How critical events shape the evolution of sales organizations: A case study of a business-to-business services firm

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ABSTRACT

While the literature recognizes that sales organizations evolve as they seek to improve their effectiveness, little is known about this evolutionary process. As a first step toward remedying this important knowledge gap, this case study uses event systems theory to explain the process through which critical events shaped the evolution of a sales organization over the course of a thirty-year period. The results reveal that (1) shifts in the sales organization were prompted by events that focused the unit's attention on the desire for growth or on the need to curb excesses, (2) the primary mechanism for effecting change in the sales organization was the flattening and de-flattening of organizational structures, and (3) a high degree of correspondence exists between shifts in organizational structure and, both, a salesperson's level of social capital and the incidence of unethical salesperson behaviors. The theoretical and practical implications of these findings are discussed.

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1. Introduction and research motivation

> We want to create an environment where our salespeople thrive and feel like we aren't always looking over their shoulder, but at the same time, we have seen the dark side that comes with free reign of the successful salesperson.
>
> [–Top Management Team Member at ServicesCo]

The term sales organization refers to the set of individuals whose primary responsibility is generating profitable sales volume within a firm (Grant & Cravens, 1999). The effectiveness of sales organizations is determined not only by the characteristics (e.g., skills, orientations and motivation) of the salespeople who interface with customers, but also by a multitude of structural factors that directly or indirectly influence salesperson behavior and customer satisfaction, such as compensation and control systems, territory design, and cross-functional process integration (Churchill et al., 1985; Cravens, Ingram, LaForge, & Young, 1993). To remain effective over time, a sales organization must adapt structurally to ensure that it can service the evolving strategic priorities of the firm and ever-changing needs of customers (Piercy, Cravens, & Morgan, 1999).

As sales organizations adapt their structures in pursuit of sustained effectiveness, the implications for salespeople are often substantial. For instance, salespeople are often asked to take on a different job title, report to a different supervisor, work in a different territory, adhere to new processes, or even behave in a different manner, all of which may be a source of stress or opportunity for them (Rafferty & Griffin, 2006). More indirectly, changes within a sales organization may dramatically impact salespersons' on-the-job welfare by altering their relative level of influence and prominence within a firm, depending on whether their personal characteristics are a good match for the demands of the restructured work environment.

Despite widespread recognition that sales organizations evolve as they seek growth and attempt to improve their effectiveness (Homburg, Schäfer, & Schneider, 2012), little is known about this evolutionary process in general, and, specifically, about how sales employees influence and are influenced by the ongoing adaptations necessary to ensure the effectiveness of sales organizations. As a first step toward redressing this important knowledge gap, this research builds on case study techniques (e.g., interview, direct observation, supporting documents) to trace the structural evolution – over a thirty-year period – of a sales organization within a business-to-business services firm. Our inquiry is grounded in event systems theory, which posits that (1) organizations are dynamic (2) events drive change and dynamism in organizations (3) event strength determines the impact of events, and (4) events can be bottom-up or top-down in nature, such that organizational change can be rooted in the actions of employees (bottom-up) or in the decisions of the top-management team (top-down). In line with

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this theoretical lens, our research thus aims to inform the following three research questions:

R1 : What kinds of events prompt the evolution of sales organizations?

R2 : To what extent do salespeople contribute to the events that influence the evolution of sales organizations?

R3 : What are the implications of evolutionary events for salespeople?

The study's findings, which are partially illustrated in our opening quote, reveal that shifts in the sales organization under study were prompted by events that either focused the unit's attention on the desire for growth or on the need to curb excesses. Moreover, the data reveal that the flattening or de-flattening of organizational structures (e.g., move away from hierarchical levels and emphasis on open communication between employees) is a primary mechanism through which evolutionary shifts were achieved within the sales organization. Importantly, the findings also indicate that salespeople with vast amounts of social capital were instrumental in the realization of structural shifts (in some instances, even more important than top management), and that such salespeople tend to substantially benefit from the changes to the sales organization. Finally, the results indicate that a high level of correspondence exists between the flattening of the hierarchical structures that accompanied the organizational shifts within the sales organization and the emergence of unethical behaviors, and that top management's efforts to curb such behaviors were actively resisted by salespeople well-endowed with social capital.

This research contributes to the sales literature in at least three meaningful ways. First, to the best of our knowledge, this study is the first to offer a rich description or account of the evolution of a sales organization. Such a description offers insight into the structures that characterize sales organizations at varying levels of organizational maturity, which is important for developing a full understanding of why certain sales organizations succeed and others fail (Martin, 2014). Second, the study offers insight as to why and when salespeople are likely to be proponents of or a force in opposition of change in sales organizations. In so doing, the study contributes to the broad literature on change management (e.g., Kragh & Andersen, 2009; Todnem, 2005) by identifying social capital as an important factor that may be both a driver of bottom-up change and a source of resistance to top-down changes in organizational structure. Finally, current research represents the first empirical exploration of two of event systems theory's key propositions, namely that: events can trigger organizational change over time, and that organizational change can be bottom-up (i.e., rooted in employee actions) and/or top-down (i.e., rooted in top management decisions) in nature.

The remainder of this manuscript is organized as follows. We begin with a brief review of the literature on sales organizations, with a particular emphasis on what determines their effectiveness. Next, we offer an overview of the theoretical lens that guides our work, and then proceed to provide an extensive description of the case study procedures and processes that were utilized to address the study's research questions. We then present the study's findings, and conclude with an extensive discussion of our study's contribution to theory and of the implications of our findings for practice.

1.1. Sales organizations

Sales organizations encompass the myriad of individuals that have primary responsibility for generating profitable sales volume within a firm (Grant & Cravens, 1999). To achieve this objective, sales organizations must continually evolve to ensure they are in a position to execute the market strategies of the firm while also being able to satisfy the needs of the customers they serve (LaForge, Ingram, & Cravens, 2009; Piercy & Lane, 2005). This need for internal and external alignment partly explains, for instance, why sales organizations have increasingly

abandoned structures that reward salespeople for executing transactions in favor of those that support strategic relationship management (Piercy & Lane, 2005).

The effectiveness of a sales organization is influenced both by the performance of individual salespeople and the characteristics of the sales organization itself (Baldauf & Cravens, 1999; Guenzi, Sajtos, & Troilo, 2016). While, initially, individual salesperson performance and sales organization effectiveness were treated as indistinguishable, research now acknowledges that the effectiveness of sales organizations is not only influenced by individual salesperson performance, but also by structural factors (e.g., control systems, territory design, processes) related to how salespeople are organized and managed (Babakus, Cravens, Grant, Ingram, & LaForge, 1996; Baldauf, Cravens, & Piercy, 2001).

In this study, we use the term structure to refer – in a broad sense – to the design of the sales organization, which includes factors such as sales processes, control systems, territory design, and the number of management layers that separate sales employees from the top management team. Of these structural determinants of sales organization effectiveness, control (e.g. behavior-versus outcome-based control) has perhaps been the object of the most empirical attention (e.g., Anderson & Oliver, 1987; Beswick & Cravens, 1977). For example, Cravens et al. (1993) found that a blend of behavior-based (e.g. field sales management) and outcome-based (e.g. compensation) control is not only common, but often critical for sales organization effectiveness. Divergent findings regarding the impact of control systems on sales organization effectiveness suggests, however, that finding a structure that works within any given sales organization is likely to be a trial and error process. That is, to succeed, sales organizations must experiment and adapt over time to find a structural arrangement that maximizes profits and efficiency (e.g. Anderson & Oliver, 1987; Baldauf & Cravens, 1999). Consequently, sales organizations generally evolve, intentionally or unintentionally, over their lifetime in pursuit of a structure that allows them to meet the challenges of the time.

Related research has also shown that organizational structure (operationalized as the extent of centralization versus decentralization of decision-making) impacts varied firm outcomes (Siggelkow & Levinthal, 2003). For instance, Kim, Sting, and Loch's (2014)'s study comparing centralized versus decentralized firms found that decentralized firms tend to encourage bottom-up organizational learning from the employees, while centralized firms maintain control at the top-management level, allowing for little to no flexibility in daily operations. In sum, past research suggests that the extent of centralization (relative to decentralization) acts as a control mechanism within firms. We now turn our attention to event systems theory, which provides the foundation necessary for understanding the structural evolution of sales organizations.

1.2. Theoretical foundation: Events as the drivers of change in sales organizations

Life is made up of events (Morgeson, Mitchell, & Liu, 2015), with day-to-day mundane events often punctuated with "distinctive, circumscribed, highly emotional and influential episodes" (Pillemer, 2001, p.123). Consequently, many scholars have noted the fallacy in exploring organizational change as a snapshot in time. To offer a theoretical foundation for exploring change within an organization over time, Morgeson et al. (2015) propose event systems theory. Event systems theory suggests that novel, disruptive, and/or critical events can be influential enough to produce change or variation over time in regards to subsequent events, ultimately driving structural organizational change and the formation of new norms within the organization. Events are "discrete and bounded in time and space…events can become "strong" enough to produce change or variability in behaviors or features and can lead to subsequent events" (Morgeson et al., 2015, p. 516). Events ultimately create or maintain organizational structure, which serves to shape how actors within an organization behave (Morgeson & Hofmann, 1999).

Event systems are an interaction of three event components: event strength, event origin and spread, and event time and endurance (Morgeson et al., 2015). Although event systems theory has not been widely tested since its emergence in 2015, past literature also coincides with key aspects of the theory's propositions. For instance, prior research suggests that events can trigger organizational change (e.g. Armenakis & Bedeian, 1999) and that organizational change can be initiated from both bottom-up and top-down individuals or groups (Morgeson & Hofmann, 1999; Kim et al., 2014). Importantly, regardless of where they are initiated, these changes can spread and have a lasting impact on organizational structure and behavioral norms. With event systems theory as a foundation, we now turn our attention to the empirical work we undertook to understand the role of salespeople and events in the evolution of sales organizations.

2. Methodology

The authors employ a case study approach, which is favored when the research explores a novel phenomenon that has not received extensive treatment in the literature and is difficult to separate from the context in which it occurs (Halinen & Törnroos, 2005; Yin, 1981). It is critical to explore a contemporary phenomenon in its real-life context due to the dynamics involved in the settings and their interaction with the phenomenon (Halinen & Törnroos, 2005). In addition to these characteristics, a case study approach provides flexibility, richness, and holism (Miles & Huberman, 1994) that makes it an optimal method for the phenomenon of interest when researchers are at the stage of theory building that involves identifying key variables, themes, patterns, and categories (Eisenhardt, 1989; Miles & Huberman, 1994; Yin, 2013).

2.1. Data collection

Data collection took place at a medium sized business-to-business organization (hereafter referred to as ServicesCo) that sells services critical to the operations of business-to-customer organizations. The primary data collection methods conducted were observation, interviews, and collateral collection. Data were collected for approximately one month by two investigators. A primary investigator was present at the organization headquarters or one of the organization's Atlanta locations for an average of 28 h per week during this month, totaling 224 h of direct observation. A secondary investigator collected supporting documents and participated in data analysis. Multiple site collection provided data from the firm's corporate offices, regional offices, board room meetings, lunch locations, happy hour locations, and the gym where many of the employees exercise during lunch hours. Twenty-eight formal interviews were conducted that ranged from 15 to 75 min long with a variety of ServicesCo employees (See Table 1). Hundreds of informal conversations were also recorded, totaling over 400 pages of transcriptions. Over 2200 supporting documents, including financial documents, photography, request for proposals (RFPs), sales collateral materials, market research reports, presentations made at meetings, training collateral, emails, and customer relationship management entries, were collected. These documents were used to explore the performance aspect of the context and for triangulation of the observations and retrospective interviews (Yin, 2013). The majority of the field observation data were collected in the common area that is central to the organization where salespeople and other employees often congregate to eat lunch or simply take a break from their normal workday. This area includes a kitchen, television, dinning set, and various pieces of sports equipment (e.g. ping pong table) that employees are invited to use during work hours. This location was optimal for observations because employees assemble there many times a day, and seem to be more open to informal discussions and more likely to express true opinions. Data (supporting documents, interviews, and photographs) were also collected from approximately 30 other ServicesCo locations

Table 1
Description of respondents.

Name	Department	Gender	Phase hired at ServicesCo
Adam	Sales/Business Development	M	I
Baron	Sales/Business Development	M	I
Brian	Sales/Business Development	M	I
Cassie	Operations/Accounting	F	I
Derek	Sales/Business Development	M	II
Evan	Sales/Business Development	M	II
Frank	Sales/Business Development	M	II
Heather	Operations/Accounting/Sales	F	II
Jessica	Operations/Accounting	F	II
Matthew	Operations/Accounting	M	II
Nathan	Operations/Sales/Business Development	M	II
Peter	Operations/Sales/Business Development	M	II
Randy	Sales/Business Development	M	III
Sarah	Sales/Business Development	F	III
Leah	Operations/Accounting	F	III
Sam	Operations/Accounting	M	III
Bob	Operations/Accounting	M	III
Thomas	Sales/Business Development	M	IV
Trey	Sales/Business Development	M	IV
Tammy	Sales/Business Development	F	IV
Veronica	Sales/Business Development	F	IV
Walter	Operations/Accounting	M	IV
Charles	Sales/Business Development	M	IV
Dave	Sales/Business Development	M	IV
Jordan	Operations/Sales/Business Development	M	IV
Suzy	Operations/Sales/Business Development	F	IV
Jerry	Operations/Sales/Business Development	M	IV
Chad	Operations/Sales/Business Development	M	IV

throughout the United States, including locations in six different states, and locations ranging from 7 to 48 employees.

Interviews were conducted in each interviewee's office with complete privacy, or at a neutral location (e.g. restaurants, cafes). Most interviews were taped and transcribed, but some interviews were not recorded due to participants' concerns about confidentiality when discussing sensitive information (e.g., when sharing experiences about unethical selling behaviors in the firm). Directly after an unrecorded interview, the researcher took detailed notes of the conversation. All casual conversations were also recorded directly after the interaction. Each interview began in a grand tour, exploratory manner, focusing on each individual's view of the processes and structure of the organization (McCracken, 1988; Spradley, 2016). Then, the investigator probed any responses that regarded salespeople, ethics, control, and many other tangential insights. Retrospective perceptions of interviewees were used to inform a portion of the findings (e.g. critical events, intentions of actions). It is well established that retrospective accounts accurately represent an individual's experience and are likely "representative of the underlying structure with respect to both content and organization" (Lynch & Srull, 1982, p. 24). Flexible interview guides were used during the last month of data collection to ensure that saturation was being reached and redundant themes were being exhibited. Although only four members of the firm had been with ServicesCo since year one, approximately 20 of the respondents were able to provide insights regarding the history of the firm throughout the 30 years due to their previous relationships with employees before they began working at ServicesCo. Supporting documents were also used to triangulate the findings of the retrospective interviews.

2.2. Data analysis

The interview transcripts, observation transcripts, and supporting documents were all analyzed in an iterative format

throughout the data collection process, following the tradition of Strauss and Corbin (1994), i.e., data were collected and analyzed simultaneously. This was necessary to inform further data collection. Nvivo® software was used to capture coding, which included both in vivo codes and constructed theoretical codes. First, the researchers engaged in open coding. Open coding is "shorthanded categorizations of recurring work usage, phrases, complex behavioral sequences, or meanings" (Strauss & Corbin, 1994). Next, the researchers used axial and then selective coding to "serve as a mechanism for establishing broader meaning by linking codes at higher level interpretations" (Strauss & Corbin, 1994). This process lead to the coding of over 700 themes, which were then collapsed into four categories we identify as distinct phases of the sales organization. As is illustrated in Table 2. Trustworthiness of the research was assessed by executing checks for credibility, transferability, dependability, conformability, and integrity (Lincoln & Guba, 1985; Wallendorf & Belk, 1989). Two investigators were involved in the coding and interpretation process. An initial code book was created by both investigators. An initial interpretation was conducted independently by the two investigators using the code book. Inter-rater reliability reached 96%. The

Table 2
Trustworthiness of the study and findings[a].

Trustworthiness criteria	How addressed in this study
Credibility Extent to which the results appear to be acceptable representations of the data	• Over 224 h of interviews conducted and recorded, observations across 30 locations • Persistent observation • Summary of findings were proposed for member checks
Transferability Extent to which findings from one study will apply to other contexts	• Consistent concepts were represented in data from multiple participants and across multiple locations • Providing thick description that allowed for the evaluation and analysis of how transferable the events are
Dependability Extent to which the findings are unique to time and place; stability of consistency of explanations	• Participants reflected on many events regarding multiple time periods and at multiple locations • Supporting documents were used to triangulate data • An inquiry audit was conducted by a third party to ensure that the results were supported by the data
Confirmability Extent to which interpretations are the result of the participants and the phenomenon as opposed to researchers biases	• Open ended questions were used to ensure no priming or leading effects • Over 400 pages of observations and interviews were coded • Preliminary results were provided to a third party for auditing purposes • Peer de-briefing was used to ensure that taken for granted biases are not present within the researcher
Integrity Extent to which interpretations are influenced by misinformation or evasions of by participants	• Interview locations were often neutral and of a nonthreatening nature • Anonymity ensured • Participants were ensured that the data would be protected and destroyed after the research project ended

[a] Table adapted from Wallendorf and Belk (1989).

variation in coding was discussed and appropriate codes were added to the code book or renamed.

2.3. Case context

ServicesCo's corporate office houses approximately thirty employees, some of who oversee approximately 2500 full and part time employees that are dispersed over 215 locations throughout the United States. Over 70% of the 2500 employees are involved in both daily operations and sales activities. The organization is male-dominated, with only 10% of the firm's employees being female. As this is a sales-focused firm, all of the employees interviewed (regardless of whether they worked in the sales department or not), expressed they were expected to be involved in the selling process to some extent and to adhere to the expectations of the sales department team members. Non-sales department employees also noted that the norms of the sales organization were the expected and perpetuated norms throughout the firm. Additionally, supporting documents from emails, internal memos, and training were often geared toward a selling orientation and relationship-based selling activities, regardless of whether the document was intended for an accounting team member or sales team member (e.g. all fiscal goals were built off of a sales revenue target). In regards to compensation, bonuses for all employees (i.e. those both in sales and non-sales positions) were based on a sales revenue goal attainment.

3. Findings

The findings suggest that the sales organization at ServicesCo went through three significant organizational shifts over the course of 30 years, which were initiated by three critical events: (1) the signing of a significant, profitable portfolio deal, (2) the loss of critical clients due to unethical behavior (3) implementation of new sales processes in hopes of curbing unethical behavior. Some of the shifts were initiated from the top-down, with management implementing new processes, norms, and procedures, but, at other times, shifts emerged from the bottom-up, with salespeople being key drivers of change. Regardless of the origin of the change, these shifts redistributed salesperson influence within the firm. Although other environmental forces may play a role in the changes occurring within the sales organization at ServicesCo, event systems theory suggests that significant events are defined by the actors involved within the event system (Morgeson et al., 2015). Consequently, we focus here on the events that emerged from the data, rather than events external to the system or sales organization. In what follows, we present the four evolutionary phases of ServicesCo's sales organization that were uncovered through this research.

3.1. The beginning of ServicesCo: A hierarchical organization

ServicesCo was established in the early 1980s. A rigid hierarchy defined the firm's sales organization during the first 10 years of business. A hierarchical structure emphasizes stability, predictability, and smooth operations, with an emphasis on order, rules, regulations, and uniformity (Deshpande, Farley, & Webster Jr, 1993). During this phase, ServicesCo was simply trying to "get a handle on things." ServicesCo was established by a small team of young men, and one woman, that had worked in the industry prior to starting the business. When a customer offered the CEO financial backing to start his own business, he felt both excitement and confusion. Others also expressed the need to build legitimacy through mimicking other firms:

> "Well when we started out in the early 80s it was pretty much a one man show. My mom, she did all of the accounting and paper stuff and billing. So then it was simply just trying to make it day by day. When business started picking up and I got backing, I decided to bring on a couple of guys to help with some new

locations and I guess it just grew from there."

[-Adam]

"Well we were just kids and trying to get our mind wrapped around being business owners, but once we got the swing of it we were able to put in some SOPs and start building a culture that was typical of most businesses. We gave each other titles and hired some guys that specialized in sales, accounting, and operations and, well, just the typical stuff. We were trying to look like a real company so we simply mimicked other companies' hierarchies and went from there. (Laughs)."

[-Baron]

The founders of ServicesCo suggested that they knew the importance of organizational structure so the sales organization intentionally mimicked the hierarchical structure of industry leaders and adopted procedural artifacts, such as job titles and "corner offices." Per internal memos and training materials of those years, job titles were assigned based on seniority and had a place in a strict chain of command. Employees were expected to adhere to strict, formal processes and rules, and "work their way up the ladder." The most influential salespeople during these first 10 years held titles within the executive team and typically had played a role establishing the firm. A founding member of ServicesCo stated:

"In the beginning it was me and the other guys running it all. We worked so many hours those early years. We were the sales team, operations team, and, hell, we even sometimes were the "on the ground" guys. Well this actually helped us keep an eye on everything. We were making sales, growing and beginning to look like a real company."

[-Brian]

Sales growth during this period was attributed to salespeople's hard work.

"We have done this by going above and beyond. We had put the time in to build these relationships in the beginning. Yeah. I once got a $100 tip and I accredit it simply to building a relationship with that person. They always tipped well, but they wanted to show me thanks for taking the time to build a relationship and build trust."

[-Baron]

Hierarchical titles and hard work were the foundation of influence during the early years, and salespeople were able to use these accomplishments to influence other members within ServicesCo while reaping the benefits of growing performance. Salespeople with more prominent job titles were highly influential during this period. Such salespeople became integral in future planning at ServicesCo, with some of those salespeople voicing concern about the strict hierarchy that characterized the sales organization at the time. Some salespeople suggested that the hierarchy "made it hard to get things done" or "felt very old fashioned." Consequently, top management at ServicesCo began to evaluate and implement changes to the sales organization toward the end of the firm's first decade of life. As discussed next, changes in organizational structure and norms are evident in Phase II of the sales organization's evolution, and include an erosion of the formal hierarchy, which completely changed the ServicesCo salesperson landscape for the next twenty years.

3.2. Phase II: Erosion of the hierarchal structure

Phase II was defined by a pivotal event (i.e. the signing of a profitable portfolio deal) that contributed to immense growth for ServicesCo. ServicesCo went from a small company of about 100 employees to needing a workforce of over 2000 employees, literal-

ly, overnight. Additionally, revenue grew exponentially. This growth ultimately led to a shift in power, a change of the sales organization's structure, and the creation of new salesperson behaviors and norms.

"It really happened over night. We went from being a small mom and pop shop to being a huge provider all over the country. This deal really changed our company. We grew quick…almost too quick. Everything began to change in the company when money started coming in from that deal…What was expected from salespeople changed all because we just wanted to get it [the success of the deal] done."

[–Brian]

In the beginning, a salesperson's level of influence at ServicesCo depended on their position in the formal hierarchy. This changed during Phase II, as the erosion of the firm's formal hierarchy led to influence based on the assumptions and norms of the sales organization's new environment, and to a rise in unethical behavior. At the start of this phase, ServicesCo had been in business for over ten years and was considered a successful, niche service provider in their industry. According to financial documents, sales were growing at a rapid rate and a critical portfolio sale was made that accounted for over 60% of revenue on the day of signing. A salesperson had the following to say about that monumental deal:

"You know when we got the deal with them it was because we had done anything and everything in the selling process to make sure it happened. We knew this deal was going to be our bread and butter so there was no way we were going to lose it. We didn't really follow typical protocol. We just simply did what we had to do, good or bad."

[-Nathan]

This deal prompted a shift in the relative influence of salespeople at SevicesCo. Salespeople involved in this critical sale became key players in the organization's decision-making process, as seen by them now being invited into top management board meetings and traveling to goal and mission setting retreats. The hierarchy began to erode as top management responded to the wishes of top salespeople who expressed a strong need for structural and procedural change. An immediate outcome of these changes was salesperson disregard for established processes, in the name of promoting sales and growth.

"There's were a certain amount of constraints I had to follow initially. I had to get approval from this guy and that guy. I had to get approval from somebody. After that deal, I started just going to the top guy because I didn't wanna go through that anymore. It just drove me crazy."

[-Frank]

Top management no longer expected salespeople to follow the strict chain of command or adhere to the traditional checks and balances. Much of the original sales training material involving processes and procedures were omitted and replaced by material that focused on relationship selling and "closing the sale." When asked to elaborate on the selling tactics used to close the significant portfolio deal, "courting" the client with fancy dinners and extravagant gifts was often mentioned. This type of behavior wasn't illegal at the time, but was controversial and unethical by industry standards. Additionally, training materials and interviewee responses validated that this type of behavior was viewed as unethical among SevicesCo employees, regardless of department affiliation. This type of "do what you have to do" behavior was also viewed as unorthodox and unethical during Phase I at ServicesCo.

Artifacts such as titles were no longer an important determinant of salesperson influence as they were during the firm's first ten years of business. The use of titles was beginning to be considered passé' by

both salespeople and top management. Additionally, most salespeople began working out of the office and the hours worked by salespeople went unnoticed as long as their performance was satisfactory. Likeability and sales performance, regardless of ethics, increased a salesperson's influence. The most influential salesperson during this period (as suggested in interviews and financial data) was described as being likeable and successful, but not necessarily trustworthy or holding a formal title. Following is a description of this influential salesperson:

> "Well I think he technically was supposed to be our head of sales or something. I think [Name]'s title was EVP but I am not sure. He used to be president or something. [CEO] has known him since they were in high school. They kind of started this company together. Anyways, I think he just still just gets involved because he likes to, but he is a good salesman. You can't help but like him. He's really funny and entertaining, but I don't think I would trust him as far as I could throw him. I just don't really know what he did back then. He's hard to say no to, though. That's probably why he has always been good at this."
>
> [-Heather]

Phase II of ServicesCo was marked by the rise of influential salespeople that were likeable and high performing. In the next shift at ServicesCo, top management ceded more control to the salesforce, paving the way for further erosion of the hierarchy that once was and the emergence of a sales organization characterized by high commissions and extravagant expense accounts.

3.3. Phase III: Salesforce driven change and the rise of unethical behavior

Phase II initiated a chain of events that would affect the next decade of ServicesCo's structure, procedures, and norms. The signing of the pivotal deal in Phase II led to a change in power dynamics within ServicesCo's sales organization. New norms were developed that transferred immense power to successful salespeople, especially salespeople associated with this pivotal deal, and allowed these same salespeople to evade processes and procedures that were in place before the initiation of the portfolio deal, ultimately leading to the opportunity and allowance of unethical behavior.

This shift began about five years after the signing of the substantial portfolio deal that ignited growth in Phase II. At the start of this Phase, customers began to seek-out ServicesCo based on their credibility and word of mouth, and ServicesCo was at a historical peak in regards to sales revenue. However, by the middle of this phase, financial documents showed that the organization became financially unstable due to the loss of multiple critical clients.

As salespeople gained influence in Phase II, so too did their impact on organizational decision-making. The organizational changes experienced in Phase III were thus driven by salespeople's demands for more fluid sales processes within the sales organization. The result was an organization devoid of hierarchical artifacts such as titles, large offices, or strict processes. Instead, salesperson influence during this phase was grounded in less visible artifacts (e.g. titles, tenure) and focused more on social norms and affiliation. During this phase, employees of the organization carried business cards without job titles, a clear signal of the organization's hierarchy-free structure. An executive on the sales team commented on the lack of titles at ServicesCO during Phase III:

> "We all still had informal titles for RFP [request for proposal] purposes but those titles didn't mean much around here during that time."
>
> [-Baron]

Most salespeople with influence during this time were members of what employees called the "good ole' boy's club." This "club" was comprised of all male, middle-aged, high revenue-earning salespeople. The names of the members of the "good ole' boys club" were validated among all the interviewees and triangulated by comparing an email group that the CEO used to invite critical team members to meetings and events. The influence this informal group had on ServicesCo during this phase is still evident in the putting green and ping-pong table on display in the common area of the organization's headquarters. Language use among the members of the "good ole' boy's club" set them apart from other employees. Many of the members used sports metaphors to talk about their personal life or a business deal. They often described their wives and girlfriends as "outkicked coverage" and closed deals as "touchdowns." Many business decisions were made out of the office over poker, golf, workouts, and happy hours. Social norms seemed to be the main commonality among these members of the "good ole' boy's club." A top salesman stated the following when asked why he didn't seem to be as influential as some of the other salesmen:

> "I dunno if it's just that I was younger than they were or that I wasn't in their inner circle…I dunno. Maybe all of the above. I don't know why I was not as influential, but I wasn't."
>
> [-Derek]

Here an employee expressed his recognition of not being a member of this informal club and, consequently, not being as influential at the time. He used the term "inner circle" as evidence that he perceived a divide among himself and these members. When asked about the differences between those in the "club" versus those not in the "club," he suggested that those influential salesmen get priority over others in the selling process, regardless of the magnitude of the deal. The two most influential salespeople at the time were rarely in the office and seemed to know the least about the current happenings of the sales pipeline, but everything got dropped if either of them considered something else a priority. Derek stated:

> "Some organic leads would come in that we shouldn't have dealt with. I think we did too much stuff that had to deal with proposals that were just bull***. Stuff that we shouldn't have done and it slowed everything down. Too many proposals and all the E-level guys that wanted us to streamline and not go up for bull**** deals that's their opinion till it's their deal that they wanted us to go after. [Name] was like "you shouldn't chase anything less than fifty thousand dollars." Except when it's his client calling that wanted you to look at this thing well then it's ok. [Name] didn't want you to chase any stuff till it was his buddy from the golf club that wanted you to look at this. You know? Same thing with [Name]. Same thing with [Name]. So no one wanted their deal not to get looked at."
>
> [-Derek]

Although the members of the "good ole' boy's club" seemed to be reaping the most rewards from the erosion of the hierarchy, other employees also noted the personal benefits of the new structure and processes. Specifically, most employees welcomed the flexibility of work hours and personal time, regardless of the ethics involved.

> "I mean she was spoiled here. She came in at 8:30, went to workout, ate lunch, and then left at three o' clock."
>
> [-Cassie]

> "I spend most of my mornings on the phone convincing people that people need us…That takes up most my morning and then normally I have lunch and go to the gym with the boys."
>
> [-Randy]

> "I am not really sure where he has been. I think he has been on and off of vacation for a few weeks."
>
> [-Sarah]

On an average day, at least 80% of the employee didn't show up at all or left for at least 2 h to go to the job sponsored gym, go to lunch, or to run errands. Although allowing salespeople to drive organizational change can increase performance, the sales organization also experienced many negative consequences from doing so. Some of the more obvious negative outcomes due to salesperson-driven change related to overpromising clients, taking advantage of personal time, freeriding, running up sales expense accounts, misused time resources, and lost revenue. For example, many potential deals were lost because salespeople didn't follow processes, acted autonomously, or overpromised outcomes. During Phase III at ServicesCo, salespeople were reaping the rewards of an organizational shift that they were responsible for. However, sales were plummeting by the midpoint of this phase due to salespeople's lack of accountability, rise of autonomy, and increased deviant behavior. Near the end of this phase, top management began to worry about the future of ServicesCo and began to implement structural and procedural changes to minimize unethical and careless behavior among members of its salesforce.

3.4. Phase IV: Top management implements structure and procedures as control

Phase III saw the rise of the sales-dominant firm and unethical norms. These unethical behaviors lead to hemorrhaging of profits. This bottom-up effect of salespeople's behavior on firm profits was noted by the top management team and led to the pivotal event of Phase IV, the implementation of control systems to curb salespeople's behaviors. Top management was intentionally setting new norms, processes and structure.

"After many years of being very prosperous, we began to lose a lot of money. At first I blamed it on all sorts of things, slow times, bad hires, etc. However, I couldn't ignore what was going on in the sales teams. Some of these salespeople were spending money on things that I never approved. I didn't want to say anything because they were great salespeople, but there came a point where we [top management] had to step in."

[-Matthew]

Evidence of the last organizational shift, Phase IV, began about two years prior to data collection. The loss of multiple large clients and declining profit prompted top management to review the current sales-driven environment at ServicesCo. During this phase, management initiated new changes in an attempt to hold salespeople accountable for their actions. Not surprisingly, many salespeople were resistant to this change. They had become accustomed to autonomy and lack of accountability. Some remnants of unethical behavior and freeriding were still evident, but new processes bound the ability of salespeople to maximize unethical tactics:

"So basically I just talk about the deal to [Name] now. I can definitely frame it a certain way to [Name] based on what I am trying to get out of it. Now. Obviously I don't want to do bad deals because I am incentivized off of how they perform. But ultimately I'm executing it and ultimately I can decide how I want to execute it. So. Frankly they never follow up much after they submit something. They care about it for about a week and then it's up to me to deal with it when I want to. If it's good I will keep doing it. If it's stupid I won't do it."

[-Frank]

This employee suggests that the new sales process controls that were implemented in Phase IV limited the opportunity for unethical behavior that was rampant in Phase III.

Although ServicesCo was not attempting to return to a hierarchal organizational structure, the sales organization added a layer of mid-level salespeople to improve the selling process and to increase accountability.

"We brought in a whole other level [after the increase of unethical behavior]. We used to have six regional managers that sell. Now there are thirty and they report directly to us now. We have a sales pipeline, all my regional managers do. If there is anything big on the horizon they let me know and I will get involved and go to the meeting, but if it's just like a small deal I kind of stay out of it and let them deal with it… it holds everyone accountable because so many people are involved in each deal."

[-Peter]

"There is a channel of, I don't really want to call it authority but there is a channel that people know to go through. They know who to send it to first. So in that sense there is what I call a hierarchy. There is that funnel that everyone's aware of and its pretty solid and been in place for a while."

[-Tammy]

Adding this a layer of sales managers decreased the influence that salespeople had by lengthening the chain of approval involved in the selling process. Salespeople slowly became less likely to act unethically because mid-level managers were involved in the day-to-day activities of each salesperson. A final gatekeeper, who was often unrelated to the sales process, had also been designated to approve each deal. This made the selling process significantly more transparent and vulnerable to criticism. An appointed gatekeeper from the accounting department commented on this recent organizational shift:

"I guess, ultimately, I'm the gatekeeper for the contract and what ultimately ends up getting signed and negotiated. I feel like all the people that we mention communicate to each other very openly and I get input from all those guys and they are all influencers."

[-Matthew]

Open communication was the new social norm. Sales deals were conducted using more documentation and involved a multitude of employees. The most influential salespeople during this period were successful salespeople that followed the new open communication norm and welcomed the new, transparent selling process. Specialized knowledge and skills also increased salespeople's influence. Many salespeople that held very little influence in Phase III were gaining ground by providing credible knowledge that was now critical in the new sales process:

"[Name] has the knowledge but he doesn't have the personality. He's a numbers person. He comes off as a numbers person but if you get him in the right situation you kind of tee him up for the right situation. He's actually a very good resource. You just can't let him take the lead."

[-Evan]

This employee had once been seen as nothing but a "numbers guy" with very limited influence in the sales organization. However, the implementation of new processes and accountability standards dramatically changed his sphere of influence within the firm, as his expertise became critical to closing deals in an era where unethical means of landing clients had gone by the wayside, due to tighter controls on financial resources. Similarly, during Phase III, one employee had been used primarily as a content creator, but was appointed as a critical knowledge source in Phase IV, increasing his influence. Veronica states:

"Other times they know everything and I know nothing but when I do know more I usually talk to [Name] and he talks to them. He has a pretty good amount of influence now. They trust his judgment and he's critical now to the selling process since the RFPs (request for

proposals) come completely from him. I mean if he were to leave to-morrow I think we would be screwed honesty."

[-Veronica]

During Phase IV, ServicesCo top management implemented new structural changes throughout the sales organization in hopes to control salespeople's unethical behavior and enhance the firm's diminishing bottom line. No longer were salespeople setting the norms for the sales organization, but instead, top management had taken the reigns and began an evolutionary shift in hopes of optimizing both salesperson and firm outcomes.

4. Discussion

This study is the first to empirically examine several of the basic precepts of event systems theory; namely that events lead to change over time, can be initiated at varying levels of the firm, and can lead to a change in organizational structure. Generally, this research fills a critical knowledge gap regarding how events initiate change over time in a sales organization, and the role of structure in both enabling and constraining salesperson behavior. As elucidated in the section that follows, the findings suggest that both top-down and bottom-up events (e.g. top management versus individual salespeople) can prompt the evolution of a sales organization. Moreover, the findings suggest that salespeople are not created equal, and that powerful salespeople can be critical conduits of change within an organization. The study makes at least three contributions to the literatures on event systems, sales organizations, and social capital. We discuss these contributions next.

4.1. Insight into the motivation and characteristics of events that begin an evolution

Morgeson et al. (2015) suggest that events that are critical, novel, and disruptive are more likely to initiate change within the firm. Not surprisingly, our findings suggest, that in a sales organization, critical, novel, and disruptive events often are related to the significant loss or gain of money (e.g. signing of large contract, significant profit loss). Interestingly, our findings suggest that these "big money" events were responsible for major shifts in the organization that were intended to either promote sales growth or curb excesses among members of the sales organization. Said differently, our data suggest the sales organization evolved in hopes of striking the right balance between providing the sales force with the autonomy necessary for maximizing the effectiveness of the sales organization while still retaining enough control as to steer organizational members away from unethical or other undesirable behaviors which were detrimental to the organization's performance. As discussed next, our research further reveals that a sales organization's structure is a critical determinant of whether it can achieve the correct balance between autonomy and control.

As noted earlier, we use the term structure to refer the overall design of the sales organization, which considers factors such as sales processes, control systems, territory design, and the number of management layers that separate sales employees from the top management team. As seen in Phase I, a hierarchical organization at ServicesCo (a critical part of its structure) served to keep unethical behaviors in check, but also constrained the ability of salespeople to behave in a flexible, adaptive manner conducive to satisfying customers' changing needs. The notion that adaptability is an important determinant of salesperson performance is well established in the literature (McFarland, Challagalla, & Shervani, 2006), and thus structural elements that limit such flexibility are ultimately detrimental to the firm.

The relationship between structure of the sales organization and unethical salesperson behaviors at ServicesCo is illustrated and further-contextualized in Fig. 1. As the Figure suggests, change in the sales organization was initiated in response to managers' assessment of the unit's performance. When a shift was deemed necessary, layering or
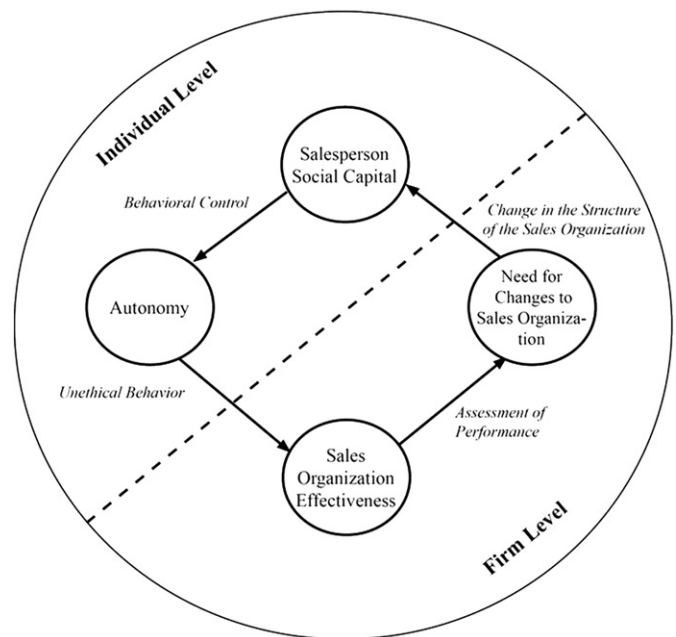

Fig. 1. A Multilevel perspective on the drivers and consequences of change in a sales organization.

delayering of the sales organization was considered an important lever for achieving the desired outcomes at ServicesCo. Changing the numbers of layers effected change in the sales organization by altering the social capital of individual salespeople and, by extension, felt autonomy of the individual salespeople within the firm. The resulting changes to individual salesperson autonomy had an aggregate impact on the sales organization, which is reflected in its performance metrics.

Our study's findings thus contribute to the views espoused in prior research in some important ways. First, prior research finds that, in team settings, the lack of a clear hierarchical structure leads to "elevated levels of conflict, reduced role differentiation, less coordination and integration, and poorer productivity (Ronay, Greenaway, Anicich, & Galinsky, 2012 p. 675). However, our research reveals evidence supporting similar findings in the management control literature, that by enhancing adaptability, delayering of a sales organization can indeed enhance performance, but that such an outcome is contingent on managers' ability to also establish adequate levels of control. Second, prior work suggests that while the flattening of a sales organization's hierarchy is often advocated as a laudable goal because it pushes decision-making authority down to the frontlines, delayering often serves to consolidate decision-making at the top (Wulf, 2012). In contrast to this assertion, our results suggest that delayering can, indeed, produce greater frontline autonomy, so much so, that it can actually be to the detriment of the sales organization.

4.2. Top-down events: Using control systems to curb unethical behavior

Although our focus in this paper was on examining the role of salespeople in the evolution of sales organizations, the case study also provided evidence of management-driven (e.g. top-down) change, which is consistent with event systems theory. Top-down effects are the outcome of events that begin at a macro level (i.e. top management level) and permeate throughout the organization (Morgeson et al., 2015). Although some research regarding unethical salesperson behavior focuses on exploring how such behaviors are influenced by top-down effects (e.g. the organization's ethical code of conduct), there is still a lack of understanding regarding the appropriate organizational structures and processes needed to minimize unethical behavior (Ferrell, Johnston, & Ferrell, 2007) and how top management can build these structures

and processes. This study thus begins to explore how a sales organization's structure contributes to unethical behaviors. More specifically, our research implies that delayering of the sales organization gives rise to unethical behaviors, and that such behaviors can be effectively curbed by adopting more complex, multi-layered structures. It is important to underscore, however, that while effective for curbing unethical behaviors, highly-layered sales structures may inhibit sales growth because they limit frontline employees' empowerment, adaptability, and responsiveness to customer needs. Management's challenge is thus to find a structure that adequately balances the need for growth and the need to limit unethical behaviors.

Ethical salesperson behaviors are also embedded in context, including the salesperson's level of social capital relative to others in the firm (Cohen & Reed, 2006). Consistent with this line of reasoning, Bellizzi and Hasty (2003) find that the opportunity for salespeople to act unethically is greater for high performers and punishment for these same salespeople is more lenient when ethical violations do occur than for low performing salespeople. Said differently, our case study confirms that social capital plays an important role in a salesperson's ability to "get away" with unethical behaviors. Consequently, our research suggests that a more fine-grained exploration of the interplay between the sales organization's structure and salesperson social capital is a potentially fruitful avenue for improving understanding of the determinants of unethical behaviors in sales organizations.

4.3. Bottom-up events: The impact of salespeople on change in a sales organization

Event systems theory suggests that events can be initiated at multiple levels within the firm and can then spread throughout the firm to lead to lasting organizational change. Bottom-up direct effects "are the main way collective phenomenon emerge, as individuals and collectives interact to create larger collective structures" (Morgeson et al., 2015, p. 524). Individuals who are strong performers, and contribute to a disproportionate amount of the organizations success are more likely to be able to initiate critical events and influence organizational change (Humphrey, Morgeson, & Mannor, 2009; Morgeson et al., 2015). Specifically, the data reveal that influential, top-performing salespeople enabled change when the changes in question made the organization more flexible and empowered salespeople to act on behalf of customers. However, such salespeople also acted to inhibit change when the aim was to curb excesses or control unethical behaviors. Our latter finding is thus consistent with research that establishes that salespeople often actively resist change initiatives, including the implementation of frontline technologies (Buehrer, Senecal, & Pullins, 2005) and efforts to enhance cross-functional integration within the firm (Rouziès et al., 2005). While the mechanisms of resistance may vary across changes efforts, a point of intersection between prior research and our work is the idea that self-interest ignites resistance in the hopes of maintaining an environment that is deemed beneficial by the salesperson.

The use of influence to obtain desired outcomes (be it promote or resist change) is not a new concept to the literature. However, our exploratory research suggests that salesperson use of influence to promote or resist change is best understood through the lens of Social Capital Theory. Social capital refers to the "the sum of resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu & Wacquant, 1992, p. 119). As does ours, prior research suggests that changes in an organization can be accompanied by changes in an individual's social capital (Ichniowski, Shaw, & Gant, 2003). Although social capital is part of everyday life for most individuals in an organization, it is not comparably available to all and definitely not created equal (Payne, Moore, Griffis, & Autry, 2011). Given the critical role that salespeople play in sales-driven firms, their social capital, ability to build social capital, and use of social capital may be vastly different from other employees. At ServicesCo,

salesperson social capital was both a driver and a consequence of change within the sales organization. Salespeople used their influence to initiate structural changes within the firm, often in hopes of bolstering or protecting their hard-earned social capital. Consequently, as is illustrated by the typology presented in Fig. 2 and discussed next, salesperson social capital waxed and waned under the during the four phases of ServicesCo's evolution.

In Phase I, under a hierarchical sales structure, salespeople with low social capital acted as **rule followers**. They were not agents of change; rather, they merely followed top management mandated procedures and processes. However, as Phase II took hold, salespeople began to attain, recognize, and leverage social capital as a mechanism for enacting shifts within the sales organization aimed, ultimately, at realizing an environment of empowered self-governance. As the sales organization began to move toward a flat structure, salespeople with high social capital emerged as **powerbrokers**. Under this paradigm, such salespeople held equal or more power than the top management team, which allowed them to engage in unethical behavior with little to no consequence. During this same phase at ServicesCo, salespeople with low social capital were seen as **outsiders**, they had no input into the process and procedures enacted by influential salespeople, had lower performance, and were less likely to "get away with" unethical behaviors.

During Phase III, the influence of powerbroker salespeople peaked and top management realized that their power had to be held in check. To control the undesirable salesperson behaviors that became intolerable in Phase III, management began to de-flatten the sales organization's structure, transparent communication was emphasized, and additional procedures were added to the selling process. During this phase, the same salespeople that held high social capital under the flat sales organizational structure began to act as **antagonists**, actively resisting the shift in hopes of preserving their stranglehold on power and eschewing the new accountability standards.

In sum, prior research suggests that organizational structure and social capital are related, but fails to explain how they interact to influence outcomes of interest. This research begins to fill this important knowledge gap by demonstrating that the creation and preservation of social capital fuels both actions to promote and inhibit change within a sales organization. This research thus serves to lay the groundwork for future research to explore the role salespeople play regarding bottom-up effects which, as suggested in Fig. 2, is a function of both their social capital and the firm's sales organization structure.

Salesperson Social Capital

	Low	*High*
Hierarchical	Salesperson as Rule Follower	Salesperson as Antagonist
Flat	Salesperson as Outsider	Salesperson as Powerbroker

Organizational Structure

Fig. 2. A typology of salesperson roles within a sales organization.

5. Managerial implications

As noted by the authors of event systems theory, "perhaps the greatest challenge is that fact that events are nested within individuals, teams, and organizations creating dependencies within a data set" (Morgeson et al., 2015, p. 532). Consequently, the theory's authors suggest that qualitative research is necessary to empirically explore event systems. This case study explores both bottom-up and top-down events that ultimately lead to layering or delayering of the organization over time.

Our research suggests that pivotal events can lead to the flattening or de-flattening of the structures within a sales organization. The flattening of the structure in a sales organization may help establish an environment that can promote growth but is rife with the possibility for abuse. Hence, in this section, we outline several potential approaches firms can follow and issues they should be mindful of as they strive to achieve a structure that strikes the right balance between salesperson autonomy and control.

Top management should be aware of significant events and their ability to change organizational processes and structure over time. Management not only needs to be aware of the top-down effects of events but also the bottom-up effects that can occur because of events initiated through the interactions that occur among powerful salespeople. The findings allude to the idea that the delayering that can accompany sales organization shifts may create a leadership void, which is often exploited by those with social capital to maximize their own personal gains. Hence, strong leadership may be critical in flattened, sales organizations. In such organizations, leaders should be willing to set and enforce standards that ensure equal reward and punishment to all salespeople, regardless of their prominence in the sales organization. This recommendation is consistent with prior work that acknowledges that sales managers are a critical component of an ethical climate (Ferrell et al., 2007), and should thus be hired and trained to be strong advocate the firm's code of ethics.

In addition, when feasible, managers may also rely on team selling models to curb the potential influence of a single event. Team selling provides structures and processes that ensure that each individual salesperson is held accountable through transparency and encourages compliance to ethical standards due to team norms. Moreover, salespeople may be less likely to behave unethically if they fear being reported or are aware that the team frowns upon certain behaviors. Finally, managers may also consider using behavioral control systems to hold salespeople accountable for their actions throughout the full lifespan of the selling process and thus ensure that critical events are tempered and that salesperson actions are being guided by the values of the firm, rather than fueled by a mantra of growth "no matter the cost." However, behavioral control should be used with caution as it may have a countervailing effect on the potential benefits firms can derive from moves toward structures that empower salespeople (Ahearne, Rapp, Hughes, & Jindal, 2010).

6. Limitations and future research

Based on the findings and limitations of our study, we suggest several avenues for future research. Although it is well-established technique used in case studies and retrospective accounts accurately represent an individual's experience (Lynch & Srull, 1982, p. 24), future studies need to test event systems theory over many years by using longitudinal surveys. A high frequency of data collection in real time would be key to ensuring such studies can provide valuable insight. Second, the organization examined in this research is a privately held, business-to-business services company. Other types of organizations (e.g., those which sell goods directly to end consumers) may differ in the evolution of their sales organization and in how salespeople respond to organizational shifts. Future research should thus seek to explore whether our results generalize across varying contexts. Third, while this case study provides the foundation for understanding numerous aspects of events and change within a sales organization, a quantitative examination of the study's findings is necessary for, once again, establishing the generalizability of the findings and identifying boundary conditions that may alter the conclusions reached in this study. Finally, research using cross-lagged data may be able to offer valuable insight into the iterative, causal relationship between social capital and a sales organization's structure. By the nature of its design, this study cannot offer guidance regarding whether social capital's influence on structure or structure's influence on social capital is stronger.

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