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# Transformational Teams And Their Impact On Customer Satisfaction At One Firm

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Transformational Teams  
and their Impact on Customer Satisfaction at One Firm

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Transformational Teams  
and their Impact on Customer Satisfaction

**Abstract**

This study examined the relationships between core selling teams (CSTs) and customer satisfaction within the mission critical power design industry. The literature indicates that CSTs, which are considered a state of the art sales model, deserved further research. The SERVQUAL survey was used to measure customer satisfaction with Company X's most strategic customers. The difference in customer satisfaction for customers serviced by CSTs and traditional sales personnel were compared. The investigation found support indicating that a CST approach had a positive relationship to increased customer satisfaction levels. Based on the results of the study, it is recommended that sales leaders within the specialized service industry consider a CST approach when formulating future revenue growth and relationship strategy.



As technology continues to evolve and more customers demand low-cost, quality service, the issue of growing revenue and retaining business has become more challenging (Arnett, Macy, & Wilcox 2005). In this environment, firms must find creative ways to understand their customers' needs better and develop customer relationship marketing (CRM) programs that match their respective clients' buying process to specific offerings. CRM programs are used to identify and target certain clients who yield the greatest return-on-sales (ROS) opportunities for their sales and marketing efforts. Once the key accounts are identified, they are given special focus and treatment in areas such as service, administration, and marketing (Arnett et al. 2005). Since the middle of the 20th century, a paradigm shift with regard to CRM programs has occurred. The movement has changed from transaction-based sales to formal alliances, where long-term, trusting, collaborative relationships are developed and nurtured.

Since competition for market share has become fierce, firms are seeking innovative ways to gain customer satisfaction, which, in effect, will positively impact their ability to sustain profitability. A method that has become increasingly popular is the use of core selling teams, otherwise known as enterprise teams (Dixon, A., Gassenheimer, J., & Barr, T. 2003). In a study conducted by (Batt and Keefe 1999), results indicated that self-managed teams were associated with a 9.3% increase in sales output per employee.

The pooling of intelligence through a cross-functional approach provides the market with an expanded knowledge that goes beyond the typical tell-and-sell model. (Arnett et al. 2005 P. 29) noted, "Although the main purpose of core selling teams is the development and implementation of suppliers' marketing programs, they often take a

problem-solving or consultative approach to selling.” With this model, the buyer is engaged with the supplier as an active participant throughout the entire process.

This approach allows the core selling team an insider’s view and understanding of the buyer’s needs, industry, and plans. Arnett et al. (2005 p. 29) stated, “Therefore, core selling teams facilitate the development of supplier-buyer relationships that are based on communication and knowledge sharing, rather than ones based on telling and selling.”

Another paradigm shift in the area of CRM is the movement from an individual sales approach to a relationship management program that is based on a core selling team (CST). This new model brings together various organizational divisions (e.g., sales and operations) to offer the market their pooled thought leadership. The model is based on the premise that the combined CST will be able to offer more knowledge, which will open up a true buyer-seller consultative sales approach. Arnett et al. (2005 p. 29) noted “Although the main purpose of core selling teams is the development and implementation of suppliers’ marketing programs, they often take a problem-solving or consultative approach to selling.” Ultimately, because of increased competition and ever-changing technology, firms must devise sales and marketing tactics that provide differentiators in the market to gain share. This study focused on the relationship between core selling teams, transformational leadership, and customer satisfaction.

## **Background**

Since competition for market share has become fierce, firms are seeking innovative ways to gain customer satisfaction, which, in effect, will positively impact their ability to sustain profitability. A method that has become increasingly popular is the use of core selling teams, otherwise known as enterprise teams (Dixon et al. 2003). In a study conducted by (Batt and Keefe 1999), results indicated that self-managed teams were associated with a 9.3% increase in sales output per employee.

The concept of a core selling team is that several members of an organization are assigned to a particular key account and are tasked by management to develop and execute a growth strategy for that particular client. Research has identified many key drivers that are critical for team selling success. Team selling is more likely to occur under the following conditions: (a) the sales are potentially large, (b) the client requires a special focus, (c) product or service complexity exceeds an individual's cognitive limits, (d) the customer is purchasing a complex offering for the first time, (e) a large number of people are engaged on the buy side of the equation, (f) the product or service is key to the seller's portfolio of offerings, and (g) the buyer has a need for copious amounts of information (Jones Dixon, A., Chonko, L., & Cannon, J. 2005).

This customer-focused approach requires change to an organization's existing structure to be successful. In other words, the process is more intricate than assigning employees to work in groups (Homburg, Workman, & Jensen 2002). In this new structure, team members, who are considered core to meeting customer needs, are selected from various departments within an organization. These members include, but

are not limited to, marketing, engineering, operations, product/service development, and customer service representatives. As noted by (Stock 2004 p. 274) “The use of teams aims at realizing the following advantages: increased efficiency of organizational processes, increased innovativeness through the bundling of different competencies and perspectives within a team, and improved management of the boundaries with other companies.”

With this model, the buyer is engaged with the supplier as an active participant throughout the entire process. This approach allows the core selling team an insider’s view and understanding of the buyer’s needs, industry, and plans.

The data that was used for the study was obtained from a mission critical (M/C) design firm within the architectural and engineering (A/E) design sector based in New York City and known as Company X. The mission critical design business has had an increase in focus as a result of recent widespread, long-term interruptions in electric power service caused by the vagaries of the weather and poor system design. The mission critical power design sector’s primary offering is the design of mechanical, electrical, and plumbing systems for clients who have functions that require a high degree of operational continuity. These systems include data centers, trading floors, laboratories, broadcast facilities, and radar systems.

The focus of the study was on the repeat clients of Company X, who were identified as clients who repeatedly purchase services from Company X. These clients, who are known within the firm as members of its national client relationship management program (NCRM), are in various market sectors and have multiple national locations. This is consistent with (Perreault and McCarthy’s 1996) view of major accounts.

Perreault and McCarthy (1996) noted six steps in the market segmentation process. The first is to define the type of current relationship.

The typical category is weak versus strong where weak means that customers expect a company to bid for their business. A strong relationship occurs when the firm is able to forego the bid process and receive a sole-sourced approach. The second step is to determine the type of customer being served. This includes customers such as financial service, broadcast, healthcare, and insurance firms. The third is to determine the demographic areas the firm wants to serve. The fourth is to determine the applicable services required to meet the needs of the respective customers. The fifth step is to determine the customers' buying process. This could include centralized spending decisions or decentralized buying practices, which are typical for conglomerates. The final step is to understand the customers' purchasing methods. This would include issues such as vendor analysis, sample buying, competitive bids, and negotiated contracts.

Clients are segmented into three distinct tiers within Company X's NCRM program: A accounts, B accounts, and C accounts. Arranging clients in tiers creates an efficient sales process and places focus on the customers who present the greatest growth potential for the firm. (Hax 2005 p. 21) stated, "Segment your customers carefully, arrange them into proper tiers that reflect distinct priorities, and provide a differentiated treatment to each tier." The A accounts, which are considered Company X's most strategic, typically are large multi-site firms that operate multiple large data centers or other mission critical operations that require critical power systems. The B accounts are midsize firms with multi-site locations that operate data centers or other mission critical

operations, and they consistently purchase Company X's offerings. Finally, the C accounts are smaller firms that do not consistently purchase the services of Company X.

Through its NCRM program, Company X has made a managerial decision to select its clients and not let the clients select it. Therefore, the client is at the center of the firm's growth strategy (Hax, 2005).

### **Study Design**

The goal was to determine the effects of core selling teams and how it is related to customer satisfaction. This correlational study was explanatory in design. The data was secured through Company X's CRM system. According to Company X's records, 102 NCRMs exist, and they made up the sample data for this study. The customers are classified as A accounts, B accounts, and C accounts based on metrics such as level of spending for services, revenue, number of employees, and growth potential. The NCRMs were located within the United States and provided a cross-sectional representation of clients who use mission critical power design services. These NCRMs were made up of firms from various verticals such as finance, broadcasting, technology, telecommunications, pharmaceuticals, and energy.

The survey instrument, developed by (Parasuraman et al. 1988) and known as SERVQUAL, was used to measure overall satisfaction level with regard to the quality of service being offered by Company X. The SERVQUAL instrument seeks data concerning a customer's expected level of quality of service from a specific service provider, and this is measured against the perceived quality the customer is receiving from the service provider. The tool measures a customer's expectations and perceptions across five

dimensions of concerns. They include reliability, tangibles, assurance, empathy, and responsiveness.

The mathematical formula for SERVQUAL is

$$Q = 1/22 \sum (P_i - E_i)$$

Where:  $Q$  = Perceived service quality

$P_i$  = Perceived Performance level on attribute  $i$  for the delivered service

$E_i$  = Expected performance level on attribute  $i$  for the service offered

### **Findings**

The returned SERVQUAL surveys indicated that 45.5% of the respondents were classified as A accounts of Company X. The B accounts made up 39.4% of the returned surveys, and the C accounts represented 15.1% of the results. The rankings of A accounts, B accounts, and C accounts are used by Company X to identify its most important accounts; these rankings serve as an indicator for the amount of focus each relationship manager should place on customers: the A and B accounts are critical, and the C accounts should have less attention. Of the 15 A accounts, 87% were served by a core selling team (CST). The data also indicated 46% of the B accounts were serviced by a CST. Finally, the data showed 60% of the C accounts had a CST assigned to them.

The average customer service quality gap score of the 33 respondents was -10.7. The standard deviation for the sample of gap scores was 21.3 points. Since the Anderson-Darling value was .744 (< .754), the test for normality of the distribution was accepted.

The research question focused on the potential correlation between CSTs and customer satisfaction levels. To test this question, the Pearson's  $r$ -value (coefficient of correlation) was selected to test the strength of correlation between the two variables in question (Lind et al., 2005). The customer satisfaction data was gathered with a likert

type scale and the CST data was a binary variable. Since the measurements were treated as interval data, the Pearson correlation coefficient was judged as the most appropriate test. The calculated Pearson value was .717, which is a strong positive correlation. This strong relationship is shown in the figure below.



*Figure 1.* Customer satisfaction versus CSTs.

The figure graphically indicates a positive correlation of higher customer service scores when CSTs are assigned to Company X's NCRM customers (0 = no CST, 1 = CST Assigned).

### **Conclusions and Implications**

The results of the study were focused on a research question which examined the relationship between two variables, CSTs and customer satisfaction. Descriptive data was secured from a validated survey tool and the records of Company X. The following conclusions were drawn.

The point of interest was that the CST model implemented by Company X, as demonstrated by the positive correlation and statistical significance in the study results, has been effective. This effectiveness of CSTs equates to more satisfied customers and a higher probability of increased revenue streams. A past study by (Arnett et al., 2005) indicated that when CSTs were implemented, the buyer-seller relationship became stronger.

This was an exploratory study focusing on CST's at one firm. The results warrant further investigation using multiple firms. The present study was limited to CSTs that offer technical services in the mission critical power design sector. Therefore, the potential impact of CSTs for firms that sell technically complex products is unknown. Future research in the area of technical products needs to be conducted. This research could provide important information to the leadership of product-focused firms; such information could be used when considering new approaches in go-to-market strategies.

Lastly, the findings from this study are important to leaders who are held accountable for revenue growth in their respective firms. It is recommended that leaders within the specialized service industry, especially those selling technical services, consider a CST approach when formulating future go-to-market strategies.

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