APPLYING MODERN MANAGEMENT PRINCIPLES to sales organizations

THE FOUNDATION FOR RESEARCH ON HUMAN BEHAVIOR
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to sales organizations

A Report of a
Seminar Conducted by
The Foundation for Research on
Human Behavior

THE FOUNDATION FOR RESEARCH ON  HUMAN BEHAVIOR

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About this Report

This is a report of a two-day seminar conducted by the Foundation for Research on Human Behavior, November 29-30, 1962, in Ann Arbor, Michigan. The seminar was part of the Foundation's continuing program to bring the results of social science research to the businessmen who can use them. It was the Foundation's first seminar directed at the management of sales organizations, largely because there has been, until recently, so little good research on this subject.

There is a growing body of research evidence that the traditional principles of management do not work as well in business organizations as a newer set of principles and methods that are gradually evolving. But the lack of research had previously made it difficult to determine whether these newer principles were as applicable to the management of sales organizations as to other parts of business corporations. The three new and unpublished research studies reported and discussed at the seminar were able to show what organizational characteristics and management principles are associated with the more successful, as contrasted with the less successful sales organizations of three major companies selling quite different products. Another part of the seminar was devoted to evaluating a personal experience in which a deliberate attempt was successfully made to introduce this newer system of management into a sales organization.
Presentations were made by the following:

Rensis Likert, Director of the Institute for Social Research and Professor of Psychology and Sociology, University of Michigan,

Stanley Seashore, Program Director and Associate Professor, Institute for Social Research, University of Michigan, and

Charles A. Waters, Executive Director, District Agencies, Prudential Insurance Company of America.

Hollis W. Peter, President of the Foundation, served as general chairman of the seminar.

Richard B. King, Resident Vice President of Merrill, Lynch, Pierce, Fenner and Smith, Inc., participated in the planning of the seminar, and chaired the session reviewing the application of research findings.

David G. Bowers, Study Director at the Survey Research Center, Institute for Social Research, edited the report.
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I. Some Principles of Organization
Management - An Overview

A. The Management of Motivations

Rensis Likert

In the years since World War II, a number of research organizations and individuals have studied forms of leadership and social structure associated with high productivity, low cost, growth, and other measures of performance. At the outset in the first postwar years, production, net distribution, was the big problem. For this reason, research tended to focus upon the manufacturing and clerical areas. Until recently, comparatively little work has been done in the area of sales. In the last few years, however, the same research procedures have begun to be turned to the study of sales organization management. In this section of the report we shall consider the accumulated findings of one of the largest of these research programs.

Since 1946 the Institute for Social Research has studied forms of organizational leadership and structure associated with high productivity, low costs, low scrap loss, and other such measures in a variety of manufacturing, clerical and other organizations. To date, there have been about thirty studies in approximately twenty to twenty-five different industries, dealing with all levels of management.

One of the most interesting observations coming from these studies confirms an impression from one of the earliest investigations of this type. When asked about the principles of management that they apply, managers of highly productive units frequently give explanations which indicate that they are quite insightful in their behavior, but quite unaware of what these significant features are. They are applying, but have not as yet conceptualized, principles of management which guide their behavior, and which differ greatly from the traditional.
The first study by the Institute took place in a situation in which comparable divisions, using the same technology, performed identical operations, but with consistent differences in performance. It was also known in this company that performance was associated with management, because managers had been rotated, with the result that good managers were able to raise a poor division faster than a good division, after having been built by a good manager, would slip under a poor manager.

One of the things which the better managers in this situation, as well as in others which have been studied since that time, state as a basic belief, is that it is not sufficient merely to buy a man's time and then issue orders, that economic motives alone are not enough. High performance does not result when economic motives are used in such a way that they are blunted by the effects of non-economic motives. For example, a tightening of standards which is interpreted as unreasonable by employees results in an immediate increase in production, but seldom, if ever, does this increase reach 100 per cent of standard; in addition, employees then ordinarily set norms which restrict output.

High producing managers, in contrast, bring into play and coordinate a wider variety of motivational forces in such a way that economic and non-economic forces all push in the same direction. As Figure 1 indicates, they are helpful and understanding, in the eyes of their subordinates, when their men do a poor job.

As we see in Figure 2, high producing managers are seen by their men as pulling for them, as well as for the company.

In addition, as Table 1 points out from a different study, high producing managers are seen as interested in their subordinates, unselfish, cooperative, and sympathetic, as well as friendly and enthusiastic.

In short, research suggests that the higher performing managers, whether in manufacturing, sales, clerical work, or voluntary organizations, tend to be persons who deal with subordinates in decision-making processes in such a way that they get the non-economic forces to reinforce the economic. If standards are set, they very likely use some sort of involvement procedure. As they do this, they build a more effective social system, with better communication both up and down.
FOREMEN'S REACTION TO A POOR JOB
(as reported by their men)

<table>
<thead>
<tr>
<th></th>
<th>Punitive: critical</th>
<th>Nonpunitive: helpful</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-producing foremen</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Low-producing foremen</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Fig. 1. The high-producing foreman is helpful and understanding when his men do a poor job.

Employees say supervisor pulls for:

- Pulls for the company
- Pulls for himself
- Pulls for the men
- Pulls for the company and the men

Management appraisal rating:

- P+ Immediately promotable
- PS+ Promotable or satisfactory plus
- S Satisfactory
- QU Questionable or unsatisfactory

Fig. 2. Relationship of promotability of supervisor to employees' feelings as to supervisor's identification.

### Table 1

RELATIONSHIP OF AGENCY PERFORMANCE TO MANAGEMENT PRACTICES SHOWN BY FAVORABLE COMMENTS OF AGENTS ON MANAGERS' BEHAVIOR IN "SUPERIOR" AND "MEDIOCRE" AGENCIES

<table>
<thead>
<tr>
<th>Trait of manager</th>
<th>&quot;Superior&quot; agencies</th>
<th>&quot;Mediocre&quot; agencies</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group A--The manager's attitude toward his agents:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unselfish in dealings with agents</td>
<td>100%</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Cooperative with agents</td>
<td>92</td>
<td>35</td>
<td>57</td>
</tr>
<tr>
<td>Sympathetic toward agents</td>
<td>88</td>
<td>32</td>
<td>56</td>
</tr>
<tr>
<td>Interested in agents' success</td>
<td>100</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>Democratic toward agents</td>
<td>81</td>
<td>36</td>
<td>45</td>
</tr>
<tr>
<td>Sincere in dealings with agents</td>
<td>91</td>
<td>55</td>
<td>36</td>
</tr>
<tr>
<td>Eager to help agents voluntarily</td>
<td>70</td>
<td>47</td>
<td>23</td>
</tr>
<tr>
<td>Fair and just to all agents</td>
<td>67</td>
<td>48</td>
<td>19</td>
</tr>
<tr>
<td>Willing to help agents when requested</td>
<td>96</td>
<td>89</td>
<td>7</td>
</tr>
<tr>
<td>Honest in business dealings</td>
<td>92</td>
<td>85</td>
<td>7</td>
</tr>
</tbody>
</table>

| **Group B--The manager's attitude toward the agencies' task:** | | | |
| Enthusiastic about the importance of the work | 95% | 50% | 45% |

| **Group C--The manager's professional skill:** | | | |
| Capable planner and organizer | 35% | 5% | 30% |
| Capable personal salesman | 91 | 67 | 24 |
| Capable recruiter, trainer, office manager, etc. | 38 | 22 | 16 |
| Knows life insurance | 93 | 85 | 8 |

| **Group D--The manager's personality:** | | | |
| Friendly personality | 93% | 63% | 30% |
| Has "good personality" | 95 | 90 | 5 |
| "Fine fellow" personality | 100 | 100 | 0 |

One principal focus of recent research has been the role of group membership within organizations. Before proceeding to examine the findings of broader research programs in management, therefore, let us consider some of the basic properties of groups.

There is a very strong tendency on the part of people to form group attachments. Placed together under almost any circumstance, people will form into clusters, rather than associate with each other randomly. A small number of them will tend to develop continuing, warm personal relations with each other, and in doing this, will tend to separate themselves from other people. In this way groups form, become cohesive and tend to establish boundaries. This happens anywhere people are found: in communities, in organizations, in schools, and elsewhere. These groups are nearly always small. Six or eight is a typical number of members, and groups do not ordinarily include more than fifteen or twenty members. It is as though there is some physical limit to the number of people that can form an effective and continuing group.

There seem to be two main reasons why groups form. One reason is a presumed basic human need for personal affiliation and some degree of intimacy. The other reason is that the formation of a group enables the individual to control and use his environment more effectively. That is, we are comparatively puny creatures when facing the world about us alone. Our ability to deal with these problems is multiplied by membership in a cohesive social group. The group can accomplish things for its members; it can get information about the environment; it can protect the member; it can help implement some of the things that the members want to do. Because of these factors, people who have group memberships live longer, are healthier, and more satisfied, and get more done of the things that they want done.
The important role of group forces is revealed again and again in our research on business organizations. The effective organizations--the healthy ones--typically have a vigorous, group-oriented form of structure and process that is a part of the organizational plan. People know to which groups they belong; membership is usually quite clear. In addition, in these successful organizations the groups are not only tolerated, they have work to do as part of the organization.

The key features to keep in mind about groups are:

1. First of all, they tend to be exclusive; that is, members are in; others are out.

2. They tend to be cohesive; there are strong forces to keep the member in the group, to keep him from leaving.

3. They tend to develop a unity of purpose; that is, they tend to have special, limited purposes agreed to (perhaps not consciously) by the members.

4. Every group has an admission price; the price is that every member agrees to accept and live by the code ("norm") of that group. Every group extracts from a member a commitment which in some ways restricts his freedom and in other ways requires his cooperation.

There are, therefore, pressures in any social group that influence the member to behave in ways which conform to the norms of that group and to sustain its special purposes. Strong punishments are sometimes applied to those members who violate the norms, or on those members who do not carry their share in getting the work of the group done.

In organization planning, most management people do not think very explicitly about creating groups of an appropriate size and composition, and do not have very clear ideas about how to create groups that have a unity and a purpose that is compatible with the organization's requirements. As a result, some individuals are excluded from group membership, some groups may be inept, or they may act in ways which are irrelevant or conflict with the organization's purposes.
Figure 3 presents data from 250 groups of production workers to illustrate this power of the group to bring about uniformity of performance. The solid line which declines shows that in the groups with high cohesiveness there tends to be little variation in productivity among members of the group; among the highly cohesive groups, there is conformity to the group's productivity norm among members. The dotted line shows the complementary effect; namely, that the differences in performance between groups are accentuated under the condition of high cohesiveness.

Do cohesive groups produce more? Not necessarily. Some of these groups became highly uniform in their performance at a high level, and others became highly uniform in their performance at a low level. In Figure 4 we have segregated those groups which have confidence in the management from those which do not. Here we see that, in highly cohesive groups, when the men feel insecure in their relationship to the company, the group forces are martialed to achieve consistently low production. On the contrary, in those highly cohesive groups where the men have confidence in the company, the forces of the group are brought upon the man to hold him at uniform and high production. These data compel the conclusion that group forces are factors which a sound concept of organization management must take into consideration.
FIGURE 3
GROUP COHESIVENESS AND VARIANCE IN ACTUAL PRODUCTIVITY

Ann Arbor: Institute for Social Research, S. R. C. Monograph Series Number 14,
FIGURE 4

GROUP COHESIVENESS AND GROUP PRODUCTIVITY STANDARDS FOR GROUPS DIFFERING IN SECURITY IN RELATION TO COMPANY

C. An Evolving Theory of Management

A fairly fundamental force is the individual's desire for a sense of personal worth and importance. Based on this desire, a general principle may be stated which can be used as a guide in devising new and appropriate standard operating procedures in matters of selection, training, supervision, communication, compensation and other managerial functions. This general principle is the Principle of Supportive Relationships:

The leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and all relationships with the organization each member will, in the light of his background, values and expectations, view the experience as supportive and one which builds and maintains his sense of personal worth and importance.

One of the big losses in management comes from the waste of human abilities and effort arising from anxieties and unnecessary tensions resulting from having people in a non-supportive climate of personal relationships. A subordinate will not give his best to the work, nor take pleasure in doing it, unless he has confidence and trust in others around him, feels his superior is trying to understand his views and ideas, and so forth. If a manager is applying this principle of supportive relationships well, his subordinates will answer such questions as the following in a manner favorable to the manager:

1. To what extent does your superior try to understand your problems and do something about them?

2. How much is your superior really interested in helping you with your personal and family problems?
3. How much help do you get from your superior in doing your work?
   a. How much is he interested in training you and helping you learn better ways of doing your work?
   b. How much does he help you solve your problems constructively—not tell you the answers, but help you think through your problems?

4. To what extent is he interested in helping you get the training which will assist you in being promoted?

5. To what extent does your superior try to keep you informed about matters related to your job?

6. How fully does your superior share information with you about the company, its financial condition, earnings, etc., or does he keep such information close to himself?

7. How much confidence and trust do you have in your superior?
   a. How much do you feel he has in you?

8. Does your superior ask your opinion when a problem comes up which involves your work?
   a. Does he value your ideas and seek them and endeavor to use them?

9. Does he hold meetings of his subordinates and are they worthwhile?
   a. Does he help the group develop its skill in reaching sound solutions?
   b. Does he help the group develop its skills in effective interaction, in becoming a well-knit team rather than hostile sub-factions?
   c. Does he use the ideas and solutions which emerge and does he also help the group to apply its solutions?

10. To what extent does your boss convey to you a feeling of confidence that you can do your job successfully—he expects the impossible and fully believes that you can and will do it?
11. To what extent is he interested in helping you to achieve and maintain a good income?

12. Is he friendly and easily approached?

13. Does he give evidence that he knows that it is not what you say, but what you do, that counts?

To some extent one's sense of personal worth and importance is enhanced by the extent to which he lives up to an image of himself that he has developed over the years. Much more important for his self-esteem, however, are the current opinions of groups that he is a member of—the family and, particularly, the people with whom he works. These opinions will have an impact and, if the best possible use is to be made of available manpower, it is extremely important that each individual belong to and be highly attracted to a face-to-face work group which is organizationally functional in the sense of having high performance goals.

This means, therefore, that it is possible to derive a model of the organization which uses the group, and not the individual man, as its basic unit. In other words, this derivation states that organizations should be structured on the basis of face-to-face groups, not on the basis of man-to-man relationships. *

There are several reasons for this structuring of the organization on the basis of face-to-face groups. One reason is that this helps to build work teams which motivate their members to higher performance. A second reason is that, in the context of such a team relationship, sharing of necessary information is much more likely than it is in a man-to-man relationship. A third reason is that this makes for a greater capacity to exercise influence in all directions; the situation is, in other words, under greater control than it otherwise would be.

If this theory is valid, we should find a higher total amount of influence present in effective than in ineffective units. In Figure 5 we see that the higher producing managers have built a social system in which there is greater capacity to coordinate the efforts of the members of the organization toward accomplishing the goals of the organization. All levels have more influence; the social system thus built is a "tighter" one than otherwise. When these managers permit their men to have more influence, it

*A more detailed explanation of this derivation may be found in New Patterns of Management, Chapter 8.
FIGURE 5

RELATION OF DEPARTMENT PRODUCTIVITY TO AVERAGE AMOUNT OF INFLUENCE ACTUALLY EXERCISED BY VARIOUS HIERARCHICAL LEVELS

(AS SEEN BY NON-SUPERVISORY EMPLOYEES)

is not at the expense of the others' capacity to exercise coordination. They have, instead, built a system in which there is more total capacity to exercise coordination. Permitting people to participate in making decisions which affect them does not mean that the manager has less influence; if worked correctly, it means that he has more.

By providing for a great deal of reciprocal influence in the context of a work team, the participative system encourages the commitment of group energies toward supportive and satisfying personal relationships which also contribute to the periodic review, clarification, and attainment of the goals of the organization. Otherwise, group forces and energy are used to create supportive and satisfying personal relationships that may be unrelated to the needs and goals of the organization. The pattern of organization and management developed by high performing managers thus seems to incorporate the following principles:

1. Each person should be a member of at least one well-functioning face-to-face group.

2. The form of the organization should be that of multiple, overlapping groups in which each supervisor is a "linking pin"—a leader in the group below and also a member in the group above. In addition, persons at all levels are members of other groups (committees, representational groups, and the like) which help link the organization laterally.

3. Communication in all directions within the organization should be accurate and effective.

4. Traditional methods of job organization and work facilitation must be applied well; "scientific management" should be used intelligently, and tasks should be well-defined.

5. The organization should be characterized by a high level of reciprocal influence in all directions (upward, downward, and laterally) within the organization.

6. Persons and groups at all levels should share high performance goals. High performance goals held by superiors help induce a contagious enthusiasm in subordinates. In addition, the setting of goals on a basis of participation helps
to ensure that goals will be in line with each individual's needs, in this way adding to their motivating power.

7. Organizational managerial practices should be consistent with the principle of supportive relationships, stated above.

8. There should be tolerable levels of conflict, pressure, and tension among members of the organization.

9. Relationships among members on the same level should also be consistent with the principle of supportive relationships.

10. In a somewhat different vein, traditional measurements of performance should be supplemented with periodic measurements of human organization variables. All of these measurements should be used to appraise the health and strength of the organization, to bring about an awareness of where weaknesses exist and where improvements are needed.

Discussion

Q. How can this type of thinking be applied?

Information of this kind can be used to coach a man to improve his operation, through a feedback process.

In sales management there has been a tendency to concentrate on failures, find out why failure, as opposed to studying success. The general manager then tries to impose his own personal patterns on the failures. Instead of this, experience suggests that the general manager might very well spend the bulk of his effort on the middle performers, who are more likely to be receptive and eager.

Another point. The concept of supportive behavior is often misunderstood, the idea being that firing a man is not supportive. However, it can be; although it is often misleading to go solely on the man's past performance, if he is in a job which his aptitude, his interest, and his qualifications simply do not fit, it is not supportive to keep the man in that job. There is a real obligation on the superior to find out what that fellow's qualifications are and then help him get into an appropriate job, whether outside or inside
the company. Frequently, we feel we are being "nice" to people to tolerate them. We are not—we are really harming them.

One of the important things is that, as this system gets going, we have to provide the opportunities and training for those people who do not understand it so that they may develop the necessary skills. For example, people can be placed in relationships that they have not previously experienced, so that they can communicate about things for which they have no pre-disposing habits. The chances are better that they will then not approach a topic with the usual rigidities.

Sometimes your enthusiasm can harm you; words begin floating out through the organization which are threatening to some people, such as "democratic management." The result of this for one person was that he was removed from his position, had his staff taken away, was put into a very small office without a secretary, and watched his training program systematically abolished.

Another organization applied these principles this way. They started out by emphasizing the selection of good managers, then brought these managers into a training course at the end of six weeks. This training course was beamed on the principles that have been illustrated above. They then brought the next lower level of managers in for a workshop, crossing regions so that the information gets passed across the organization. Finally, they had workshops in each area for salesmen. So they came in from the top down, from the bottom up, and from the sides with these ideas constantly reinforcing one another. In this manner they built this type of climate.

The formal location of decision-making responsibility might remain pretty much as it is now in most organizations. The difference is that the manager will consider it his job to see that the best decision is made, and he will invite and be receptive to influences from many parts of his organization where there might be useful ideas or helpful judgments. The overlapping group structure permits the ready flow of opinions and suggestions and expression of preferences toward the decision-making points in the organization. The absence of such an arrangement produces the familiar organizational failure that occurs when a manager makes a decision on his own without knowing about or using the resources of his organization, and without anticipating some of the consequences of the decision he has in mind.

Suppose the specific issue is, "How much should we spend for advertising next year?" This is a decision that must fit in with some larger allocation of funds determined at the top levels. In an overlapping group arrange-
ment, the head of marketing would be a party to the discussions that result in that prior decision. The determination of the allocation of funds among advertising and other marketing tasks would be coordinated largely by the top marketing man. If he has an overlapping group structure, he then has a ready means for getting assessments of needs in the different areas and views about priorities and balance in the marketing program. He may have to make the final decision himself, and he has the authority to do so, but he will try to develop a solution to the problem that is understood by his people and that merits their consent. His act of decision may be only an approval of a solution that his people have already helped to formulate.

Q. Does the marketing vice president himself make the decision?

The vice president is responsible for seeing that the best possible decision is made on this problem. He may have to rule on issues about which there is incomplete consensus. As he increasingly builds his staff into an effective problem-solving group, he will less often have to act as a judge and more often as a stimulator of other members; he will get more balanced demands and better decisions.

Q. Does the group vote, or what?

The aim is to achieve agreement and understanding rather than to rely on a vote. If there is a free flow of information and opinions through multiple linkages across groups, it becomes less likely that issues will actually come to competitive vote. In an organization, voting is likely to crystallize differences rather than resolve them. If it is an issue that apparently does not allow consensus, then it might be better for the manager to decide rather than to count heads, unless he doesn't care which way the decision goes.

Q. Does a group structure stifle new ideas?

There is this danger. When talking about groups, it should not be implied that all groups are good, or that all group decision-making is good. Occasionally groups settle into a level of mediocrity, rejecting the new and the different. It seems to me that this depends on the leadership; the leader is responsible for establishing a decision-making process that makes the best possible decisions—which means, among other things, decisions which are creative and constructive. The sort of system described here encourages the expression of diverse points of view and makes this more, not less, possible.
Groups have tremendous advantages in some ways; that is, they can release new energies, can direct energies in ways that cannot be accomplished individually. At the same time, groups have disadvantages; conformity, uniformity, resistance to change. How can you have the good aspects without being overwhelmed by the disease? I think the central idea here is that an antidote to the disease of overconformity is having group memberships such that every person is a member of at least two or three unlike groups, thereby being exposed to norms that have their origin in different situations, different problems, different views. In this way you can reduce the risk of overconformity. It should also not be forgotten that the individual manager can be just as rigid and resistant to new ideas as can a group.
II. Report of Recent Research

A. Studies in Three Sales Organizations

Stanley Seashore

Up to this point, our discussions have aimed to describe and clarify some of the key ideas that are emerging from research on the characteristics of effective organizations. These ideas have come, for the most part, from studies on non-sales organizations. With this background, we can now turn to a review of three recent studies involving salesmen and their managers. Do the same principles apply to sales organizations as well? Should we look toward a different pattern of effective management in sales organizations than in manufacturing or in staff activities? Are the "principles" advanced here operating strongly, or only weakly, in separating highly successful sales organizations from the less successful. Are the "principles" advanced here weak or powerful in explaining why some sales organizations perform better than others?

Approach and Method in these Studies

At the outset, there should be understanding of the ground rule that we are not going to talk about all aspects of sales management, but only about that part of it which concerns the management of the staff, the management of the organization. No sales manager can forget that he also has responsibilities for sales techniques, product selection and design, advertising, pricing, and a lot of other aspects of sales management. Our attention, however, will be on the problems of how to select, train, motivate, and get performance from a sales organization.

One of the assumptions that the research to be reported has been based upon is this: effective management of sales people is only partly a matter of the personal skill of the manager in directly influencing the salesman, that is, in persuading him or teaching him how to do things well. The assumption
made is that, to a large extent, the sales manager has an impact upon his organization through creating a social system that produces a continuing influence on the salesman, even when the sales manager is not personally present. In a way, therefore, the organization is viewed potentially as a multiplier for the manager's leadership, guidance and influence. The studies accordingly focus as much on the members and on the organizational system as a whole as they do on the manager himself.

Another guide to this work is the proposition that there are important facts to be learned about sales organizations that cannot be learned by any one person's direct experience. The whole operation of a sales organization is just too complex for any one person to comprehend, unless he sets about observing it in a way that is large in scale, focused in purpose, and including observation methods or instruments that go beyond his own personal ability to see, hear and understand.

In our study of organizations we have tried to emulate the older sciences, in their emphasis upon measurement, so that we will not be misled by chance circumstances. The idea of replication is also important in our approach. An observation is more trustworthy if you can repeat it with the same conclusion, or if you can get confirming information from different sources.

A typical study among the three to be reported here required over a year to complete. It began with a discussion about study objectives with officials of the firm. In general, these objectives were to locate the leadership practices and organizational characteristics that in this firm are associated with high success in selling. The interest was not in the success of the individual salesman in selling, but rather in the success of the sales office as a unit. Theory drawn from past studies determined, for the most part, the content of the measuring instruments and observation plans, but, in addition, a number of topics were included in response to suggestions by officials of the firm.

In the case I am using as an example of the method, the following steps were taken. A mail questionnaire containing mostly questions about personal background and attitudes regarding the firm and its general policies and practices was sent to all sales managers and all salesmen in all of the offices. Then a second round questionnaire was sent to those in selected offices; some of the best offices and some of the poorest. In addition, personal interviews were conducted with certain persons in each of these selected offices, to obtain information about such things as economic conditions in the area, competition in the market, and history of the office. The general design was to
compare about twenty of the most successful sales offices with a similar number of the less successful sales offices. Comparisons were to be based on a large quantity of information obtained as objectively and comprehensively as possible about these offices—variables which describe the organization, the leadership, the interpersonal relations, and some of the business practices of these offices. The choice of offices for comparison was a critical step. The aim was to choose better and poorer offices in some way that assures against any important differences in market or competitive situations, or differences in physical situations, as these might cloud our effort to get at the significance of internal leadership and organization variables. Comparisons were then made between these better and poorer offices, to find out which characteristics show the better performing offices to be different from the poorer ones.

Using this procedure, the key ideas presented earlier in this seminar were examined in studies of three sales organizations. Using data from these three studies, two research questions are here investigated: (1) Can and should sales organizations adopt the principles outlined in New Patterns of Management (11) and related writings on organization management? (2) What kinds of differences are there and should there be in adapting these principles to different firms, different organizations, different markets, and different products?

Description of the Firms Studied

The three cases have some similarities and some differences. Two sell to consumers through independent offices under contract with the parent firm; one sells through firm-owned and managed offices. All rely to a substantial degree on repeat and referred customers, and deal with unit transactions of a relatively high dollar value. Two sell intangibles, and one sells a consumer-use product. All are notably successful firms, although each has some sales offices of deficient or marginal performance. All are in highly competitive fields.

In each case the data are from questionnaires and interviews with the salesmen and managers. In each case the study aim was to determine the leadership practices and organizational conditions associated with success. In each case a set of high-performing offices were compared with a set of low-performing offices having approximately equal opportunity for success. "Success" was defined in one case as growth in sales volume, in another as current volume per salesman, and in the remaining one as high overall office performance as judged by the parent firm.
Study Results

The study results are shown in highly condensed form in Tables 2 through 9. Each of these tables represents the results with respect to one of the eight topical areas outlined earlier, as follows:

- Table 2: Group Emphasis in Organization Structure and Activity
- Table 3: Overlapping Group Structure
- Table 4: Effective Communication between Groups and across Organizational Levels
- Table 5: High Reciprocal Influence Among Members
- Table 6: High, Compatible Goals for Individuals and Groups
- Table 7: Supportive Manager-Salesman Relationships and Attitudes
- Table 8: Reduced Levels of Pressure, Tension, and Conflict
- Table 9: Relationships among Salesmen

The tables are designed to show the extent to which measures relating to the principle in question support or deny the applicability of the principle to the three organizations studied. A plus sign means that there is a significant difference between better and poorer performing sales offices in the direction expected from the theory. Two or three plus signs show the instances where the difference is not only present, but very marked. A minus sign shows an instance where there is a difference between better and poorer performing offices, but in a direction opposite to that expected. The symbol "0" shows instances where the expected difference between offices is absent, or so small as to be non-significant. In general, the plus signs can be taken as instances of positive evidence favoring the applicability of the principles to sales organization success. The "0" instances are uncertain, as they could mean either that the measure in question is irrelevant to success or they could mean only that the measure is unreliable or that its relationship to success is mediated by other conditions not taken into account.

It is important to note that the symbols do not show the absolute level or amount of the measure, but only whether the high and low performance offices are different. For example, in Table 2, we see that Organization #1 has a double-plus for "frequency of meetings" and Organization #2 shows a "0". Organization #2 actually holds meetings more frequently than does Organization #1, not less frequently, but in one case frequency of meetings is associated with success, and in the other case it is not.

In these tables, "M" is used as a symbol for manager, "S" for salesmen, and "CO" for central office or home office.
Table 2

GROUP EMPHASIS AND ACTIVITY IN ORGANIZATION STRUCTURE

<table>
<thead>
<tr>
<th>Organization</th>
<th>Variable</th>
<th>Degree of Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Group cohesiveness</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M uses group approach</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Ss work as a team</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss stick together, help each other out</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Frequency of meetings</td>
<td>++</td>
</tr>
<tr>
<td>2</td>
<td>M uses group consultation in decisions</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ss work as a team</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Cooperation among Ss</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Frequency of formal meetings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Frequency of informal meetings</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Effectiveness of meetings</td>
<td>++</td>
</tr>
<tr>
<td>3</td>
<td>Ss pay based partly on group performance</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Frequency of meetings</td>
<td>0</td>
</tr>
</tbody>
</table>

"M" - Manager
"S" - Salesman
"CO" - Central office
<table>
<thead>
<tr>
<th>Organization</th>
<th>Variable</th>
<th>Degree of Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ss active in S's association</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M belongs to S's team</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M accepts influence from Ss</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M uses group approach</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M has influence with CO</td>
<td>+</td>
</tr>
<tr>
<td>2</td>
<td>M accepts influence from Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M has influence with CO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M influences other Ms</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M influenced by other Ms</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>NO VARIABLES IN THIS AREA</td>
<td></td>
</tr>
</tbody>
</table>
Table 4
EFFECTIVE COMMUNICATION BETWEEN GROUPS AND ACROSS ORGANIZATIONAL LEVELS

<table>
<thead>
<tr>
<th>Organization</th>
<th>Variable</th>
<th>Degree of Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>M communicates down to Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M communicates up to CO</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Frequency of information exchange, M and Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Frequency of meetings</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Ease obtaining technical information</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Attendance at CO sponsored meetings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Frequency of information exchange, S to s</td>
<td>+</td>
</tr>
<tr>
<td>2</td>
<td>Adequacy of general information given to Ss</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Availability of technical information from M</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Availability of technical information from CO</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Frequency of formal meetings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Frequency of informal meetings</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>S's freedom to express ideas</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Frequency S talks to M</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M promptly passes new information to Ss</td>
<td>++++</td>
</tr>
<tr>
<td></td>
<td>Overall adequacy of information</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>M active in communicating with Ss regarding unit goals and progress</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Frequency of meetings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Adequacy of general and technical information</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ss free to discuss problems with M</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Ss know about unit goals and progress</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Ss know other S's progress</td>
<td>0</td>
</tr>
<tr>
<td>Organization</td>
<td>Variable</td>
<td>Degree of Applicability</td>
</tr>
<tr>
<td>--------------</td>
<td>----------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1</td>
<td>M accepts influence from Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Mutual influence among Ms</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M's influence on Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>S's influence on other Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>High total amount of control within groups</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>More of this control by Ss</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Ss free to express ideas</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M accepts influence from Ss</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M's influence on Ss</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>S's influence on M</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M consults S on decisions</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M consults group on decisions</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M willing to reconsider</td>
<td></td>
</tr>
<tr>
<td></td>
<td>decisions when S requests</td>
<td>+</td>
</tr>
<tr>
<td>3</td>
<td>High total amount of control within the group</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>More of this control by Ss</td>
<td>0</td>
</tr>
<tr>
<td>Organization</td>
<td>Variable</td>
<td>Degree of Applicability</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1</td>
<td>M's emphasis on production</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss agree with CO goals</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>S's level of aspiration</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>M's emphasis on production</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M has explicit goal for unit</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Ss have explicit personal goals</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Group goals and progress discussed in meetings</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>S's level of aspiration</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>M has explicit goal for unit</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ss have personal goals</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ss know about unit goals</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>S's pay based partly on unit performance</td>
<td>++</td>
</tr>
<tr>
<td>Organization</td>
<td>Variable</td>
<td>Degree of Applicability</td>
</tr>
<tr>
<td>--------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>1</td>
<td>M's support-personal</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M's support-achievement</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M's support-task facilitation</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>S's confidence and trust in M</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>S's job autonomy</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ms avoid unreasonable pressure on Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ms avoid favoritism in income opportunities</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M relies on noncoercive sources of power</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>S's satisfaction with M</td>
<td>+++</td>
</tr>
<tr>
<td>2</td>
<td>M's support-personal</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M's support-achievement</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M's support-task facilitation</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss get help from M in maintaining income</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M gives general, not close, supervision</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M active in relieving stress on Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Ms avoid unreasonable pressure on Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Ms avoid favoritism</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>M relies on noncoercive sources of power</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>S's satisfaction with M</td>
<td>+</td>
</tr>
<tr>
<td>3</td>
<td>Ss get the help they want</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Ss free to discuss job problems with M</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>M says Ss have capacity to improve performance</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>S's job autonomy</td>
<td>0</td>
</tr>
</tbody>
</table>
Table 8
REDUCED LEVELS OF PRESSURE, TENSION, AND CONFLICT

<table>
<thead>
<tr>
<th>Organization</th>
<th>Variable</th>
<th>Degree of Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Few disputes about compensation</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Little destructive competition among Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M avoids unreasonable pressure on Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M has little conflict regarding balancing interest of CO and Ss</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Little tension and conflict in group</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Ss avoid unreasonable pressure on M</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M avoids favoritism in income opportunities</td>
<td>+</td>
</tr>
<tr>
<td>2</td>
<td>Little destructive competition among Ss</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Few disputes about compensation</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>M avoids unreasonable pressure on Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M avoids use of coercive power</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss have low job-related stress</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss have few psychosomatic illnesses</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>Ss have few minor stress symptoms</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Low tension and conflict in the unit</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>M active in stress reduction</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Little partiality in income opportunity</td>
<td>+++</td>
</tr>
<tr>
<td>3</td>
<td>Little favoritism in allocating prospects, commissions</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Little unreasonable pressure for better performance</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Little destructive competition among Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Few disputes about compensation</td>
<td>0</td>
</tr>
</tbody>
</table>

33
Table 9
RELATIONSHIPS AMONG SALESMEN

<table>
<thead>
<tr>
<th>Organization</th>
<th>Variable</th>
<th>Degree of Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>S's liking for other Ss</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss stick together and help each other out</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Ss form a team</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>S's influence on each other</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>S's mutual support-personal</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>S's mutual support-achievement</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>S's mutual support-task facilitation</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>S's mutual help in applying their training</td>
<td>+</td>
</tr>
<tr>
<td>2</td>
<td>Team spirit</td>
<td>++</td>
</tr>
<tr>
<td></td>
<td>Cooperation among Ss</td>
<td>+++</td>
</tr>
<tr>
<td></td>
<td>Sharing of work among Ss</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>S's liking for other Ss</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>S depends on other Ss</td>
<td>+</td>
</tr>
<tr>
<td>3</td>
<td>Mutual help and cooperation among Ss</td>
<td>0</td>
</tr>
</tbody>
</table>
An examination of Table 2 will be used to illustrate how to read the tables. We see in this Table that for Organization #1, the study provided five measures which were judged to reflect the amount of emphasis on group structure and group activity. Each of the offices was given a score for each of these measures, based upon the responses of the salesmen to questionnaire items describing what goes on in the offices. For each of the five measures there is a strong relationship such that the more successful offices have more of group emphasis in the performance of work in the office. In the case of Organization #2, there were six measures relevant to group emphasis. Two of these showed no relationship to success, two showed a modest but significant relationship (a single plus sign) and two showed a strong relationship (double plus). For Organization #3, there were only two relevant measures, one showing a strong relationship, and the other showing no relationship. Taking the three organizations together, it is clear that most of the measures of group emphasis produced a significant difference between more and less successful offices, and none of the measures gave opposite results. We can conclude that, in general, those offices that provide for a relatively strong group emphasis are also the offices that perform better. We cannot know from this information whether success is a result or a cause of group emphasis. To judge this, we must take into account the theory, and also related evidence from other studies which do provide evidence about the direction of causation. Probably the causation is in both directions, so that group emphasis promotes good performance and at the same time good performance encourages the growth and maintenance of strong group relationships within the office.

The remaining tables can be interpreted in much the same manner.

It will be noted that we do not have identical measures for all three organizations. This situation arises because the three studies were planned separately and at different times for each of the three firms, and the studies had somewhat different purposes and emphases. Organization #1 provided very inclusive and purposeful data relating to the principles examined here. Organization #3, where the study was restricted in scope and purpose, provided only a few measures relevant to the present analysis.

In all three organizations, the weight of evidence is in favor of the principles outlined in this seminar. Only one minus sign appears in any of the tables, which is in itself remarkable. There seems to be no way to explain these data except to suggest that the ideas that have been proposed may be more potent and more generally applicable than is generally accepted. Although there are undoubtedly some lines of business and some organizations that will turn up a lot of contrary evidence, this is clearly not the case in the
three we have studied. The weight of evidence is strongly favorable to the ideas behind a group form of organization, supportive behavior, openness of communication, etc.

At the same time, there is evidence which seems to contradict certain widely-held views of some managers; for example, views about exclusiveness or primacy of economic motivations. There is no economic reason (incentive opportunity, favorableness of market, etc.) why salesmen in the low-performing offices do not sell as much as those in the high. Other things come into play. Also, the notion of the highly individualistic nature of the good salesman is to some extent contradicted here. Far from being stimulated by competition among colleagues, these salesmen need and respond favorably to a social system which permits them to form groups and to give and receive support from their colleagues.

Comparison of the Three Organizations

If we assign a score of +3 for three pluses, +2 for two pluses, +1 for one plus, zero for 0, -1 for one minus, etc., we can then average the score within each topical category for each of the three organizations. In this manner, we may roughly hold constant the effect of having different amounts of information in each category for the organizations and compare the organizations. For comparison purposes, the organizations are ranked on these mean scores within each topical category. Table 10 presents the results of following this procedure.

Several conclusions may be drawn from this Table. First, the theory presented in New Patterns of Management seems strongly applicable to Organizations #1 and #2; the average score per category is between +1 and +2. There is, however, only slight evidence that it is applicable to Organization #3; the average score per category here tends toward 0. In making this observation, it is well to take account of the fact that there is a paucity of data to be evaluated in Case #3.*

*The research team members believe that the comparatively weak and inconclusive results for Organization #3 may be a consequence of the extremely variable business practices in this industry. Perhaps the local manager's pricing and promotional practices are so crucial in determining his success that the differences in salesmen's individual effectiveness in selling become less consequential.
Table 10

SCORES OF APPLICABILITY OF CONCEPTS FROM NEW PATTERNS OF MANAGEMENT TO THREE ORGANIZATIONS

<table>
<thead>
<tr>
<th>Concept Category</th>
<th>Organization 1</th>
<th>Organization 2</th>
<th>Organization 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean score</td>
<td>Rank</td>
<td>Mean score</td>
</tr>
<tr>
<td>Group Emphasis</td>
<td>2.40 (1)</td>
<td></td>
<td>1.00 (2.5)</td>
</tr>
<tr>
<td>Overlapping Group Structure</td>
<td>2.33 (1)</td>
<td></td>
<td>1.00 (2)</td>
</tr>
<tr>
<td>Effective Communication</td>
<td>1.29 (2)</td>
<td></td>
<td>1.33 (1)</td>
</tr>
<tr>
<td>High Reciprocal Influence</td>
<td>1.33 (2)</td>
<td></td>
<td>2.29 (1)</td>
</tr>
<tr>
<td>High Goals</td>
<td>1.00 (2.5)</td>
<td></td>
<td>1.20 (1)</td>
</tr>
<tr>
<td>Support</td>
<td>1.78 (2)</td>
<td></td>
<td>2.00 (1)</td>
</tr>
<tr>
<td>Pressure, Tension</td>
<td>.85 (2)</td>
<td></td>
<td>1.40 (1)</td>
</tr>
<tr>
<td>Salesmen's Relationships</td>
<td>2.12 (1)</td>
<td></td>
<td>1.00 (2)</td>
</tr>
<tr>
<td>Mean Score and Rank</td>
<td>1.64 (1.69)</td>
<td></td>
<td>1.40 (1.44)</td>
</tr>
</tbody>
</table>
While it is possible to generalize in this way across all three cases, there are differences among them, although these differences may be smaller than expected. For example, group factors are more important in Case #1 than in the other two cases. By way of contrast, mutual influence, conflict, pressure, and tension are more important in Case #2 than in the others.

Another conclusion may be drawn on the basis of the differences which exist. Geographical proximity of salesmen to the office is not necessarily required for effective group relationships to develop. This is shown by the fact that the organization with the greatest geographical dispersion of salesmen of these three cases is also the highest, not the lowest, on group factors.

Discussion

Q. In these studies, how do you handle differences in the amount of money pumped into an operation to support it? That is, you can put enough money into a poor operation, with poor personnel, to have some effect on sales.

We avoided this issue largely by avoiding those situations where there are great differences in opportunity and resources. We compared units that are pretty much alike in market, in products, and in financial resources. This means that we make a cleaner study and get more dependable information, but it also means that we leave ourselves with the question whether the results apply across all the other situations also. The dilemma is whether to study representative offices and get the results less cleanly, or to study more carefully matched units and get results that may be less applicable generally.

Q. How did you handle the problem of market potential in these three studies?

These complications turn out to be far different in different firms. In one study the matter of market potential was so important that we ended up studying selected pairs of offices sharing the same market, but markedly different in their success. In another instance, we used the combined judgment of a number of officials in the company who estimated the market potential; we then studied units judged to be similar in market. In the third case, it was not a problem because the market potential in all cases far exceeded performance.
Q. How do you get a manager to accept such a study of his operation as worthwhile? How do you get his cooperation?

I think the thing that makes it work is top management support, plus the assurance that no one is going to be hurt by it and some might be helped. Not only do you have to make these guarantees, you have to prove them and never let a manager move in on one of the people to whom the guarantee has been given. If you ever let this happen, you destroy any possibility of ever having cooperation in another study.

Another thing is also important. The firms that have undertaken these massive studies are firms that are being managed pretty well. The field units have generally good relations with, and confidence in, the parent firm. The firms that undertake a study like this are typically not those that are in serious trouble.

It is true, of course, that a study will expose to some degree the differences between units in their quality of management. The dilemma is that if you set up rules that restrict the later use of the information by concealing it, you impair the amount of benefit to be gained from it. On the other hand, some restrictive guarantees are necessary to get the information in the first place, since the information is obtained on a voluntary basis. One of the things you have to do, therefore, at the outset is to assess how open the organization is prepared to be about information of this type.

Another problem is that if you prove that the way one man is supervising is "right," you will be proving at the same time that the methods of another manager are "wrong." Actually, this threatens to upset the ideas some key people have about how to manage, and is seen as a threat by some sales executives. The potential gain has to be great enough to make the risk and the threat worthwhile.

I think this problem will diminish as more organizations gain experience and confidence in this type of analysis. People used to be similarly suspicious of cost accounting and methods analysis studies. These have become routine approaches to organizational self-analysis and self-control. Some organizations have come a long way in using leadership and management studies on a routine basis. We will eventually consider data about interpersonal relationships to be legitimate organizational control data, just as we now consider cost data to be legitimate. As we learn how to use data, it becomes less threatening to the people involved. They find that it helps them.
Q. What future research steps are desirable?

There should be more studies of sales organizations in a variety of industries; three are not enough. There should also be studies which take into account the effects of market complexities. There should be studies of situations in which salesmen are salaried, in addition to situations in which they are commissioned. The question of the structure of the job--the tasks or products handled--should be studied in conjunction with managerial practices. It is also desirable to have experimental applications of the findings as a generalized, integrated system. Finally, there should be better and more widespread communication of findings, perhaps in very useable "primer" form.
B. A Further Interpretation of the Study Results

Rensis Likert

The foregoing summary of studies in three sales organizations is, in an important way, an inadequate representation of the power of such information for testing and for developing ideas about sales management. The variables have been treated separately, and not as an integrated set. We have looked for results that are consistent across a number of organizations, but have not shown how the problems and opportunities of a particular organization can be clarified by a more detailed analysis that takes into account a number of considerations at the same time. The following presentation is intended to illustrate how further examination can add meaning to the results. We will use for this illustration the data from Organization #1 with respect to the matter of setting high performance goals.

Figure 6 shows the scatter diagram obtained when the questionnaire index measure for each sales office on Salesmanager’s Performance Goals is plotted against his own Salesmen’s Performance Goals measure. In the figure, high performance offices are shown by a plus sign (+); low-performance offices are indicated by a minus sign (-). An examination reveals some important relationships. The salesmen’s performance goals scores are without exception appreciably lower than are the salesmanager’s scores. There is also a marked relationship between the performance goals of salesmen and their own salesmanager’s score. If a salesmanager sets low goals by placing a low emphasis on performance, and by providing little in the way of an organization plan of operation for his salesmen, his salesmen will do likewise.

If a salesmanager sets high goals, his men will do so also, provided he applies effectively the principle of supportive relationships. There are three low performance offices in Figure 6 where the salesmanager's scores are relatively high but the salesmen’s scores relatively low. (These are
FIGURE 6

PERFORMANCE GOALS OF SALESMANAGERS AND SALESMEN AND USE OF GROUP COACHING SYSTEM FOR HIGH AND LOW PERFORMANCE SALES OFFICES

clustered, about 7.5 on the vertical axis and between 4.4 and 5.0 on the
horizontal.) In each of these offices, high performance goals by the sales-
manager are not accompanied by effective application of the principle of
supportive relationships.*

Nearly all offices in the upper right area of the figure are making use
of a group coaching system, with emphasis on salesman participation in the
discussions. This coaching system originated several years ago when one
of the top management concluded that they had to do more to help new men
become successful. He felt that, in each of the sales units, the manager
should meet with the new men about every two weeks to coach them--find
out about their prospects, their sales presentations, their volume, and so
forth. In the first such sessions, the manager would get this information
from the first new man, then analyze it, and go on to the next while the rest
listened. In each case he would get from the man an idea about what he would
do in the next two-week period. In this way, it started on a man-to-man
basis, but an interesting thing developed. Because each man was learning
from listening to the critique of the others, some of the managers began to
refrain from evaluating and simply to act as chairman of a group which did
the actual analyzing. The chairman is careful to see that it is not an ego-
deflating experience, that the man is not beaten down by the others. As can
be seen in Figure 6, high performance goals and high performance are strongly
associated with the use of this group-oriented method.

You will remember from the theory presented earlier that not only
supportiveness but high performance goals are necessary for organizational
effectiveness to result. Figure 7 shows the scatter diagram which is obtained
when the average score for each sales office on Salesmanager's Supportive
Behavior and Salesmanager's Performance Goals are plotted. The high per-
forming offices again are indicated by +, the low performing offices by -.
An examination shows that, as in the previous figure, the high performing
offices are predominantly in the upper right quadrant. High performance is
strongly associated with the combination in the manager of high goals, together
with high supportiveness in his behavior toward salesmen. Thus, for example,
all offices above a Salesmanager's Supportive Behavior score of 25.00 and to

*The office which scores the highest of all agencies on the Salesmen's
Performance Goals (see far right in Figure 6) is the one which, of all offices,
is placing the greatest emphasis on team spirit and teamwork among sales-
men.
FIGURE 7

PERFORMANCE GOALS AND SUPPORTIVE BEHAVIOR OF SALES-MANAGERS IN HIGH AND LOW PERFORMANCE SALES OFFICES

+ High Performance Sales Offices
- Low Performance Sales Offices

the right of a Salesmanager's Performance Goals score of 7.00 are high performing. Moreover, nine of the ten agencies below a Salesmanager's Supportive Behavior score of 22.00 are low performing.* Not one of these ten low performers is using the group coaching system with the interaction in the hands of the salesmen as a group and controlled by them. Three of these ten offices are using group sessions, but in these cases, the interaction is dominated by the salesmanager.

In the agencies which fall between 22.00 and 25.00 on the Salesmanager's Supportive Behavior Score, you may notice an important relationship. Those which are below a score of 6.6 on the Salesmanager's Performance Goals are all low performing offices. Of the nine offices where the score is above 6.6 on performance goals, six are high performers.

It appears that in this organization high sales performance goes along with the following set of conditions: (1) the manager himself has high performance goals, (2) the salesmen also have high goals, (3) there is use of group-oriented procedures for detailed analysis and encouragement of individual performance, and (4) these conditions are coupled with a high degree of supportiveness on the part of the manager toward his salesmen. Together these make a powerful combination in predicting actual sales performance, and one might reasonably conclude that they have a part in causing high performance.

*It is also worthwhile to note that all sales offices whose Salesmanager's Supportive Behavior score is 22 or above fall in the upper half of offices ranked on another measure, peer group loyalty or mutual support of salesmen.
III. Application of the Concepts

A. An Attempt to Implement These Principles

Charles A. Waters

The foregoing two sections of this report have outlined an emerging concept of management and presented the results of recent research into three sales organizations. In this section there will be presented first an account, and then a description of a technique of application of these concepts and findings to an existing organization.

Around 1950 this company was involved in an experiment conducted by the Institute for Social Research, designed to test some of the principles described earlier in the seminar. This was a very exciting experiment, one which had quite an impact upon me. I was one of several executives involved in the planning of this study.

Then in 1951 one sales organization went out on strike. Traditionally, a sales manager's performance was judged solely on results. If a manager had the figures beside his name, he was considered successful; if he did not have the figures, he was considered unsuccessful. Some of our "best" managers, by production figures, had the most difficulty during the strike.

After this strike was over, the company called on me, as a research man, to find out why some of these managers had had so much difficulty. In 1952, I set out around the country, working in sales offices, trying to isolate some measurable characteristics of managers whose agencies had low morale and low productivity, and so forth. The dimensions which we uncovered were, I believe, substantially the same as those outlined in this seminar.

We continued presenting our findings until 1957, but we were never quite able to convince line sales executives of their value. As a result, I offered to be transferred from research to a line sales operation, to try
to implement our findings. In April, 1958, I was transferred to a sales region.

Our basic sales organization consists of a district office, which has a sales manager, and usually five assistant sales managers, responsible to him. Beneath each assistant sales manager are seven or eight agents. The day to day work of the agents is supervised by the assistant sales managers, who work with them, coaching them on the job, training them and recruiting new agents to fill vacancies. Supporting this operation is a clerical operation, with an office supervisor and eight or nine clerks, who process the applications and keep the records.

A sales region would consist of twelve to fifteen of these districts. The region which I took over had twelve such districts and was one of four such regions in this part of the company. However, a short while before I came there, the company had realigned the territory to create this fourth region in such a way that this region could scarcely ever become the top region in the company.

The decision to send me out to this region was an experiment of sorts. I had been talking about these principles; now could I prove them? Our company policy precluded measurements of opinion from employees. Surveys or questionnaires could not be used to assess people and isolate problems.

My basic approach, for this reason, was what I called a "problem-centered approach" to management. I visited with each of the district managers in my region, asking about his operation, about each of his assistant managers, their strengths and weaknesses and, finally, when he became a little more relaxed, about some of the problems he faced. Most of the time he was talking, since I used a non-directive interviewing technique.

After perhaps a day-and-a-half, during a typical visit, we would sum up. I would say, for example, "Let's see, you have five basic problems that have to be solved; now, for this particular problem, what are your ideas for solving it?" If he came up with a good idea, I'd suggest that he try it. If he had no idea at all, I would present a few ideas, asking him which one sounded most feasible. In the end, we would come to some agreement about what he was going to do. I was developing a supportive relationship with this manager. I was not threatening him or telling him what to do.
I think the most dramatic thing that happened was about five months after I got there. The managers from other regions were meeting with managers from my region at a September conference. The second night of the conference, my superiors told me that my managers were talking about me. What these managers were saying was, according to my superiors, very peculiar. Other managers would ask my managers how they liked their new regional director, what I did for them, what ideas I provided, etc. A typical reply would be, "I don't know exactly what he does, but somehow or other we get around to talking about my problems, we solve some of them and, when he leaves, I feel awfully good down here (patting their stomachs)." I said to my superiors, "Gee, that sounds wonderful!" They said, "What do you mean wonderful--don't you know you aren't going to get production unless you keep them frustrated?" Then they proceeded to lecture me on how to keep salesmen frustrated, even to a technique of talking on the telephone to criticize a manager.

We talked a little further, and I said that that may be one way to get production, but that that was no way to build an organization, and that I was not in favor of doing it. I finally won my point.

A month later our region was about eighth in the country. It appeared that we had a very good possibility of finishing the year among the first five, which would give the region a President's Trophy Citation. I had the problem, therefore, of motivating these men to try to reach this goal if it were, in fact, possible. As I was thinking about this, one of my veteran managers came in and said, "Young man, you know we sort of like the way you're managing; you don't put us under any pressure. I have an idea how we could bring this region into a citation." He suggested that I call selected district managers and ask them to do me a favor and get some extra business to win a citation.

Although I considered this approach, I decided to handle it through a group meeting. I called the managers together as a group, pointed out what it would take to reach a citation and asked whether they wanted to try to reach it, saying it was entirely up to them. They said that they felt that we could reach it, so after having reached an agreement to try for it, we tackled the problem of how we were going to do it. We followed through and attained our goal.

This was our first real group action. After this, they began to take a real pride in the organization. We began to have more group meetings of the managers, planning our quarterly objectives during the year, discussing what we could do about turnover, and other matters. I also continued my
problem-centered approach in the districts and sat in on some of the
managers' staff meetings, coaching them in the use of this problem-
centered approach.

Several other things also happened. Communication improved,
because managers felt freer to speak in the meetings. Occasionally
at sales meetings we put some of our best and some of our weakest
managers on panels to discuss topics. There was some training going
on here, because before the discussion was presented, the members
would get together. The weaker ones had some problems that challenged
the ingenuity of the successful ones. In addition, ego recognition and a
sense of participation on the part of the weaker managers heightened their
motivation.

The whole atmosphere was one of excitement, instead of the feeling
of rivalry between districts that formerly existed. Previously, no dis-
trict manager was willing to provide a good man for another district; now
he was, because if another district did a good job, this raised the level
of aspiration of his own men. There was, in other words, "cross-moti-
vation" going on.

At the time that I came to the region, I had been told that, of the twelve
district managers, I would have to demote five, and that there were seventeen
assistant sales managers that would have to be changed. I said at that time
that I would like, instead, to get acquainted with these men to see whether
I could develop them. Three of the five district managers became very suc-
cessful. I had to demote only one. Of the seventeen assistant sales mana-
gers, twelve became successful, three moderately successful. I had to de-
mote only two of the seventeen.

Of course, stories began to spread all through the region, that here
was a man who was out to help you. This served to generate more feeling
in the region. Gradually this seeped down, with the result that union
grievances nearly disappeared.

Of the twelve district managers, about three were very good. They
could pretty well run their agencies without much help from me, except for
a little guidance now and then. I had five who were weak and four in the
middle. My strategy at the outset was to work with the middle four, since
they were the most receptive group, occasionally dropping back to work a
bit with one of the weak ones. As these middle ones moved up in perform-
ance, the three top ones had to work harder to stay ahead of the middle four.
Gradually I got seven of these managers in the top 10 percent of the country;
all but one ended up in the top third of the country.
In eight months our region had moved to fourth in the country. The following year we finished seventh. In January, 1961, we moved to first position in the company. We never lost the first position all year long. We won the President's Trophy Citation, had the highest paid staff, highest paid agents, highest paid managers, lowest turnover of personnel, lowest turnover of assistant managers. We also had the lowest cost ratio. We broke all previous records in points for the President's Trophy.

The scoring system was changed in 1961. When we started the year instead of being first as we planned, we were fourteenth. However, the group got together and, in about eight weeks, was back up to first again. We fluctuated in the first few positions until I was transferred to the West Coast.

The interesting thing is that the social system built in these districts is so strong that, even though the region was merged, it continues on. If you were to put it back together again now, it would still be first in the country by a wide margin.

The company wanted me to go to the West Coast, which covers the thirteen Western states--six regions, with eighty districts. When I had moved into the previous territory, I found a highly autocratic, tightly controlled operation. On the West Coast, however, the operation was exactly the opposite; it was laissez-faire. Basic operating rules were not followed; business was written without regard to quality; men were promoted largely on record rather than ability. Personnel turnover was fantastic--almost six times what it had been in my previous territory. I now had the interesting problem of dealing with a new, far more complex situation.

Again I took the problem-centered approach. I had six regional directors. I interviewed each director to learn about his problems. I ended up with an entire notebook full of problems. I then spent about a week trying to figure out how these problems fell into major areas. Then I had another meeting and got a group process started, to set down objectives and strategy for building the West.

The impact of the change itself had an effect in the first six months and we went from eighth, or bottom position among the area home offices, to sixth. When we hit the Spring of 1962, however, the strength was not in the organization and it sagged down to the bottom again by August. To correct the situation we planned and conducted "problem-centered workshops" for the entire eighty managers in September. The total impact was felt about six weeks later. Now we're in seventh position, closing in on
number six. There is a general feeling we're on our way, and that we will reach number four or number three position by 1963. Incidentally, we've cut our turnover of agents from 36% down to 24%, our turnover of managers from 25% down to 16%, and our policy lapse rate from 31% down to 26%. A great deal remains to be done, but with the creative potential of our personnel released, we are discovering new and better ways to reach our goals.

Discussion

Q. Did tightening the rules increase turnover?

Yes, personnel turnover went up in the spring, as we enforced the accounting and underwriting rules and procedures. You cannot take a laissez-faire operation, I am reasonably convinced, on the basis of the experience we have had thus far, and move it into the kind of management system we were talking about today. You have to have a minimum of traditional tools of management before you can develop a sound, human, well-motivated sales force. This also takes more time. Laissez-faire is an abandonment of management.

Q. You've gotten the men directly under you to believe in you, have their confidence in you, and to want to do a job for you; when they turn to their subordinates, what type of approach do they use, yours or the type of pressure that will do the job temporarily but result in more problems later on?

As the planning and strategies were developed, I was able to get some direct coaching of the directors and managers. I did this by asking them if they had any managers who would go through several "problem-centered" interviews with managers with a director, then have him handle one of them. In this way he would gradually get the knack of it.

Q. How do you use contests, special campaigns, special sales letters and the like?

We do very little spurring in the sense of traditional sales letters, telephone calls and things like that. We do have our sales promotional campaigns. We strive to avoid pressuring for business, since this often leads to a rise in the lapse rate.
Some years ago, when I was in research, I went into a district with about four research men and did an entire study to find out what were the major social interactions, the lines of communication, who was cooperating with whom, who was trying to help one another, etc. From this we were able to draw a picture of a district that was in trouble, illustrated in Figure 8.

When we had our West Coast managers in for the workshop I referred to, we presented this chart to them and had them try to find out what was going on in this district. After they had determined what they thought was going on, they were asked to figure out what could be done about it.

Today, I would like you to play a couple of roles. I would like you to pretend that you are managers at this workshop, and that the title of this workshop is "Building an Agency Team." We are going to look at an agency situation in which a team does not exist, and then we will see what you think might be done. It is in this way that I am trying to sensitize my managers to the invisible social forces in an organization and to educate them in the notion of social systems, supportive relationships, and so forth.

As you will recall, a district manager is responsible for the sale and service of life insurance in the area, which might be a city, or part of a city, or some geographical area. His job is to plan, organize, direct, and control the whole sales organization, including the clerical staff made up of an office manager and eight or nine clerks. If a vacancy occurs, it is up to him to recruit and train a replacement.

The staff manager's normal job is to go out and work with one or two agents each week. As he works with them in the field, he sometimes makes the presentation to show the agent how to do it; at other times, the agent makes the presentation.
FIGURE 8

DISTRICT DYNAMICS

1

2

3

4

5

6

SM = Staff manager
A = Agent
--- Solid line = Strong communication and support
----- Dotted line = Partial communication and support
1, 2, 3, 4, 5, 6 = Staff group
A solid line in the chart indicates that there is strong communication between the two parties. If a dotted line exists, it means that there is partial communication and support. All possible interactions are not listed, only the major ones.

With this in mind, let us see whether we can interpret this chart, taking one staff at a time. I will ask some questions and you tell me what you see here.

Q. Would you describe what you see in Staff #3?

(Answer elicited by question and answer procedure:) This staff manager is definitely in the operation, as indicated by the fact that he is inside the circle.

Q. What else?

It is a man-to-man pattern, and the staff manager lacks communication with his district manager and with his office staff.

Q. What else?

The agents lack communication with each other. This is a weak district manager who came into the district about two years ago. Since that time the district has gone steadily downhill. The staff manager is not getting any help from the district manager. Why? Because he wanted to become district manager himself two years ago, and he is drawing away from the district manager, running his own show.

Q. How do you think production in this staff relates to the production of others?

He is working hard to prove that he is a better man than the district manager; he is using his agents as bird-dogs to round up business which he then writes himself. In this way he has the best production record of any of the staffs.

Q. Let's take a look at Staff #6.

The staff manager is not in communication with his men, but he is close to his district manager.

Q. What kind of production record do you think this staff has?
This is the number one staff in the district when you consider all around performance, that is, volume and lapse rate.

Q. How could he have this record with no communication?

This staff manager is a friend of the district manager. He was transferred from a poor staff to the best when the former staff manager was promoted out of the district.

(Note: The questioning was fairly non-directive, with the discussion leader simply confirming impressions, providing needed information, or giving the true answer in detail after the rudiments of it have been put together by the participants.)

Q. Do you see how the social forces are being shaped, how a set of decisions have been made which are creating new problems now because this fellow was promoted to the best staff without deserving it? Look at Staff #4.

An outstanding agent is the informal staff manager. The staff manager here is isolated from his men, as is the staff manager in #5.

Q. Where do you think these staffs rank in the district?

Both of these staffs, #4 and #5, are in what we call the "comfortable middle."

Q. Now let's look at Staff #2.

The district manager is by-passing the staff manager.

Q. Why do you suppose this is the case?

This was the low-producing staff from which the district manager's friend was transferred to the high-producing staff.

What else?

When this staff came open, they did not have a candidate that was qualified, so the regional director went outside of the district and brought someone in, over the objections of the district manager. The district manager resents this and is trying to prove that the director was wrong.
Q. Why did he object to it?

Because the district manager was getting production by alternately promising the staff managership to the man who was currently leading in production.

Q. Also note that there is no relationship between the district manager and the office staff. He felt that his job was that of sales manager, and that this clerical business was not in his bailiwick. What about Staff #1?

Probably this is the best balanced staff in the district.

Q. Let's assume that this district manager has had a staff meeting, and that he has decided to start a sales campaign pushing endowments, with another meeting in a week, to be chaired by staff manager #6. What do you think these managers will do, now that they are out of the meeting?

Number 6 has a speech to write and does not have enough communication with his men to really know what has to be done. Number 4 and #5 will do nothing. Number 3 will ignore it and push something else.

Q. Does this district manager have an agency team?

No.

Q. Now we have taken a look at a new way of looking at a district, a way that you do not normally use--most of the time you look at sales results. It is rare that a district manager would ever look at it this way. It would be expensive for a research team to go in and do this. Who should make this kind of analysis?

The district manager.

Q. How might he make it?

(The discussion leader posts suggested methods of data-gathering on the blackboard:)

1. Sit in on staff manager meetings.
2. Have a heart-to-heart discussion with his staff managers.
3. Have a heart-to-heart discussion with the office supervisor, opening this channel of communication.
4. Examine his concept of how to run this district.
5. Observe the interaction.
6. Study production records.
7. Study the interaction in his staff meeting.
8. Review his relationship to his director.
9. Review his relationship with each staff manager.

Here are some of the ways you can use to look at your districts when you get back to see whether you have a team. Did you notice how some of the things that this district manager did led to problems and conflicts?

(Part of the seminar group then role-played the district managers of this region, discussing the problems which this district manager faces. Another group then gave a critique of the role-playing. Out of this came considerable awareness of the difficulty in getting a man to have insights into his own operation. Passing unfavorable information to a man was also felt to be difficult.)

Discussion leader: I would like to show you how we have taken a discussion of this type and moved it right on through to a solution. (The discussion leader and one seminar participant then role-played such a problem-solving interview.)

Discussion leader: "You have been looking at this operation, and I wonder if you could tell us what some of your problems are." (What I am going to do is take a problem census.)

(As the participant listed his problems in the district, the discussion leader posted them on a blackboard, regardless of content, and worded in the way that the participant had worded them.)

This is what I call "guided problem-solving;" its principal components are the following:

1. Break a big problem down into manageable sub-units through a problem census.
2. Get all of the facts about the sub-unit problem that the person involved wants to discuss first. Post these facts.
3. Consider the possible approaches to solving this problem. Post these approaches.
4. Select the approach that the subject prefers, by having him consider the advantages and disadvantages of each one. If the disadvantages outweigh advantages, this suggests that maybe this approach is not practical. Isolate what to him is the best approach.

5. No matter what action he takes, it is going to create new little problems which he must then solve, so don't try to force your solution on him.

This approach can be used by the group to handle problems facing the region or the district. With this guided structure you move along fast enough to keep them from becoming dissatisfied. The reason I think this is important is that, if you start building "interlinking groups" in a sales organization, running group discussions with your staff or with other groups, and if you do not have a system that works efficiently, the group discussion process will soon generate a lot of dissatisfaction and break down.

Discussion

Q. Suppose you get to an impasse, where half of the group wants one course of action and half another?

Generally, I proceed by asking them how much improvement they think the course that they propose will affect performance within two or three months—10%, 15% or what? I get a commitment. Then I say, "Suppose as an experiment you fellows do it this way and you fellows do it that way, and in two or three months we will get back together and see how it went." If it is not something that can be experimented upon because of company policy or time, I'll make the decision.


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Foundation for Research on Human Behavior

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Mobil Oil Company

University of Michigan

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The Pillsbury Company

Prudential Insurance Company of America
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The Foundation for Research on Human Behavior exists for two reasons:

1. It enables companies interested in basic research on organizational effectiveness, economic behavior and public communication to pool research funds for more effective action.

2. It brings together businessmen and social scientists to plan needed research and to discuss research applications to practical business problems.

The Foundation makes grants for scientifically worthy and potentially practical research at institutions across the nation. Grants are made in consultation with a Research Advisory Committee drawn largely from contributing companies.

The Foundation runs a series of small seminars attended by contributors and the scientists doing the research. It is at these meetings that research is planned, reported and discussed. Reports of these meetings are circulated to contributing companies and, in time, are made available to the general public.

The Foundation is a non-profit organization with headquarters at 1141 East Catherine Street, Ann Arbor, Michigan.

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