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Outcome- and Behavior-Based Performance Assessment of Sales Managers: The Influence of Hierarchical Level

Introduction

Globalization has resulted in intensely competitive markets, which has made it more difficult for firms to remain profitable. In addition to cost-cutting imperatives, organizations are placing a premium on identifying and implementing programs that will be truly effective in augmenting employee performance and productivity at all hierarchical levels in all functional areas of business [Kreitner and Cassidy 2012]. This is especially true of the sales department, given that salespeople are charged with the all-important task of generating revenues – the "lifeblood" of an organization. Consequently, the sales department is widely recognized as critical to company success [Hair, Anderson, Mehta, and Babin, 2009].

Given their pivotal role in generating sales revenues, enhancing the performance of the sales organization takes on pre-eminent importance. Ascertaining whether organizational objectives are being attained requires a performance evaluation of all sales personnel, including sales managers, who are responsible for budgeting, recruiting, selecting, training and development, territory management, motivating, leading and controlling the company's sales force in its direct revenue-generating activities. However, an examination of the literature reveals that the thrust of sales research has concentrated on salespeople, with little attention devoted to sales managers. The fragmented research on sales managers has investigated diverse issues pertaining to their roles in social networks [Flaherty, Lam, Lee, Mulki, and Dixon 2012]; power [Busch, 1980]; training [Anderson, Mehta, and Strong, 1997; Powers, DeCarlo, and Gupte, 2010; Dubinsky, Mehta and Anderson, 2001]; ethical decision making [Ingram, LaForge, and Schwepker, 2007]; trust [Lagace, 1991]; leadership [Ingram, LaForge, Locander, MacKenzie, and Podsakoff 2005; Tanner and Castleberry, 1990; Lagace, 1991], and as boundary-spanners [Lysonski and Johnson, 1983], among others. Yet, no scholarly studies have focused on examining sales manager performance evaluation issues. This seems to be a glaring gap in the literature when Czinkota *et al.*, [1997] contend that sales managers are central in creating and perpetuating company success. As in most functional areas of business, hierarchies are common in sales organizations. In many firms, titles like branch sales managers, district sales managers, regional sales managers, zone sales managers, and general or national sales managers can be found at lower, middle and higher echelons [Hair, *et al.*, 2009]. Thus, it seems reasonable to expect that the skill-set required for superior performance at lower hierarchical levels must be divergent from that needed by sales managers at the upper levels. However, because no known studies have investigated this line of inquiry, the absence of empirical evidence raises uncertainty about whether current performance appraisals are congruent with the activities and responsibilities of sales managers at different hierarchical levels.

Investigating the influence of hierarchical level on sales manager performance evaluation is important for several reasons. First, a formal sales manager appraisal process should reflect the assessment of those responsibilities that are consonant with the hierarchical level of the sales management positions which most likely will vary considerably *vis-à-vis* their subalterns. Second, examining the impact of hierarchical level will help determine whether all sales managers are being evaluated using a homogeneous set of performance criteria irrespective of their positional level. In other words, is senior company management establishing performance evaluation processes and criteria for sales managers at each hierarchical level that are appropriate for their assigned responsibilities? Also, this investigation should help discern whether their performance appraisal criteria change as sales manager ascend the hierarchy. Third, this research has important sales manager selection and training implications. Since the planning, development, management and control tasks performed by higher level sales managers tend to be quite different from those done by lower level sales managers and salespeople [Hair, Anderson, Mehta, and Babin, 2009], sales managers should be given training appropriate for their hierarchical level to enhance overall sales force success. Sales management departments will likely underperform unless training and development procedures are attuned to the unique needs of each sales management hierarchical position.

Answers to the issues raised above are unavailable in the current literature on sales manager performance evaluation. Thus, the present study seeks to make a contribution to the extant literature by partially filling the gap in our knowledge on the extent to which sales manager evaluation criteria vary by hierarchical level. Since sales managers are found at different sales management levels, we want to learn whether performance evaluation criteria differ at these varying hierarchical levels, and whether sales management responsibilities and performance evaluation criteria are consonant at different hierarchical levels.

Our study begins with an overview of sales manager performance evaluation; then research questions are identified. Next, the investigation methodology is described, followed by empirical results. Finally, sales management implications are discussed, limitations of the study identified, and directions for future research suggested.

Sales Manager Performance Assessment

Sales managers play a pivotal, multifaceted role in planning, organizing, managing, directing, and controlling the sales departments of their organizations. Three particular characteristics underscore the importance of their positions. First, the tasks performed by sales managers are significantly different from those undertaken by salespeople. Second, sales managers are virtually the only managers in the firm who are directly responsible for generating revenues and profits; consequently, this fiduciary responsibility distinguishes them from their non-sales organizational counterparts *vis-à-vis* job requirements. Third, the sales management responsibility for managing the sales force and serving as the firm's interface with customers is possibly the most crucial of all roles in perpetuating the success of the firm [Czinkota, *et al.*, 1997]. Thus, the sales management position is critically important to the firm's financial health, so assessment of sales management performance must be carefully and accurately accomplished.

Sales organization performance depends on the extent to which sales personnel engage in behaviors that contribute to the fulfillment of organizational objectives. Thus, it should be one of the most important concerns of senior management because, ultimately, the central purpose of a firm is to attain profitable customer outcomes. A critical part of an organization's control processes entails establishing and monitoring mechanisms for evaluating sales organization performance with respect to the attainment of its goals and objectives, which powerfully impact those in the company. Hence, ensuring that desired sales organization and company goals are being achieved requires performance assessments of all sales personnel, including sales managers. Robert J. Greene, CEO of Reward Systems, Inc., a compensation and benefits management company based in Glenview, Illinois, asserts: "Performance management is the single largest contributor to organizational effectiveness. If you ignore performance management, you fail." [Tyler, 2005].

Performance appraisal refers to a systematic process for (1) establishing whether sales personnel job behavior contributes to the fulfillment of a firm's sales objectives and (2) providing specific feedback to the individual [Chonko, *et al.*, 2000]. Despite the importance of evaluating the performance of sales managers, minimal empirical work has examined this issue. Indeed, the bulk of the investigations on performance evaluation focus on the appraisal of marketing units and salespeople [Evans, McFarland, Dietz, and Jaramillo, 2012; Dixon and Tanner, 2012].

A review of the literature reveals that multiple indicators of sales performance have been investigated, including both quantitative and qualitative evaluation bases, but much remains under-researched, including sales manager performance appraisals. Recently, several sales scholars advocated new directions for sales performance research, including neglected areas such as criteria for sales manager performance [Dixon and Tanner, 2012; Evans, *et al.*, 2012; Blocker, Cannon, Panagopoulos, and Sager 2012; Johnston and Marshall 2009].

Although Peter Cappelli, head of the Wharton's Center for Human Resources at the University of Pennsylvania, reports that 91% of US companies do performance appraisals, New York-based Sibson Consulting estimates that only about 35% to 40% of companies do performance reviews well and that 58% of Human Resources executives give their performance management systems a "C" or lower grade [Knowledge@Wharton, 2011]. In stressing the importance of sound performance evaluation, Gliddon asserts: "Often the criteria on which employees are evaluated are not closely related to the true needs of the organization. Therefore it is critical that employees are evaluated based on the behavioral competencies that are most critical for performing well in the job and promoting the goals of the organization. For the most accurate and legally defensible results, the behavioral competencies on which evaluations are based should be validated through a detailed review process." [Gliddon, 2004:27].

In response to the dynamic nature of the increasingly competitive environment, firms can significantly benefit from developing and implementing effective performance evaluation systems for sales managers [Piercy, Cravens, and Lane, 2009]. A case in point: Johnson & Johnson Hospital Services was one of the first companies to successfully incorporate into its sales management evaluation system a competency profiling process that identifies sales management competencies based on new customer expectations and the established competencies of the sales team, which is utilized, in part, towards evaluating the performance of sales managers [Keenan 1993].

Performance evaluation generally refers to the process of appraising the extent to which the job incumbent engages in behaviors that contribute to the fulfillment of a firm's objectives. Jackson, Keith, and Schlachter [1983] point out that evaluating the performance of sales managers will assist in identifying the incumbent's job strengths and weaknesses. This should help in developing an action plan for correcting deficiencies, and communicating the desired behavior expected from sales managers. Thus, assaying sales manager performance is expected to lead to improved overall operation of the sales organization.

In comparing employees' actual performance to the established standards, performance assessments need to appraise the extent to which job incumbents actually perform the tasks that should be "part and parcel" of their position criteria. When the appraisal process identifies where deviations occur (either in a favorable or unfavorable direction), determining the reasons for these differences is crucial. Uncovering employee weaknesses and correcting them, then capitalizing on employee strengths, are key purposes of performance evaluation.

According to Johnston and Marshall [2009], Ingram, LaForge, and Schwepker [1997], and Wotruba and Simpson [1992], a major task in performance assessment is identification of the salient criteria on which to assess an individual's performance. In the context of sales managers, the present study sought first to identify which performance criteria are employed in evaluating their performance. To be compatible with extant work on sales force management, both outcome-based (objective) and behavior-based (subjective) measures were analyzed [Spiro, Rich, and Stanton, 2008]. Although there is a plethora of tasks that sales managers perform, **eleven outcome-based** and **six behavior-based** tasks were identified for further examination (see Methods section).

Sales Manager Hierarchical Levels

Management scholars such as Daft [2003], Hall [2002], Jones [2001], and Robbins and Coulter [2002] point out that hierarchies are a key organizational element. In organizations, managers – like other types of employees – are assigned different positions according to specialization and usually have responsibilities and tasks that are distinctly different from those of their lower- and higher-level managerial cohorts. For example, Cascio [1998] states that at lower levels of the organizational hierarchy, jobs are more clearly defined and have shorter-term objectives, whereas positions at the upper echelons are less well defined and more concerned with achieving long-term strategic goals. Gomez-Mejia, McCann, and Page [1985] maintain that lower-level managers concentrate on supervising subordinates, while upper-level managers focus on strategic planning, monitoring business indicators, evaluating organizational performance, and coordinating activities among the different functional areas. Moreover, Yinon, Amsel, and Krausz [1991] found that as managers ascend the organizational hierarchy, they become less involved with line personnel.

Sales manager positions in an organization's hierarchy can display similar manifestations. Futrell [1997], in classifying sales management levels into first-line, middle, and top, theorizes that with each movement up the hierarchy, technical skills become less important and conceptual and decision skills become more critical. In a similar vein, Hair *et al*. [2009] identified requisite abilities and specific responsibilities of sales management positions, and posit that the requirements of the managerial position undergoes a significant change as sales managers ascend the organizational hierarchy. Specifically, as lower-level sales managers move up to senior levels, their required abilities undergo change from "supervisory and managerial" skills to "administrative and leadership" skills, which are more appropriate at the upper echelons of an organization. Higher-level sales managers (e.g., national, general, or regional) communicate overall corporate strategy to lower-level sales managers whose central task is to execute the sales plans in their respective geographical areas. These national sales managers engage in strategic and tactical planning while providing overall direction to the sales force by communicating top-level management decisions regarding marketing and sales objectives to subordinate sales managers. In contrast, lower-level sales managers (e.g., district, branch and field sales managers), who report to the higher-level managers, are responsible for executing the sales plans and monitoring the daily activities of their salespeople.

Research conducted by Mehta *et al.* [1999] provides some empirical support that the tasks sales managers perform at the upper levels of the sales management hierarchy are viewed as distinctly different from those performed at the lower levels. Compared to their lower-level counterparts, as sales managers ascend the management hierarchy, their perceived role orientation changes to long-term, strategic issues such as adopting a profit and cost focus, marketing decision making, and attaining economic objectives. In short, because sales managers at different organizational levels have divergent role orientations, they cannot be viewed as a homogeneous group.

Given that sales managers perform diverse and divergent tasks at different hierarchical levels, it is necessary to ascertain whether the criteria employed in evaluating their performance reflects the nature of their jobs at a specific hierarchical level. Unfortunately, no evidence is available in the literature to shed much light on this issue, so three specific research questions, identified in the next section, were formulated for systematic inquiry.

Research Questions

Pursuant to discussion of the relevant extant literature in the preceding sections, this empirical investigation seeks to augment our knowledge of sales management appraisal systems by answering the following research questions:

1. What outcome-based (objective) and behavior-based (subjective) criteria are employed in assessing the performance of sales managers?
2. Are sales managers at different hierarchical levels appraised using homogeneous performance assessment dimensions?

Finding answers to these questions is important because examining the effect of sales manager hierarchical level on performance evaluation criteria may yield valuable insights useful in improving appraisal systems and better designing compensation packages for sales managers at different managerial levels.

Research Method

Survey Development Procedure. A survey instrument was designed to investigate current sales management practices from the perspective of sales managers. The self-administered survey sought information from respondents on the criteria used to evaluate the performance of sales managers, organizational characteristics, and personal demographic information.

After a preliminary questionnaire was developed, two steps were taken to assess the **content validity** of the measurement scales. First, 10 sales managers in the employ of different corporations located in a large metropolitan city in the USA were requested to assess how well the constructs being investigated in this study were captured by the various questionnaire items. After minor editorial changes were made, the survey was pretested using a convenience sample of 25 sales managers. Analyzis of the responses from the pre-test indicated that no further changes were required in the survey instrument.

Measures. The measurement scales employed in the study were developed after a thorough content analyzes of the germane sales management literature [e.g., Dubinsky and Ingram, 1983; Guest and Meric, 1989; Shepherd and Ridnour, 1995], relevant sales management textbooks [e.g., Johnston and Marshall, 2009; Tanner, Honeycutt, and Erffmeyer, 2008; Hair, *et al.,* 2009; Ingram, LaForge, and Avila, 2008; Tanner, *et al.,* 2008; Spiro, Rich, and Stanton, 2008] and practitioner periodicals (e.g., *Sales & Marketing Management*), as well as discussions with sales managers during the survey development process described earlier.

Outcome- and Behavior-Based Performance Evaluation Criteria. Seventeen items that tapped both **objective** and **subjective** dimensions of performance evaluation were identified as important when assaying sales manager performance. For each of the **categorical** items, respondents recorded the appraisal criteria that applied to their respective organizations.

The eleven **outcome-based performance evaluation criteria** (focusing on economic and profitability) are achievement of company market goals, contribution to profit, percent of sales quota met, gross margin contribution, new accounts generated, contribution to market share, number of orders obtained, sales-to-cost ratios, return on assets managed, net margin contribution, and collections on receivables. The six **behavior-based performance evaluation criteria** are: ability to lead salespeople, customer relations, ability to motivate salespeople, overall administrative skills, ability to train salespeople, and customer service. Because the evaluation criteria identified above cover a wide range of sales manager tasks, they can shed light on the differences in performance assessment of sales managers at different hierarchical levels. Thus, each of the 17 items was statistically analyzed on an **individual** sales manager basis instead of in aggregate form.

Sales Manager Hierarchical Level. Consistent with extant sales management research [Leigh and Futrell 1985; Hair, *et al.,* 2009], sales manager hierarchical level was operationalized using the job title of the six sales manager levels (field, branch, district, regional, general, and national). Respondents reported which job title most accurately fit their own sales management level. Field, branch, and district sales managers were classified as **lower-level sales managers** (n = 117); whereas, regional, general, and national sales managers were categorized as **higher-level managers** (n = 169). Some sales management job titles and associated responsibilities may vary somewhat across different company organizational hierarchies; however, the respondents' job and reporting responsibilities were consistently reflected in their title *vis-à-vis* their respective firms.

Demographic Characteristics. Respondents provided information about their annual income, education level, gender, years of experience as a salesperson, and years of experience as a sales manager. They also provided organizational information on the number of employees, annual sales revenues, and primary activity of their company.

Sample and Data Collection Procedure. Using names and addresses obtained from the databases of a commercial mailing list company, the survey was administered to a national random sample of 600 sales managers from small- (below $10 million in annual sales), medium- ($10 million to $99 million), and large- ($100 million and above) sized organizations representing 15 industries in the US.

The study was administered using a two-stage procedure. In the first stage, a packet containing a cover letter, the survey, and a pre-addressed, postage-paid reply envelope was mailed to each sales manager in the sample. The cover letter explained the purpose of the study, importance of respondent participation, timeframe within which to return the survey, and assured respondents that their responses would be kept confidential. To encourage participation, respondents were offered a summary of the findings upon completion of the study. In the second stage of the data-gathering process, a follow-up letter was mailed a week later reminding participants to complete and return the survey within the specified time period.

Response Rate. Overall, 291 questionnaires were returned within the specified time period. Due to incomplete responses, five surveys were removed from further data analyzis. This reduced the number of usable questionnaires to 286 or a final response rate of 47.7%, which closely approximates those reported in other studies on sales management [e.g., Erffmeyer, Russ and Hair, 1991; Sujan, 1986].

Respondent Organizational and Demographic Characteristics. The respondent organizational characteristics are reported in Table 1 which reveals that **50**% of respondents represented industrial goods manufacturing firms, 19% – consumer goods manufacturers, 18% distributors, and 13% service-oriented organizations. One-third of the participants represented firms with fewer than 100 employees, 35% between 100–499 employees, 13% between 500–999 employees, and 19% between 1,000–5,000 employees. As shown in Table 1, respondents represented an evenly distributed cross-section of small, medium, and large organizations in terms of both sales and number of employees. With regard to demographic characteristics, 42% of the respondents had at least a high school education, 10% held an associate's degree, 19% had earned a bachelor's degree, 26% held a master's degree, and 3% had a professional degree (J.D. or Ph.D.). The bulk

TABLE 1. **Respondent Organizational and Demographic Characteristics**

Organizational Characteristics	Percentage
Number of Employees:	
Under 100 employees	33
100–499 employees	35
500–999 employees	13
1,000–5,000 employees	19
Annual Sales Volume:	
Under $10 million	34
$10 million–$99 million	35
$100 million and above	31
Primary Activity of Firm:	
Industrial products manufacturer	50
Consumer products manufacturer	19
Distribution	18
Service	13
Demographic Characteristics	Percentage
Gender:	
Male	90
Female	10
Education Level:	
High School	42
Associates Degree	10
Bachelors Degree	19
Masters Degree	26
Professional Degree (Ph.D., or J.D.)	3
Income:	
Under $20,000	13
$20,000–$59,999	25
$60,000–$99,999	47
$100,000 and above	20
Sales Manager Level:	
Lower Level (Field, Branch, District)	41
Higher Level (Regional, General, National)	59
Work Experience:	
Number of Years Employed as a Salesperson	13 (Average in Years)
Number of Years Employed as a Sales Manager	9 (Average in Years)

of the respondents (90%) were male. Respondent salaries were primarily from $60,000 to $99,000, although 20% of them indicated earning over $100,000. In terms of work experience, the average number of years as a sales manager and salesperson was 9 and 13, respectively. Finally, 41% of respondents were lower-level (field, branch, or district) and 59% were higher-level (regional, general, or national) sales managers.

Assessment of Non-response Bias. Consistent with extant research practices, two widely used procedures were employed to test non-response bias. First, as advocated by Churchill [1991], 25 randomly selected non-respondents were contacted by telephone and asked to respond to several questions about organizational and personal characteristics. Chi-square and t-tests were used to ascertain if any differences existed between respondents and non-respondents with regard to key organizational characteristics (e.g., annual sales revenues, number of employees) and respondent demographics (e.g., number of years as a salesperson, number of years as a sales manager, and income). No statistically significant differences ($p < 0.05$) were identified. As suggested by Armstrong and Overton [1977], the second test for non-response bias examined the differences between early and late respondents on the same set of factors. Based on this assessment, no significant differences were detected between early and late respondents. Hence, non-response bias does not present a major problem in this investigation.

Statistical Data Analyzes. To discern whether the performance evaluation criteria were influenced by sales manager hierarchical level, the data were statistically tested using a Chi-square. In assaying sales manager performance, the various evaluation criteria are considered dichotomous in nature—either they are employed or not. Because the performance evaluation criteria employed in this study are categorical (nominal) variables, Chi-square tests were deemed appropriate to verify the research hypotheses.

Findings

The frequency and percentage for the objective and subjective sales manager evaluation criteria for the lower and higher level sales managers, as well the results for Chi^2 tests, are presented in Table 2 and 3, respectively.

1. Findings for Outcome-Based Performance Evaluation Criteria

With regard to objective evaluation criteria, the results reported in Table 2 reveal that the performance of lower- and higher-level sales managers are assessed to a much larger extent using gross margin contribution, achievement of company market goals, contribution to profit, percent of sales quota met, number of orders obtained, and contribution to market share. Sales-to-cost ratios, new accounts generated, return on assets managed, net margin contribution, and collections on receivables are used, but to a much lesser extent for the performance assessment for both these groups. However, the absolute percentages are weighted a lot more for higher-level sales managers than their lower-level counterparts.

When examining the overall effect of hierarchical level on objective evaluation criteria, seven statistically significant differences ($p < 0.05$) are evident. More specifically, sales manager hierarchical level is related to achievement of company market goals, contribution to profit, percent of sales quota met, new accounts generated, number of orders obtained, sales-to-cost ratios, and return on assets managed. While statistically significant, the data reveal that more emphasis on performance assessment is placed on number of new orders obtained for lower-level sales managers than their higher-level cohorts. The other four performance evaluation criteria – gross margin contribution, contribution to market share, net margin contribution, and collections on receivables – are not significantly affected by sales manager level.

TABLE 2. Chi-Square Results: Impact of Sales Manager Hierarchical Level on Outcome-Based Objective (Economic or Profitability) Performance Evaluation Criteria

Outcome-Based Objective (Economic or Profitability) Performance Evaluation Criteria	LL Sales Managers Percentage [Frequency] (n = 117)	HL Sales Managers Percentage [Frequency] (n = 169)	Chi^2 Results
Achievement of company market goals	33.5% [43]	50.2% [85]	6.32[a]
Contribution to profit	29.9 [35]	50.8 [86]	6.83[a]
Percent of sales quota met	34.2 [40]	47.3 [80]	4.91[a]
Gross margin contribution	38.5 [45]	29.0 [49]	2.81
New accounts generated	16.2 [19]	29.6 [50]	6.63[a]
Contribution to market share	21.4 [25]	24.3 [41]	0.33
Number of orders obtained	26.5 [31]	10.7 [18]	8.45[a]
Sales-to-cost ratios	8.5 [10]	18.3 [31]	5.40[a]
Return on assets managed	6.8 [8]	18.9 [32]	5.58[a]
Net margin contribution	9.4 [11]	16.6 [28]	3.01
Collections on receivables	12.0 [14]	7.1 [12]	1.98

Note: Chi^2 were calculated to determine statistically significant differences between each group of sales managers; LL = lower-level sales managers; HL = higher-level sales managers.

[a] $p < 0.05$

2. Findings for Behavior-Based Performance Evaluation Criteria

The results presented in Table 3 with respect to subjective performance evaluation show that lower-level sales managers are assayed to a larger extent using ability to lead salespeople, customer relations, ability to motivate salespeople, overall administrative skills, and ability to train salespeople. Customer service and turnover of salespersons are employed less frequently for this category of sales managers. While there is similarity on performance assessment criteria with respect to higher-level sales managers, the absolute percentages are weighted a lot more towards their lower-level managers. Evidently, lower-level sales managers are evaluated more using subjective criteria than their higher-level counterparts.

In investigating the overall influence of hierarchical level on subjective evaluation criteria, four statistically significant differences ($p < 0.05$) are discerned, such as the ability to lead salespeople, ability to motivate salespeople, ability to train salespeople, and customer service. Results show that for lower-level managers, more emphasis on performance assessment is placed on the ability to lead salespeople, ability to motivate salespeople, and customer service, whereas ability to train salespeople is used much more to appraise the performance of higher-level managers. Findings with regard to customer relations and overall administrative skills were non-significant.

TABLE 3. **Chi-square results: impact of sales manager hierarchical level on behavior-based subjective performance evaluation criteria**

Behavior-Based Subjective Performance Evaluation Criteria	LL Sales Managers Percentage [Frequency] (n = 117)	HL Sales Managers Percentage [Frequency] (n = 169)	Chi^2 Results
Ability to lead salespeople	79.5% [93]	60.4% [102]	8.52[a]
Customer relations	52.1 [61]	43.7 [74]	1.32
Ability to motivate salespeople	51.3 [60]	36.6 [62]	6.06[a]
Overall administrative skills	37.6 [44]	44.4 [75]	1.30
Customer service	33.3 [39]	21.3 [36]	5.17[a]
Ability to train salespeople	23.1 [27]	36.7 [62]	5.97[a]

Note: Chi^2 were calculated to determine statistically significant differences between each group of sales managers; LL = lower-level sales managers; HL = higher-level sales managers.

[a] $p < 0.05$

Discussion

The findings of this research confirm that sales managers are evaluated using both objective and subjective performance appraisal criteria. Moreover, empirical findings of this study provide evidence that hierarchical level has a statistically significant effect on performance evaluation of sales managers. The 11 (seven outcome-based and four behavior-based) statistically significant differences that were identified specifically indicate that as incumbents ascend the sales management hierarchy to more senior management positions, their performance evaluation seemingly reflects greater emphasis being placed on achieving superior economic performance for their firms. These findings imply that the more senior the hierarchical position that a sales manager assumes, the greater the need to focus on attaining economic and profitability objectives.

Six (four objective and two subjective) performance evaluation dimensions (gross margin contribution, contribution to market share, net margin contribution, collections on receivables, customer relations, and overall administrative skills) did not appear to be influenced by sales manager level. This may indicate that, irrespective of hierarchical level, similar evaluation dimensions are used by upper-level management to assay the performance of all sales managers because these tasks and outcomes are "part and parcel" manifestations of their jobs. In other words, results suggest that sales managers evaluation factors are relatively similar vis-à-vis their jobs regardless of organizational level.

First, it appears that higher level sales managers are evaluated on the "number of new accounts generated" more than are their lower-level counterparts. A rational explanation for this finding is that, given their customer and market knowledge, higher-level sales managers are responsible for generating new accounts while lower-level managers are more responsible for maintaining on-going sales to these accounts. As such, these findings show that lower-level sales managers are evaluated more on the number of orders obtained than are their upper-level cohorts. Thus, upper-level sales managers, despite their hierarchical level, may continue to be viewed as "super salespersons" [Rosenbloom and Anderson, 1984], i.e., senior corporate management still expects them to continue selling to customers instead of making the full transition to primarily planning, organizing, leading, directing, managing, and controlling their sales manager subordinates. Second, the performance of higher-level sales managers is assayed more by using "percent of sales quotas met" than are lower-level managers. A plausible explanation for this finding is that as sales managers ascend their firm's hierarchy, senior corporate management still holds upper-level sales managers responsible for meeting sales quotas on a national level. Third, the data show that higher-level sales managers are evaluated more on their "ability to train salespeople" – a subjective performance criterion – than are lower-level managers. It is conceivable that given their work experience, upper-level managers are viewed by top management as having greater requisite expertise and knowledge to train salespeople than their lower-level counterparts.

Sales Management Implications. This investigation has yielded several findings that can provide useful insights for upper-level corporate management in designing performance evaluation processes for newly selected or incumbent sales managers. First and foremost, employing a homogenous, "one size fits all" program for evaluating the performance of sales managers would not be advisable because sales managers at different hierarchical levels do not perform the same tasks. Steep hierarchies are common in many sales organizations and sales management positions at different levels (field, branch, district, regional, general, or national sales manager) have different performance criteria and responsibilities. According to Hair *et al.* [2009], as sales managers ascend the organizational hierarchy, the requirements of the managerial position undergoes a significant change. When lower-level sales managers ascend the organizational hierarchy, their required abilities change from "supervisory and managerial" skills to "administrative and leadership" skills, which are more appropriate at the upper echelons of an organization. Mehta *et al.* [1999] assert that it is important that the performance of sales managers be assessed using criteria consistent with and specific to the job requirements of the hierarchical level assigned. In a similar vein, Dubinsky, Anderson, and Mehta [2000] strongly advocate that retention and the reduction of dysfunctional turnover requires the design of performance appraisal and reward systems attuned to and consistent with the nature of the designated sales manager level.

Second, the findings of this study indicate that top management still expects sales managers to be "supersalespeople," who can show the sales force how to sell by doing it themselves. Instead, as Anderson [1996] posits, the "traditional job" that sales managers perform needs to be transformed, as the current competitive and technological environment requires them to be lift their sights to that of "supermarketers". What's more, Mazur [2010] indicates that the many marketing decisions and activities are undertaken by various individuals outside the marketing department, some of which may well be congruent with the competences of sales managers. In their contemporary role, the sales manager's job requires management expertise, leadership and motivation skills, the ability to use analytical tools for sales forecasting, and assessment of salesperson performance, as well as the ability to design, administer and operate all facets of the firm's marketing channels [Mehta, Rosenbloom, and Anderson, 2000]. As such, these job facets should also be incorporated when assessing sales manager performance at different hierarchical levels.

Third, in appraising sales manager performance, top management should devise both outcome-based (quantitative) and behavior-based (qualitative) criteria based on up-to-date job descriptions and performance expectations. For example, if the company objectives and competitive conditions necessitate a change in response to market conditions, the tasks, responsibilities, goals, and performance appraisals of sales managers at different hierarchical levels must also adjust to the new realities. Fourth, the move towards bottom-up appraisal and 360-degree evaluation of sales managers may be healthy if employed for purposes of managerial growth and development in conjunction with training. General Electric (GE) first implemented 360-degree evaluations under its legendary CEO Jack Welsh. When GE sales managers are evaluated, subordinate salespeople and peer sales managers complete a questionnaire that provides information on the manager's skills and effectiveness across a range of managerial areas. Based on this input, the sales managers being appraised are provided feedback on their: (a) individual strengths and weaknesses in such areas as delegation, interpersonal relationships, and leadership; (b) performance comparisons with other sales managers in their training class; and (c) performance comparisons (based on GE's database of surveys covering many years) with other sales managers at the same stage in their careers. Furthermore, each sales manager is given individual, confidential counseling on ways to improve performance, and a personalized plan is worked out to address specific areas of weaknesses. By emphasizing managerial development instead of performance evaluation, sales managers have an incentive to track their personal progress by voluntarily repeating this process on a regular basis [Rajput 2010].

Study Limitations and Directions for Future Research. Given the paucity of research on sales manager performance evaluation, this study contributes to the literature by empirically verifying that both objective and subjective evaluation criteria are influenced by sales manager hierarchical level. While this study augments our knowledge on the important position occupied by sales managers and their performance appraisal, the literature in this area still contains only fragmented research and is sorely lacking in conceptual development. It is hoped that findings from this study will encourage other scholars to do research on sales managers, although limitations in this study offer opportunities for future research. One area for future research is to more exhaustively document all the criteria used in sales manager performance evaluation. Along with a fuller array of performance evaluation criteria, more information is needed about the extent to which the different criteria are used and the weights assigned to each. Second, sales manager span of control was not considered in this investigation, so it is possible that as the number of subordinates being supervised increases, the sales manager's efforts may be diffused to necessarily concentrate on activities that deal more with managing the sales-force as opposed to concentrating on economic outcomes. Therefore, empirical studies are needed to determine whether there is a difference in performance evaluation criteria due to sales manager span of control. Third, replications of this study may help determine whether similar findings are observed using samples from different industry groups in different countries [Chiang and Birtch 2010; Sauers, Lin, Kennedy, and Schrenkler, 2009; Shen, 2004; Prowse and Prowse, 2009].

It is hoped that the current work will spur future investigations to increase our knowledge of sales management positions, including performance criteria and evaluation systems. For instance, future studies should examine the effect of performance evaluation on other outcomes such as sales manager job satisfaction, and job turnover (functional and dysfunctional). Additionally, studies should examine whether performance assessment is associated with the development of sales manager training programs that are attuned to the jobs sales managers perform at different organizational levels. Furthermore, other research may examine whether sales manager performance assessment criteria influence the behaviors (motivation, commitment, and satisfaction) of salespeople under the supervision of the sales manager. It is reasonable to posit that the outcome of sales manager performance assessments may influence salespeople under their control. As the literature on sales management positions is still nascent, there is significant scope for scholarly contributions on how sales managers can be enabled to significantly increase their performance and make even greater contributions to the success of the firms they serve.

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Abstract

What objective and subjective criteria are employed in assessing the performance of sales managers? Are sales managers at different hierarchical levels appraised using the same performance assessment dimensions? Because of the paucity of research on these topics, finding and documenting answers to these important questions serves as the primary impetus for this empirical investigation. Results show that the performance of sales managers is not conducted using a homogeneous set of performance assessment factors. Specifically, the jobs that sales managers perform at the upper levels of the sales management hierarchy are evaluated using criteria that are distinctly different from those performed at the lower levels. Findings also reveal that, as sales managers ascend the management hierarchy, their performance assessment centers more on attaining strategic marketing objectives and economic outcomes. Sales managers at lower hierarchical levels are appraised using criteria that primarily involve managing, leading, controlling, and directing sales force-related activities. Managerial implications are discussed, drawbacks of the study identified, and directions for future research proffered.

Key words: sales managers, hierarchical levels, sales management evaluation criteria, behavior-based performance assessment, outcome-based performance assessment