

Propositions for Goal Setting in Application to Prospecting Activities and Sales Performance

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Abstract: This working paper addresses the relevance of goal setting as applied to the sales profession. A review of some of the key goal setting findings is also discussed. This initial study will consider an argument linking goal setting to sales related activities, prospecting efforts and sales performance. Additionally addressed is the potential impact of goal difficulty, goal specificity and goal commitment on sales performance.

Key words: goal setting; prospecting; sales performance

JEL code: M

1. Introduction

The purpose of this study is to map out propositions that address the impact of goal setting activities, types of goals and their applications to prospecting activities and overall sales performance. This initial working paper will explore an argument tying the impact of goal setting to sales related activities, prospecting and performance. This paper will also address the possible moderating effects of goal difficulty, goal specificity and goal commitment on performance as well.

2. Goal Setting

There has been a significant amount of research indicating that goal setting efforts do lead to enhanced levels of activity and performance across multiple settings. Based on the research of Gibson et al. (1997) goal setting is designed to define and establish goals. A goal can be viewed as a specific target of action an individual is seeking to achieve. According to Locke and Latham (2002) the research addressing goal setting consistently provides evidence that performance is improved through the use of challenging and specific goals. The provision of meaningful on-going feedback also leads to increased performance (Karakowsky & Mann, 2008). In regard to the impact of financial rewards, Locke and Latham (1990) determined that larger incentives led to higher levels of performance in comparison to smaller incentives. Smaller incentives may not have been deemed worthy of the effort required to receive the anticipated reward.

2.1 Goal Attributes Closely Linked to Performance

According to Locke et al. (1981), the three attributes that are the most closely linked to successful performance are goal specificity, goal difficulty, and goal attainment. Goal specificity refers to the degree of

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measurable preciseness of a goal. Goal difficulty addresses the extent of goal intensity being sought. Goal commitment accounts for the amounts of effort actually used to accomplish the goal. This study will examine all three aspects of goal setting, goal specificity, goal difficulty and goal commitment. The propositions in the study will state that the greater amounts of each of these goal setting aspects will lead to higher levels of sales performance.

2.2 Goal Specificity

Goals that are specific are more capable of being measured because the boundaries of the goal are well defined. The accomplishment of the goal will be able to be recognized. Locke and Latham (1984) stated that specific goals need to be quantitative in nature. A measurable goal can allow for on-going progress to be known throughout the goal achievement effort. One example of this is when Steers (1975) identified that goal specificity was related to performance of supervisors that have a high need for achievement.

2.3 Goal Difficulty

It is generally recognized in the goal setting literature that challenging goals lead to greater performance than easy or moderate goals. In 175 studies relating goal difficulty to performance, 91% of them showed a positive relationship (Locke & Latham, 1990). It is possible that even unreasonable goals can lead to improved performance (Hollenbeck et al., 1989). Unreasonable goals do not need to be interpreted as unattainable goals. Challenging (even unreasonable) goals that are perceived by the person seeking goal achievement as attainable lead to increased effort toward the goal (Locke & Latham, 1990).

2.4 Sales Force Involvement in Difficult Goals

According to Quick (1990), if salespeople are to be motivated by difficult goals, they need to be directly involved in the setting of their own goals. In many industries, the sales manager is the primary goal setter for the sales force. While sales managers may provide sales performance guidance, the final sales goals of the salespeople need to be embraced by the salesperson themselves.

2.5 Specific and Difficult Goals

In a meta-analysis of goal setting literature, Mento, Steel and Karen (1987) has was able to demonstrate that challenging goals lead to higher performance than easy goals. Secondly, specific difficult goals generate higher performance than general goals do.

Locke et al. (1981) found in their meta-analysis that 51 of 53 studies (a total of 96%) showed specific/difficult goals significantly outperformed “do your best” goals. Locke and Latham (1990) believe that disparity in results of the two types of goals is due largely to a lack of clarity in the “do your best” goals. “Do your best” and specific/difficult goals are both hard. However, “do your best” can be viewed as quite general for individuals. If the task at hand is not considered urgent or important to the individual, “do your best” may have a different meaning compared to those that view the task with a higher priority.

According to Kernan and Lord (1990), individuals that did not have specific goals, assessed their own performance more highly than participants engaged on specific/difficult goals. This suggests lower awareness or a less demanding level of what is expected by “do your best” individuals compared to those in the specific/difficult condition. Satisfaction with the past perceived performance from the “do your best” groups may also explain lower levels of future performance standards (Locke & Latham, 1990). Wright and Kacmar (1994) found that goal specificity actually raised the level of goal commitment of the participants.

2.6 Goal Commitment

Goal commitment asks the question of how committed individuals are to a stated goal regardless of who

originally developed the goal. Hollenbeck et al. (1989) found that goal acceptance led to higher levels of goal commitment and actual performance. Commitment can be viewed as necessary in the pursuit of goal achievement.

Shalley, Oldham, and Porac (1987) examined how goal setting affected the intrinsic motivation of individuals. They determined that when people did not have a great deal of control over the goal and when they did not expect positive information concerning their own work competence, their intrinsic motivation was at the lowest. Commitment can be viewed as a function of how much perceived control salespeople have over the goals they are seeking to achieve. The research of Martin and Manning (1995) indicated that goal commitment moderates the impact of task difficulty on task performance. This would suggest that those who are more committed to their goal are more willing to accept difficult tasks and perform them effectively.

3. Goal Directed Behavior of Salespeople

Chung (2015) stated that putting constraints on sales commissions can be harmful to sales performance. In addition, he also identifies that managers basing an upcoming quota on the strong performance of the previous year can actually dampen motivation of sales professionals. Sujan et al. (1994) argues that salespeople that work smart and hard have a focus of not only the desired end sale goals, but relevant sales activities that will lead to end goal accomplishment.

Kwicien (2010) is very clear that the activities of salespeople are not the same as results. It is his perspective that approximately only 5% of the workforce is readily able to manage itself. Because of this, sales managers should place particular focus on activities that will lead to sales performance. Guld (2008) provides practical fundamentals for salespeople to improve sales development and longer term goal achievement. He suggests that daily sales goals for salespeople should include expanding the size of their customer base along with the number of prospecting calls for each week. Additionally, salespeople should also focus on how to increase their conversion rate of prospects to customers.

According to Sales Insider (May, 2008), focusing on a sales results goal only can lead to a lack of drive or self-motivation on the part of the salesperson. Rather, additional focus on the activities that lead to successful sales performance can help results be accomplished. Relatedly, Sales Insider (Jan, 2008) suggested that sales goals should be broken down through multiple steps that are specific and that will ultimately culminate in a final results goal.

4. Sources for Prospecting Activities

There are numerous sources of leads that through goal directed prospecting activity have the potential to generate an on-going pool of qualified prospects. Sales professionals are able to leverage company sponsored direct response advertising through multiple media channels including social media and direct mail. Webinars provide an opportunity for engagement with prospects and the ability to demonstrate content expertise to differentiate one selling organization from others. LinkedIn is arguably the largest business to business social network in existence and allows for meaningful conversation with prospects that can lead to qualified appointments. More traditional, yet often highly effective approaches to generating leads and prospects include face-to-face networking, obtaining referrals from existing customers, attending trade shows and some would argue even cold calling prospects who are not aware of the sales company or salesperson (Lamb & McDaniel, 2016).

5. Propositions for the Goal Setting of Salespeople

Upcoming research will test the following propositions with business to business sales professionals through the use of quantitative and qualitative based questions.

The propositions to be tested in ongoing study of goal setting efforts and activities of sales professionals include the following:

- (1) A greater degree of sales goal specificity will lead to a greater degree of sales performance.
 - More specifically identified goals will lead to higher levels of sales performance.
- (2) A greater degree of sales goal difficulty will lead to a greater degree of sales performance.
 - Goals that are perceived as difficult and challenging, yet not impossible will lead to higher levels of sales performance.
- (3) A greater degree of sales goal commitment will lead to a greater degree of sales performance.
 - Salespeople that are more personally committed to their sales goals will achieve a higher level of sales performance.
- (4) Developing step by step prospecting activity goals will lead to salespeople working with a greater amount of qualified prospects.
 - Developing and following specific prospecting activity goals will generate higher levels of qualified prospects.
- (5) Developing clear sales conversion goals will increase the efficiency of prospect to customer ratios.
 - Having measurable conversion goals in place will lead to more efficient prospecting.
- (6) A greater degree of activity goals will lead to achieving a greater degree of sales result goals.
 - A higher level of execution of sales activity goals will lead to overall sales performance.
- (7) A greater degree of conversion goals will lead to achieving a greater degree of sales result goals.
 - A higher number of sales conversion goals will lead to overall sales performance.

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