

# Salesforce agility: The case of insurance services

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## **Salesforce agility: The case of insurance services**

### **Abstract**

The purpose of this study is to investigate the applicability of the construct of agility in the salesforce and to offer initial evidence on the performance implications of salesforce agility. The insurance sector was selected as it provides an adequate sample of experienced salespeople and objective data of success or failure in terms of new contracts earned and sales volume. The results indicate the existence of an agility scale which partially influences sales and performance. Agility is reaffirmed thus as an important construct in sales and vital skill in today's ever changing environment.

*Keywords: Salesforce Agility, Insurance Market*

*Track: Sales Management and Personal Selling*

## 1. Introduction – Theoretical background

Initially, the content of agility as a managerial ability was inclusive of concepts such as speed, responsiveness, flexibility and caring for consumer needs (Nagel, 1991). An organization as comprised of employees, managers, salespeople or in its totality is agile when it can respond with speed to the new conditions and challenges of its environment. This response demands for flexible structures that can adapt easily, while all the process of adaptation would be a meaningless exercise if it were not geared towards the needs and wants of customers.

Agility within an organization, irrespective of its scope of application (companywide or for a specific department, e.g. sales or marketing), follows practices that are included into the definition of Sharifi & Zang (2001), according to whom agility engulfs two factors: (a) timeless responsiveness to changes, both anticipated and unforeseen, and (b) transformation of changes into business opportunities.

More recent approaches to agility, are enlarging its scope to include concepts such as the ability to reconfigure the organization through the implementation of interconnected changes in all of its functions such as production, marketing and processes (Storey, Emberson & Reade, 2005). In an effort to review the literature, Rimiene (2011) offers a new, more complete definition of agility: *“Agility is an ability of a company in a changing market environment profitably exploit market opportunities, quickly and flexibly respond to the customers’ needs, and qualitatively, suffering minimum cost, satisfy them by using innovative solutions and partnership cooperation”*.

With special reference to sales and selling, the concept of agility has been introduced relatively recently. In 2005, Chonko & Jones attempted to utilize the existing literature in order to enrich the concept of selling with that of agility. In their argument, salespeople agility is a more powerful tool, since it demands additional skills and resources than those found in the concept of adaptive selling (Chonko & Jones, 2005). The salesperson by the nature of his/her work, lies somewhere in between the company and the clients, facing most of the times the shifting needs of the former and the usual in-flexible strategies of the latter. That creates an imbalance that can be restored only when both the salesperson and the company improve their agility skills. In particular, agility is developed when the corporation seeks, develops structures, favors and stimulates feedback from the salesforce while realizing its invaluable contribution as

the listening posts of the firm (Heskett & Sasser, 2010). At the same time, agility is established when the salesperson can persuade for the need for change key decision makers within the corporation and get approval for changes and the mobilization of the necessary resources (Chonko & Jones, 2011).

The need for a company to develop agility skills throughout its operations and an agility orientation for its management becomes clear and vital for its success. A move towards agile behavior is a seminal strategic decision, which stems out of a thorough analysis of the existing business model. The implementation of agility requires the operationalization of the concept and the development of reliable measures, mainly in order to establish a before and after picture of the organization.

In the literature, various scales for measuring agility have been introduced. Most of them thought are geared towards a section of an organization. So there is a supply chain agility scale (Swafford, Ghosh, & Murthy, 2006; Aitken, Christopher, & Towill, 2002; Van Hoek, Harrison, & Christopher, 2001), an agility strategy scale, a workforce agility scale (Sherehiy & Karwowski, 2014; Alavi & Wahab, 2013), production or IT agility scales, etc. Of course, judging from the scope of agility definitions, applications and perspectives (Rimiene, 2011), one can easily comprehend the difficulty of developing one multiple-item scale for operationalizing and measuring agility (Gren, Torkar, & Feldt, 2015).

The first attempt to develop a scale measuring salesforce agility can be found in Gias (2016), a PhD thesis under the supervision of Chonko. The aim of this paper is to apply and verify this scale of agility on the salesforce of the biggest insurance company in a south European country, which faces challenging times after some years of recession and the resulting political unrest. It is also our goal to provide evidence on the importance and effectiveness of salesforce agility in difficulties and adversaries within a mostly hostile economic environment, which creates conditions of limited resources on the part of the organization and limited disposable income at the consumer end. At this context, the research investigates the effect of agility to the performance of the salesforce, adopting objective measures of salesforce performance, as these are recorded within the insurance organization and influence the relationship between the company and the salespeople.

## **2. Research method**

### *2.1 Measures*

In order to measure reliably salesforce agility, the only published scale (Gias, 2016) that could be located, was used. This scale was divided into four distinct components, with the first seventeen items referring to the salesperson's agility needs. These items refer to the management of knowledge acquired by the salesperson, the degree to which the salesperson understands the marketplace and the ability of the salesperson to anticipate changes. The second group of items refers to the dimension of Time, i.e. the need of the salesperson to react swiftly (Dove, 1995) and in a limited amount of time – a structural component of agility (Jones et al., 2012). Ease is the main element of the third group of items, referring mainly to the need to economize while responding to change, since the value of responsiveness is undermined by the cost at which it is achieved (Dove, 1999). The fourth group of items reflects the dimension of range, as the variety of changes a salesperson can effectively face and deal with, either proactively or reactively (Chonko & Jones, 2011; Dove et al., 1996). The 31-items construct was assessed with a 5-point Likert scale (1=strongly disagree, 5=strongly agree).

The research adopts the change proficiency maturity model (Dove, Hartman & Benson, 1996) which was based on the 5 levels of maturity as measured by the Capability Maturity Model of the Software Engineering Institute (Paulk et al., 1993). The respondents were asked to select one of five expressions depicting the five levels of maturity, based on their degree of congruence with each one.

### *2.2 Data collection*

For the purposes of this study, a survey took place among insurance salespeople of the largest insurance company in a southern European country. A web-based survey procedure was used for data collection, through which questionnaires were distributed by the sales and training department to agents and brokers. It is noteworthy to mention that with “Agents”, this research refers to tied (captive) agents who represents exclusively one insurance company, while with “Brokers” those who are contracted with more than one. An adequate sample from each type of insurance salesforce (agents and brokers) was desirable, and salespeople with both high and low performance were included in the study population to guarantee the ability of the study to produce significant results on the effects of agility. Furthermore salespeople with limited experience and sporadic sales were excluded from the sample because of their very low

performance. Such an elimination enable the study to concentrate on a sample of true professionals, who devote time and effort into developing a career as insurance salespeople and consultants. Given the nature of the research stratified sampling was deemed as more appropriate and, therefore, four clearly defined and distinct strata were developed.

Following the aforementioned sampling plan, the sales' and education department of the firm distributed 953 questionnaires to the salesforce. From the 953 questionnaires sent, 203 questionnaires were returned, but we dropped 4 because of substantially incomplete data. Thus, 199 usable questionnaires, representing a 21% response rate, were kept and further analyzed.

For the purposes of the research a structured questionnaire has been developed, being comprised of four parts. The first part of the questionnaire consisted of questions about the type of salesforce (Agents/Brokers) and the years of experience. In the second part, respondents were asked about the salespersons' agility needs. In the third part of the questionnaire, variables about time, ease, range and change proficiency were questioned. Finally, the fourth part consisted of questions about the demographic characteristics of the sample.

### **3. Data analysis and results**

Using the scale of Gias (2016) for the first time, it was seen as appropriate to use Exploratory Factor Analysis in order to unveil and understand the underlying pattern of the construct, as perceived from our sample. Kaiser-Meyer-Olkin (K-M-O) was used to indicate the appropriateness of the factor model and sampling adequacy was satisfactory. Bartlett's Test assured the sphericity of the variance among the questions and their level of significance. During the early stages of the analysis, three items were removed due to very low Communalities ratings (Hair et al., 2017). Through the eigenvalue above 1 criterion and Varimax rotation, 7 uncorrelated factors were obtained, explaining 63,4% of the total variance. The nature and content of these factors are discussed and analyzed in the theoretical implications section of the paper.

#### ***Change proficiency***

As already discussed, the insurance salesforce respondents were assigned to a stage of change proficiency maturity by means of a question. The five stages are named Accidental, Repeatable, Defined, Managed and Mastered and an agile salesperson should demonstrate skills of re-active and pro-active response to change (Dove et al., 1996). One-way ANOVA was

performed in order to unveil the relationship between the stages of proficiency and the dimensions of agility.

Of the seven dimensions, only three demonstrate a significant relationship and these are Flexibility ( $F=3.030$ ,  $p=1.9\%$ ), Entrepreneurship ( $F=2.561$ ,  $p=4\%$ ) and Knowledge Management ( $F=5.094$ ,  $p=0.1\%$ ). The ranking of the five stages was partially reaffirmed. Flexible were found to be (as expected) those belonging to the stages of Managed and Mastered. But entrepreneurial were those belonging to stages Mastered and Defined, were the less innovative were those in the Managed stage. Finally, the Managed and the Defined were the more capable in Knowledge Management.

### ***Performance***

The level of performance was pre-established in the research design and was incorporated into the sampling frame and stratification. We therefore, surveyed four groups of Insurance Salespeople: (a) Agents High Performance (AHP), (b) Agents Poor Performance (APP), (c) Brokers High Performance (BHP) and (d) Brokers Poor Performance (BPP). One-way ANOVA was carried out and revealed three significant relationships between the levels of salespersons achieved performance and the dimensions of agility. These were Time ( $F=5.274$ ,  $p=0.2\%$ ), Range ( $F=2.346$ ,  $p=7.4\%$ ) and Entrepreneurship ( $F=2.189$ ,  $p=9.1\%$ ).

With reference to the dimension of Time, the AHP provide the highest mean, indicating the anticipated positive relationship. It is of surprise thought that BHP provide the lowest mean, indicating that for this group of salespeople, their bad timing skills in dealing with change has no effect on their performance rating. It is perhaps the variety, complexity and number of different offerings insurance brokers have to promote and handle that act as the confounding factor.

Range is the second factor, which underlines the positive relationship between agility and performance, since both high performing types of salespeople (Agents and Brokers), score the highest averages. Between them, Brokers present the highest mean, since they possess a much larger and varying solutions portfolio.

The third factor is Entrepreneurship, in which only Brokers present a positive average and are ranked at the highest degree. This is partially the result of the solutions mix the Broker offers, from different insurance companies. This allows them to predict unforeseen consumer swifts, to predict the moves of competition and to develop sales strategies by and for these changes.

#### **4. Conclusions / Discussion**

Agility remains a challenge for academics in their efforts to delineate theoretically the concept and the construct and thus develop a sound operationalization. For practitioners, agility still looks like an elusive beauty, who could provide the answer for the establishment of a sustainably successful business model. This research offers one of the very first efforts to apply the concept of agility in the area of sales, an increasingly important functions in modern corporations, albeit they appear through one or many channels. Although the application of the agility took place in the idiosyncratic sector of insurance, it is felt that the results are poised to provide some interesting theoretical and managerial implications.

##### *4.1 Theoretical Implications*

The current research used a recently developed scale for the measurement of agility in sales and provides for the first time a set of seven factors, which can reflect the complexity of the concept of agility in selling. Time is the first one and speaking about agility, time means speed (Nagel, 1991; Qin & Nembhard, 2015). Speed refers to the time needed for a salesperson to pinpoint, evaluate and react to changes (Jones *et al.*, 2012), a critical ability for surviving and succeeding in our turbulent times, of constant and swift changes.

Flexibility is the second factor, in which the dimensions of adaptability and resourcefulness are nicely merged in order to adequately describe the ability of salespeople to move swiftly (Vorkurka & Fliedner, 1998) among tasks and projects, constantly and efficiently adapting to changing customer wants (Bernardes & Hanna, 2005). After all, flexibility precedes agility (Wadhwa Rao, 2003), since the latter includes the prompt realignment of the corporation vis-à-vis an unforeseen change.

Range is the third factor, since the spectrum of changes that can be addressed efficiently, quickly and safely, signifies the degree of one's agility (Dove 1995). The wider the range of solutions or value-offerings a salesperson can advance against sudden changes, the more agile is perceived (Dove *et al.*, 1996). The fourth factor is Ease, meaning without cost or great effort in terms of time, psychological pressure and friction in relationship quality. In effect, the salesperson in insurances demonstrates change proficiency by the degree of effort he or she needs to put in order to persuade both clients and the insurance company for the eminence of changes. The success of the role of salespersons as intermediaries, who intervene between firms and clients, depends greatly on the easiness by which they bridge the two opposing ends.

Customer Orientation is the fifth factor, bridging agility with customer centricity (Shah *et al.* 2006; Lamberti, 2013). In order for the salesperson to produce the much needed Agile-driven value proposition, The sixth factor is Entrepreneurship, which either as attitude or as behavior, for an insurance salesperson, it appears to have two sub-dimensions (Morris *et al.*, 1990): innovativeness and proactiveness. Innovativeness lies at the heart of agility, through the ability to foresee and anticipate abrupt changes, whereas proactiveness enable salespeople to scan the market for opportunities, assume the initiative and act persistently until they reach their objectives (Crant, 2000). Our results agree with the findings of Ragland & Finkle (2013) and of Spillecke & Brettel (2013), which stress that the entrepreneurial orientation of sales, leads to better results. Malin (2016) also concluded that sales performance is positively related to sales proactivity.

Knowledge Management is the seventh factor, stressing the importance of learning orientation in sales (Dove, 2005). The management of knowledge becomes important since the “how”, the “what”, the “when” and the “why” of knowledge acquisition need to be answered by the salesperson in order to achieve high performance. The interplay of business intelligence and business analytics enables the salesperson to make proper and extensive use of the client’s database.

As seen in the results section, of these seven factors, only three are positively related to performance: Time, Range and Entrepreneurship. It is perhaps the nature of our setting, in a country severely hit by a prolonged recession, that speed of actions, variety of offerings and resourcefulness of solutions, assume a pivotal role, overshadowing the remaining factors.

#### *4.2. Managerial Implications*

Managerial implications are grouped into three categories: One for insurance companies, one for sales managers and one for Agents and Brokers.

##### ***Insurance companies***

The research stresses the importance of creating and maintaining an agile salesforce. Insurance companies must move beyond simple CRM systems and try to provide their agents and brokers (through an analytics program, connected to the firm’s internal records) with ample information on the properties of the customer database and assist the salesforce in the management of their customer portfolio. In that way, time will be reduced in the pursuit of

spotting and tracking changes and by turning the salespersons into “listening posts”, changes in consumers’ expectations will be traced more easily.

Brokers appear to be more entrepreneurial than Agents are, therefore Insurance companies could derive innovative ideas through such a network of intermediaries. With special reference to New Product Development Process, Brokers and Agents could become an integral part of the process, the former as an asset and source of radical thoughts and the latter in an effort to stimulate their entrepreneurial skills by comparison. In any case, companies should assist their salesforce by providing freely to them knowledge-based systems such as FAQs and Best Practices guides, with reference to the totality of the market and the competition and not only to the company’s policies.

### ***Sales Managers***

Results of this research can be used by sales managers at any level (unit manager, team leader, sales coordinator, etc.), in order to increase the levels of agility of the team and each member within. Firstly, each sales team needs to develop written instructions for the handling of change. Either as rules of reaction or steps of pre-action against an environmental change, the sales team needs to have a “road-map” and a manual that would assist in turning the waves of change into paddles of profit.

Secondly, as discovered, age and experience are positively related to agility. It is thus very important for sales managers to establish an experience pool, collecting the experience of older and more agile salespeople and allowing the newcomers to “swim” in its waters. This could be achieved through the careful composition of sales teams, adding an age mix that would assist in developing the appropriate skills. In addition, the enactment of group bonuses in order to facilitate the completion of non-sales tasks, such as the recording of experiences and discussions.

Finally, coaching of insurance agents should be targeted into developing their entrepreneurial skills and innovative thinking. The periodic meetings should not be exhausted in target reviews, numbers and percentages but augmented with selling skill seminars, the development of selling strategies and competition analysis.

### ***Agents/brokers***

Agility for the front-end salesforce is not simply a strategic model, but a sound instrument of risk management. The danger for insurance salespeople to become obsolete is more than eminent (salesforce obsolescence). The importance for Performance of the factor of Range and the good

overall rating of salespeople on this factor, leads us to conclude that sales agents and brokers should endeavor further into the characteristics of their offerings and of the competitors'. Appropriate customization (but not individualization) could provide the additional value to the prospect clients. Coupled with the needed training in soft skills such as emotional intelligence and self-confidence, the salesperson could partially develop the tailored made solutions even during the sales presentation.

Looking further into the Brokers' low achievement to the factor of Time and their high performance in the factor of Entrepreneurship, leads us to conclude that Brokers can predict changes but they need more time for that. If an explanation for that is the complexity and the volume of different insurance solutions they offer, an appropriate Management Information System could be adopted, in order to assist in the organization of the various environmental stimuli (the market, the various offerings, changes in the legal environments, etc.).

## **5. Limitations**

Performance was measured by the annual change of received premium (insurance sales). However, other performance indices such as portfolio sustainability ratio and customers' satisfaction (after-sales service) should be added to future research. After-sale service is the crux of insurance services and, so, it cannot be omitted from future research. Participating Agents in this research were mainly the low-level salespersons in the hierarchy of the Agency System of the insurance company, resulting in being biased against Agents regarding Entrepreneurship. Further research may address that and refer to a multi-level sample of Agents.

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