using symbols to emphasize this point. "A vision is

reinforced by actions consistent with it and is undermined by inconsistent actions.” (Yukl, 1998 p. 345). Matthews Retail Advisors enacts this step through their meritocracy system; everybody who has reached leadership positions has gone through the grueling process of establishing themselves and gaining seniority. This gives the senior credibility when they push their juniors to make more calls, work longer hours, and to improve their ratios; they aren’t pushing them to do anything that they have not done themselves. Additionally, as a good symbol, the senior partners (including Kyle Matthews himself) are required to sit in a cube and make cold calls for a certain amount of time each week. This emphasizes the importance of making cold calls and enhances a sense of team and organization cohesiveness.

The final step in effective sales leadership is to empower people to achieve the vision. “Empowering means providing adequate resources for subordinates to carry out the task for which they are being held accountable.” (Yukl, 1998 p. 345). This step is particularly complicated and requires a great deal of individualized consideration because it requires every employee to be adequately equipped and supported to make the right decisions. It involves individually stimulating them to think for themselves to search for necessary resources and knowledge to make the best informed decision. This step can be seen by Matthews Retail Advisors through their “ask for forgiveness not permission policy.” Associates are encouraged to creatively utilize and exhaust all of their tools when trying to solve a problem before coming to their senior for support. However, when the junior associate does seek guidance, they know they will be supported in the best way possible. If the junior could have used a better approach or strategy, the senior will use that as a moment to provide further training for the junior.

As evidenced by the aforementioned research, engaging in transformational leadership has numerous advantages, which can be exemplified by each of the “4 I’s.” Idealized influence can be seen when leaders confidently and optimistically lead by example and use symbolic actions to further instill the company’s mission and values in their followers. Inspirational motivation can be seen when leaders portray a vision and define how to achieve it, and then celebrate the successes of their followers which further improves the followers commitment to the organization. When a leader expresses confidence in followers, provides opportunities for early successes, and empowers the associates to achieve the vision, they are exemplifying both intellectual stimulation and individualized consideration. With concrete examples, from both leading authors in leadership and from the real-life example of Mathews Retail Advisors, of how to effectively utilize transformational leadership as illustrated by the theoretical framework previously presented, information is thus readily available in order to engage in transformational leadership. Furthermore, the examples presented in a real world scenario justify the benefit attained by utilizing this theory of leadership.

Conclusion

As is the case with most professions, transitioning to senior roles in a sales-focused office comes with increasingly demanding new responsibilities of leading others. These new roles require associates to grow beyond their comfortable area of expertise in the sales arena and allocate a portion of their time to invest in the development of their juniors. The most successful seniors are those who are able to forego the desire to focus all of their energy into making deals, which has been “bred into their DNA” - so to speak - in pursuit of cultivating successful juniors.

This usually involves a lot of hand-holding at first; as in order to ensure a successful outcome, juniors typically need their deals to be handled for them the first few times. The situational approach to leadership, as presented by Northouse (2013), describes the different styles which a senior will use, as their juniors mature, from directing to delegating.

Since one of the greatest costs any firm can actually mitigate, with proper hiring and training techniques, is employee turnover, it is extremely valuable for companies to examine the impact their leaders have in both of these processes. This is especially true in sales environments; when transformational leadership is not utilized. It is highly recommended for the company to analyze their practices and leadership roles and styles and see if shifting to these techniques could improve employee retention and development. If the leader is able to effectively enact the steps described above and embrace their role as a transformational leader, then they will truly be able to unlock the full potential of their followers to a successful outcome for not only their followers, but for themselves and the company as a whole.

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