

TOTAL QUALITY MANAGEMENT AND THE SALES ORGANIZATION: INTEGRATING THE NEW BUSINESS PHILOSOPHIES

Special Session Panel:

Stephen J. Miller, Oklahoma State University - *Co-Chair*

Greg W. Marshall, University of South Florida - *Co-Chair*

Jerry R. Goolsby, University of South Florida

Raymond W. LaForge, University of Louisville

Michael R. Williams, Illinois State University

ABSTRACT

The philosophy known as Total Quality Management (or "continuous process improvement") has fast become a central operating theme in many American businesses. The 1993 AMS Conference included a panel discussion of impact on sales organizations when a firm embraces a TQM philosophy. In particular, issues of salesperson/sales manager role, motivation, reward, performance evaluation, control, and broad implications of corporate culture were discussed in the context of sales organizations engaged in implementing quality improvement.

This special session is a continuation of last year's panel discussion, and moves the topical area beyond basic issues of TQM to other more avant-garde approaches that have been suggested within the quality improvement paradigm. The following topics are addressed:

- 1) Organizational Learning. Peter Senge's book, *The Fifth Discipline*, has provided a potent call to arms for managers to focus on optimization of organizational systems rather than succumb to organizational fragmentation resulting from separately initiated MBO programs, quotas, incentive pay, business plans, and the like. Senge argues that most organizational teams operate below the level of the lowest performer in the group. The result is "skilled incompetence," in which people in groups grow incredibly efficient at keeping themselves from learning. Traditionally, sales organizations have been particularly reliant on objective-based approaches and team effort. What does Senge's philosophy say for the future of personal selling and sales management?
- 2) Organizational Reengineering. In their book, *Reengineering the Corporation*, Michael Hammer and James Champy add to Senge's

call for fundamental organizational change by urging firms to abandon the most basic notions on which the modern organization is founded. They build a firm case that these notions-division of labor, need for elaborate controls, managerial hierarchy-no longer work in a world of global competition and unrelenting change. Hammer and Champy advocate a process orientation, concentrating on and rethinking end-to-end activities that create value for customers. Abandonment of prior work shibboleths for a refocus on process leaves the sales organization with a new set of questions about its role in the overall organizational value chain.

- 3) Organizational Culture as an Agent of Change. Emphasizing the creation of added value for the customer as a means for creating and sustaining competitive advantage, a TQM philosophy focuses on the importance of an unrelenting commitment to meeting and/or exceeding the needs of both internal and external customers. The notion of building value through the process of satisfying customers, as opposed to churning out sales volume in response to production and sales objectives, sheds new light on the decisive role the salesforce plays in quality improvement. Concurrently, sales management must revise its operating philosophy to one that stresses the positive potential of creative and proactive change in response to customer expectations -- managers within sales organizations must engender a work environment that is conducive to such change. A key question becomes, how can organizational culture change be accomplished without losing those existing sales organizational characteristics that have proven to be successful?