Evaluation of sales

Vidyanidhi D. Rege

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In September of 2001 a group of seemingly ordinary people came together for the freshman class of RIT’s Mater’s Program in Service Management. Each and every individual in this group has gone beyond the ordinary to extraordinary. Many of us have found that through this group we have reached the most human part of each of us, touching our very souls. I sincerely thank each and every member of this group for their contribution; the experiences we’ve shared have contributed directly to this body of work, as well as how I look at the world and my place in it. Deserving special recognition are my “partners in crime”, Mary Jo, Ji- Wook Hwang, Kathy, Chloe, Nobu and Claudia. The transformation from ordinary to extra ordinary would not have been possible without the caring and dedicated leadership of the graduate faculty at RIT, under the direction of Dr. James Jacobs Jr. I sincerely appreciate his incredible listening skills and his vision for my future. My deepest gratitude and sincere appreciation to Dr. James Myers for his consistent support and advise. I also thank all my family members for their support and understanding; especially Aatya, Aai and Jayu for showing all the confidence in me when I embarked upon this journey. This work is dedicated to all three of you.
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CHAPTER 1

INTRODUCTION

In today's modern era where everything is so unpredictable and uncertain, a tremendous importance has to be given to the service industry. Per the statistics provided by U.S. Bureau of Labor Statistics employment for the year 2002, the service sector continued to decline in January 2002 and the unemployment rate decreased to 5.6 percent. In the current situation where people have to cope with the things like recession, lay offs, terrorism etc. it is up to the service sector to provide them great relief by providing quality service and products. Mr. Rajeev Dhawan, who heads the economic forecasting team at Georgia State University, is upbeat about a rebound this year, possibly by midyear. An important force for improvement will be activities to boost transportation and tourism (Holsendolf, 2002). The banking industry is no exception to this situation.

In the USA, where there is a tremendous cutthroat competition in the banking industry, all banks need to do something better than others to get a competitive advantage over others. As a result, many banks are paying attention to providing the best service to their customers and providing an unforgettable experience.

HSBC USA, a leader in the banking sector in the USA, has been performing excellently by providing an unforgettable experience to both, their internal as well as their external customers since its inception in 1865 (Krebsbach, 2002). HSBC's U.S. unit represents 20% of the holding company's assets. Assets under management were up 10% in the first half of 2001, to $31.2 billion, fee income from domestic wealth management was up 13%, to $102.7 million and profits of HSBC Holding rose 4%, to 39 cents per share (Rieker, 2001).

Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organizations in the world. The HSBC Group's international network comprises some 6,500 offices in 78 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. In the USA, HSBC USA has understood and realized the importance of providing high class banking services to people to survive the competition. As a result, they are investing heavily into training programs to give their employees
extensive product knowledge and an ability to provide incomparable customer service. The most important part of their customer service is their product offering, a variety of product lines ranging from savings and checking accounts to the entire financial portfolio management of a customer. This is something that is available to all their customers without further charges.

**BACKGROUND:**

HSBC USA is a premier banking organizations in the Western New York district. Having said that, there is a tremendous opportunity for them to build upon their strengths and continue to grow steadily. The HSBC management is providing all the necessary infrastructure facilities, the very much needed stimulating and rigorous training programs and providing excellent benefits to all their employees. However, there has been a continuous problem that HSBC USA is facing pertaining to their sales team in the Western New York District. There is a continuous performance gap that exists in the performance of the sales associates working in the Western New York district. Some sales associates in this particular market are performing extremely well and other sales associates are not performing well at all. This particular problem does not do justice to HSBC USA’s mission and vision and if not acted appropriately and quickly, it may harm their future business.

**Products and Services:**

The main strength of HSBC USA is in their product line. They deal in banking products such as checking (Extraavantage, Interest Checking, Personal Checking, Basic Banking and Student Checking), savings, insurance, investing, credit cards, loans, mortgage, home equity and student center.

**PROBLEM STATEMENT:**

The sales performance of sales associates in HSBC’s Western New York district is highly variable- some sales people perform at a level consistent with corporate goals and others do not.
PURPOSE:

The purpose of this study is to identify and analyze factors contributing to the variation in HSBC sales person performance.

HYPOTHESIS:

This research will identify tangible as well as intangible factors that affect the sales performance of sales associates, can assist the HSBC USA management to evaluate the performance of the sales team, and also determine the areas where the members of the sales team need some improvement. Highlighting these issues will show the ways to improve the performance individually and thus assist performance of the company.

SIGNIFICANCE:

HSBC USA believes that the real service to their customers is basically to make difference in their day to day life by providing excellent customer service through their strong operational standards and their wide range of banking products (Ring, Reilly, Boraks, and Mandaro, 2002). This thesis will provide an understanding of the training material, work ethics, product knowledge and the kind of leadership that influence them.

METHODOLOGY:

There were many methods used to determine the performance gaps between sales associates, the reason for these gaps, the factors driving these gaps and also the relationship of policies to performance. Mystery shopping analysis were used to find the intangible factors contributing to the gaps; for example motivational factors of the sales associate, their career aspiration, their interest in their job and their personal lives. Interviews were carried out to identify the leadership issues related to this problem. Statistical analysis such as median, quartiles, standard deviation, regression analysis, T-test analysis were accomplished to deal with the tangible factors such as performance data.
LIMITATIONS:

1. Mystery Shopping questionnaire and managers’ interviews were generated through comprehensive literature review, but due to unique organizational design of HSBC USA, it may not identify all potential opportunities and challenges. For example, with regards to products such as Mortgage and Loans, sales associates are required to refer the customers to the mortgage and loan departments. If a loan officer or a mortgage officer is successful in generating business by selling any of the products, the credit for that sale goes to the sales associate who refers that customer to them in spite of the fact that he or she is not directly responsible for that sale.

2. It is also very difficult to identify the true cause of the sale. Here, it is very essential to address two very important questions. Does the sale occur because the sales associate displays a very strong selling technique or is it because the customer buys the product because he truly is in need of that product regardless of sales person’s selling ability? In both instances a sales associate is credited with the sale.

DEFINITIONS OF TERMS:

1. **Binder**: A pair of stiff oblong covers, sometimes detachable, designed for insertion of paper pages to create a book-like document.

2. **Product line**: A group of products marketed by an organization to one general market.

3. **Tangible**: Something that has physical substance and intrinsic monetary value.

4. **Intangible**: Something that lacks substance or reality.

5. **Performance Gap**: The gap between what customers and stakeholders expect and what each process and related sub-processes produces in terms of quality, quantity, time, and cost of services and products.

6. **Learning Organization**: A learning organization is an organization that facilitates the learning of all its members and continuously transforms itself to achieve superior competitive performance.

7. **Yield**: Production of labor
As mentioned earlier, this thesis will provide an understanding of the training material, work ethics, product knowledge and the kind of leadership that influence them. It is very essential to know and understand the previous research that is done in these areas. The next chapter will provide in-depth literature review related to sales process and mystery shopping.
CHAPTER II

REVIEW OF THE LITERATURE

The review of the literature explores three key elements. The first section of this chapter will provide a descriptive analysis of research that has been conducted in the past related to the sales process evaluation. This will include topics such as sales performance measurement, its effects, benchmarks of successful sales team performance, uncontrollable factors in sales team performance, leadership in the sales force, ranking of sales associates, relational selling, and sales team performance in the banking industry.

The above will be followed by a review on mystery shopping methods. It is important to identify the intangible factors driving the performance gaps that exist in the sales team of HSBC USA in the Western New York district. It is also important to pay attention to the research work that has been conducted on mystery shopping. This part will also demonstrate a well-structured plan for a successful mystery-shopping program.

Sales Performance Measurement:

There are generally four accepted aspects of relational selling on an individual salesperson's satisfaction with personal performance. These aspects are:

1. Selling orientation-customer orientation
2. Adaptability in sales
3. Service orientation in sales, and
4. Professionalism in sales

Overall, the research results show that satisfactory performance is significantly impacted by the means in which salespeople approach their clients.

One of the most important recent trends in sales research has been the recognition that the long-term key to success may lie in a relational approach to the buyer-seller interaction (Dwyer, Schurr, and Oh, 1987). Traditionally, the
emphasize in sales was on closing the sale, with little thought being given to the means by which the sale was obtained, customer expectations of the sales process, or the likelihood that any particular buyer would be a source of future business. However, Ingram (1996) suggests that the application of a variety of closing techniques as the focus of selling activities is being replaced by a step-by-step incremental interaction between buyers and sellers where the salesperson adjusts to the buyer's needs and decision time frame. The marketplace is becoming more and more competitive both in the number of competitors and the quality of their products. This has led firms to question the long term benefits of a transaction based, closing-focused, approach in favor of a relationally focused approach taking into account customer needs and wants (Ingram 1996). Ingram (1996) points out, "the skills needed in relationship selling run more toward listening and questioning than talking, and the wise salesperson would not dare jeopardize the relationship by utilizing high pressure techniques to force a premature sale (p.9)."

It has been suggested that a salesperson who feels reasonably confident in or satisfied with, their performance level and ability to perform may be more likely to exhibit the characteristics identified with relationship building in sales.

Prior to 1980, few studies presented empirical data linking sales activities with a customer-oriented perspective. In an attempt to address this gap, Dubinsky and Staples (1981) published one of the first empirical studies examining buyer, or the customer orientation. Their study examined the sales techniques used by industrial salespeople and concluded that most industrial salespeople were customer-oriented in terms their selection of various selling techniques and concluded that salespeople prefer techniques which allow them to identify, and cater to, the needs of their customers. Saxe and Weitz (1982) more fully developed this line of inquiry through the introduction of the first generally accepted scale (Selling Orientation-Customer Orientation, or SOCO, scale) designed to assess the customer-orientation of sales representatives. These authors suggested that customer oriented individuals have to engage in a difficult process of discovering their clients' needs and that sales
representatives may fail to engage in customer-oriented selling when they do not expect future transactions with the buyer.

Numerous other studies have examined the concept of customer orientation and found it to be an important characteristic of high performers (Kelley 1992). The Forum Corporation compared the characteristics of high and moderate sales performers. High performers were described as being committed to meeting customer needs and were perceived as being "advocates" of their clients' needs (Bragg, 1984). Further support for the use of customer-oriented selling is provided by the contention that successful sales representatives identify having a "client orientation as the secret of their success" (Bragg, 1986). According to Taylor (1986), "a customer-orientation is the high performer's biggest trait," and a customer-orientation, rather than a selling orientation, is important in both the industrial and consumer goods marketing arenas. MacKay (1988) states that the "best" salespeople are genuinely interested in their customers.

Effective sales forces are more adaptive in selling; handle customer complaints better, and generate higher market shares and profits, especially when selling new products. There are no differences between the 2 groups (High performers and low performers) in terms of their selling capabilities. However, more effective salespeople get a higher sense of accomplishment from their work and are more willing to take risks (Parker, 1999).

**Benchmarks of Successful Sales Team Performance:**

For many firms, personal selling is the key to marketing strategy implementation (Lilien et al., 1998). In some firms, personal selling expenditures may be as much as 15% of their sales and may be greater than total advertising costs (O'Connell & Keenan, 1990). The average cost of a sales call in Canada is estimated to be around $170, with a range from a low of $50 to a high of $370 per call for customer specialists in technology-intensive firms (Barker & Levani, 1998).
If a sales team is to become more competitive, management practices that improve its effectiveness must be identified and performance hurdles must be eliminated. Otherwise, even competent salespeople will not be able to perform well (Babakus et al., 1994). Attempts to identify management practices that contribute to salesforce effectiveness in Canada are useful because they can contribute to a new and growing stream of research on the performance of salespeople (Challagalla & Shervani, 1996; Cravens, Ingram, LaForge, & Young, 1993; Darmon, 1993; Ganesan, Weitz, & John, 1993; Grant & Cravens, 1996; Oliver & Anderson, 1994; Piercy, Cravens, & Morgan, 1997).

In the past, most efforts to explain salesforce performance have concentrated on the relationship between the characteristics of the individual and salesforce performance. In their seminal work on the effectiveness of sales teams, Walker, Churchill, and Ford (1979) provided the basic framework that combines salesperson characteristics, salesforce performance, sales organization design, sales management control activities, and sales organization effectiveness. Salesforce performance and sales team effectiveness are related but distinctly different concepts. Factors such as territory design, quality of supervision, sales support, and territory potential all influence the effectiveness of the sales team but are not under the control of the salesperson. Therefore, salesforce performance should be separated from sales organization effectiveness, and salesforce performance should be evaluated using only the factors that are controllable by the salesperson. But, often, salesforce performance is measured by looking at total sales volume (Dubinsky & Barry, 1982; Jackson, Keith, & Schlacter, 1983; Morris, Davis, Avila, & Chapman, 1991). While the importance of sales effectiveness in sales process and salesforce performance has been recognized (Weitz, Sujan, & Sujan, 1986), most of the previous findings have emphasized the factors that determine the effectiveness of the individual salesperson, without much success in explaining the differences in their performances (Churchill, Ford, Hartley, & Walker, 1985).
Based on a review of the recent sales management literature (Babakus et al., 1994; Cravens et al., 1993; Piercy et al., 1997), consists of three interrelated constructs:

(a) Outcome performance
(b) Selling behavior performance, and
(c) Non-selling behavior performance.

Non-selling performance and behavior performance lead to sales force outcome performance, which determines sales organization effectiveness. Characteristics of salespeople in terms of capabilities and motivation and the appropriateness of the sales organization influence the performance of the salesforce. In particular, sales managers' activities have an unmediated impact on the salesforce and its performance, based on whether the managers emphasize a behavior-based or outcome-based orientation to control. The outcome-based governance system is "essentially a laissez-faire approach," (Oliver & Anderson, 1994). On the other hand, the behavior-based control system is an approach where managers "guide the way salespeople carry out" their tasks (p. 54). Salespeople in a behavior-oriented system are likely to spend time planning their sales calls, perform sales support activities, be more committed to the organization and serve their customers better. Behavior-oriented systems tend to encourage salespeople to work more towards achieving company goals. Outcome oriented governance systems tend to lead to short-term outcomes and neglect customer relationships and after sales service.

There are no significant differences between the two groups (high performers and low performers) in terms of the selling capability and technical knowledge scales used to measure this construct. Sales managers are generally quite satisfied with the selling performance of their sales force. Salespeople are rated quite highly in terms of their communication skills and the ability to provide answers to their customers' objections. The same cannot be said of their technical knowledge. While both the high and lower performing salesforces demonstrate acceptable levels of product knowledge, they have low
ratings in terms of trouble shooting application problems and identifying new product ideas. Both activities require a certain level of creativity that must be supported by the technical knowledge of the salesperson (Parker, 1999).

According to the findings of Anglin, Stolman, and Gentry (1990) "higher performers, as identified by their sales managers, are more likely to be adaptive" (p. 81). Sujan, Weitz, and Sujan (1988) state "sales productivity can be substantially improved if salespeople place more emphasis on working smarter, i.e., practice adaptive selling" (p. 9). Adaptive selling requires highly skilled and trained salespeople who can interpret the selling situation properly and then adopt the appropriate sales tactic to meet the specific needs of the customer.

One of the factors that are recognized as having an influence on the performance of the sales force is the characteristic of the salespeople. High performing salespeople are more innovative and creative, and they are more stimulated and fulfilled by their jobs, more loyal to the firm, get a greater sense of accomplishment from their work, and are more willing to take risks. These findings suggest that salespeople associated with high-performing firms are more satisfied with their jobs and are more motivated. There is a very strong linkage between performance and motivation in high-performing firms as reported in the literature (Barker & Levanoni, 1998). Salespeople in high-performing firms are clearly more motivated. It is important to point out that these findings have significant implications about the approach used by the management in recruiting, selecting, and training their salespeople and the time spent on monitoring and directing their activities (Barker, 1997b).

Differences in sales performance due to timing of the measurement have been largely ignored. The work of Sager and Wilson (1995) provides an appropriate analogy. They note that job stress, an outcome variable, can be either chronic or episodic when a temporal perspective is introduced into the study of stress. They also note that chronic job stress relates to environmental considerations (e.g., market conditions), while episodic job stress is more events related (e.g., a bad day at the office, a fight with one's spouse). A
chronic environmental condition (e.g., the appearance of a new competitor, long term illness of the salesperson) may have a longer-term influence on sales performance. However, if several significant episodic events occur during the course of that same time period, (e.g., the loss of a key account), then the salesperson's increasing level of performance slows. When a second episodic event (e.g., a natural disaster in the salesperson's territory) occurs, the salesperson's performance begins to decline. Finally, a third episodic event (e.g., securing several new accounts) occurs and the salesperson's performance seems to level off (Chonco, Loe, Roberts and Tanner 2000). Factors such as changes in territories, sales seasonality and competitive activity can impact results, too. This suggests that different events have led salespeople to their existing level of performance.

There have been efforts in development of an improved understanding of the nature of sales performance and the ultimate measures used to evaluate individual sales performance. Historically, most of the methodological rigor of these efforts has been directed toward the determinants of sales performance. The typical criterion measures used in these efforts are things like sales volume, percent salary increase, and self-report performance measures.

An important step in the criteria development process is to define success. Managers must develop a list of elements of an activity that differentiate a successful salesperson from an unsuccessful salesperson (e.g., Morris et al., 1994). Pursuant to the definition of success is the question of why some salespeople are successful and others are not. A critical incidence approach may be one way of assessing the determinant aspects of each activity that leads to success.

According to Williams and Livingstone (1994), in general, it is assumed that performance is a dependent variable and that various other factors cause performance. For example, until recently it was contended that satisfaction causes performance. Indeed, the reverse may be the case: Better performers may be more satisfied with their jobs.
Every sales representative wants to be number one, and few enjoy hearing that they rank low when compared to others on the team. At GE, supervisors identify the top 20% and bottom 10% of their staffs each year. The top 20% are richly rewarded, and the bottom 10% will likely be fired. Dick Grote, president of Grote Consulting, a Texas performance management company has designed grading systems for GE, and says forced rankings are especially useful when evaluating a sales force. In practice, individuals on sales teams vary widely in performance and potential. There are things such as product knowledge, ambition, and interpersonal skills that make great salespeople different than good salespeople. Salespeople are accustomed to having their performance benchmarked against their peers, and ranking systems help expand this notion of performance beyond raw sales.

In particular, sales performance is generally defined narrowly and associated with the sales man's sales productivity or sales volume (Brown and Peterson, 1993). This stems from the fact that sales people are traditionally evaluated on sales output measures which tend to be easily assessed and readily available. This is very vital to the success of the firm. Transformational leader behaviors should inspire sales people to perform beyond the minimum levels specified by the organization (Howell & Frost, 1989). Transactional leadership serve as a motivational function, reminding their sales team that their performance is being monitored and that their future rewards and punishments are contingent on their level of performance (Porter & Lawler, 1968). Another distinct aspect of performance that has been found to be important to the success of an organization is the behavior on the part of the sales associate that is discretionary, not directly or explicitly recognized by the formal reward system, and is believed to promote the effective functioning of the organization (MacKenzie, Podsakoff & Pine 1999). Typically, these are not behaviors that:

- Are part of one's job description
- One is trained to perform and/or
- One would be punished for failing to exhibit.
There are several forms of behaviors such as helping, sponsorship etc. that have significant effects on sales unit performance and together accounted for approximately 17 percent of the variance. (MacKenzie, Podsakoff & Pine, 1999). The combination that was found of helping behavior, sportsmanship, and civic virtue accounted for an average of about 29 percent of the variance of four objective measures of unit performance namely operating efficiency, customer satisfaction, customer complaints and overall quality performance (Waltz & Nichoff, 1996).

**Leadership in the Sales Force:**

At times sales managers often make changes or adjustments for factors such as territory difficulty or representative experience when doing sales performance evaluations. These adjustments influence perceptions of the performance evaluation process, particularly its fairness and usefulness. A substantial amount of research has examined various ways to improve the accuracy of performance evaluation system (Huffman & Cain, 2000). A growing literature also attempts to understand what characteristics of an evaluation system influence employee satisfaction (Murphy & Cleveland, 1995). Investigations show that a satisfactory evaluation system can provide valuable feedback from the employee, assist managers in making decisions and improve employee satisfaction with managers and intention to remain with the organization (Cleveland & Murphy, 1989).

On the other hand, when dissatisfaction is high and when the evaluation system is not accepted and valued then it cannot have an impact that it should. Managers and employees who are not satisfied with the evaluation system give less time and energy to performance evaluations negating potential benefits (Murphy & Cleveland, 1989). Also, poorly designed or administered evaluation systems may undermine employee motivation and contribute to role ambiguity and job satisfaction (Churchill, Ford, Hartley & Walker, 1985).

Past research suggests that satisfaction increases when an evaluation system is seen as fair and useful (Davis & Dickinson, 1986). The key, in this case, is to understand what characteristics would result in improved perceptions of fairness and usefulness. One characteristic of an evaluation system that may influence its
fairness and usefulness is whether the manager makes adjustments for uncontrollable factors such as territory difficulty and representative differences (Marshall, 1992).

**Uncontrollable Factors in Sales Team performance:**

The primary reason to adjust for uncontrollable factors in evaluation is that many factors that are not under the control of the sales associate influence sales associates sales volume. There are uncontrollable factors such as firm level expenditures such as management advertising expenditures (Ryans & Weinberg, 1979), competition (Cravens, Woodruff & Stamper, 1972) and territory characteristics (Beswick & Cravens, 1977). Sales territories often differ substantially in terms of market potential, geographic size, competitive strength, etc. When territory factors are not taken into account, sales people might be rewarded or punished for results due to the territory and not their actions or strategies. This could potentially have significant consequences for the sales people, to the extent that perceptions of fairness and usefulness are influenced (Huffman & Cain, 2000).

It is evident that task characteristics such as territory difficulty and experience can significantly influence sales as sales people do not have immediate control over them (Churchill, Ford, & Walker, 1997). If a sales person could be rewarded or punished for results under his or her control (Shaver, 1975), then adjustment for the territory difficulty and the representative differences should make the system more fair and useful.

Sales managers and sales associates can and often take uncontrollable factors into account when arriving at a performance rating for a sales person (Marshall, 1992). They may adjust the evaluation subjectively for territory or representative factors (Anderson & Oliver, 1987).

One of the effective tools that sales managers can use for performance rating is Mystery Shopping, as discussed in the next part.
Importance of Mystery Shopping:

Mystery shopping is a powerful tool that banks can use for a variety of purposes, including strengthening sales culture and improving customer service. The technique uses a professional "shopper" who contacts the bank, either in person or on the telephone, and conducts a transaction—such as asking a question, inquiring about an account or opening an account. Immediately after completing the shop, the shopper completes a questionnaire describing the service provided by the employee. The evaluation can be repeated periodically.

Bank management can use evaluation scores to identify adherence to sales and service standards, to pinpoint strengths and weaknesses and measure progress in improving problem areas.

Mystery shopping originated in the retail sector in the 1960s, making it one of the oldest market research tools used by bank professionals (Lubin, 2001). Back then, mystery shopping was fairly unsophisticated and primarily used shoppers to observe retail conditions and measure how prominently a product was displayed. The banking industry began using mystery shopping in the 1970s to monitor the interaction between branch staff and customers. At first, bank professionals used shopping to evaluate the sales process, cross-selling, employee product knowledge and customer relation skills. The programs were usually conducted annually or, at best, semiannually. The evaluations served as benchmarks or diagnostic assessments of sales and service.

In the early to mid-1980s, bank professionals began to use mystery shopping as part of a program to improve employee performance. When mystery shoppers tested more frequently—as was already being done in the retail sector—bank employees teamed to treat each customer more carefully. They behaved this way because they realized that almost any customer could be a mystery shopper. Branch managers received a report about the employee’s performance whenever a mystery shopper visited.

Many bankers took a page from the retail marketer’s handbook and began mystery shopping monthly, bimonthly or quarterly. Almost all bankers provided
their branch managers with report cards describing employee performance and adherence and non-adherence to sales and service standards. Some banks integrated the results of the shopping program into their incentive programs.

Today mystery shopping plays an even more prominent role in helping banks build and maintain sales cultures. The reasons are the nature of the marketplace; the competition from other banks and non-banks; the savvy information-hungry consumer; employee turnover; and, the expense associated with large branch networks and multiple distribution channels.

Thirty years of industry experience with mystery shopping has demonstrated that as sales professionalism and customer service improve, so does customer satisfaction and customer loyalty.

One of the first steps in building a sales-and-service culture is to determine the customer's requirements and the specific cues and sales and service behaviors that tell customers their needs are being met. The next step is to instill those behaviors into the bank's sales culture by creating guidelines and procedures for handling customer inquiries and transactions. The bank should then continually monitor the performance of employees, letting the employees know how well they are adhering to the sales and service guidelines (Lubin, 2001).

This literature review was used to identify key components of a successful learning organization. A shared vision, according to Senge (1994) is a necessary part of a learning organization. Organizations have formal and informal process and structures for the acquisition, sharing and utilization of knowledge and skills (Webber 1999). A learning organization continuously adapts to ever changing market needs. People in learning organizations recognize the interdependent that their personal vision needs to balance with what they want for the larger system: the organization, nation, planet (Senge, 1996).
The next chapter will explain different methods that were used to determine different factors causing performance gaps among HSBC sales associate in the Western New York District.
CHAPTER III

METHODOLOGY

Procedures:

The literature review material was used to identify key components to be used as the tools to determine the root cause of the performance gap problems at HSBC USA in the Western New York District. Two methods were used to identify factors causing performance gaps among sales associates. Qualitative methods such as mystery shopping were used to identify the more complex dynamics influencing sales performance. Quantitative methods were used to classify group sales people and, where appropriate, to identify the degree of association between influencing factors.

To learn more about the complex dynamics, "mystery shopping" was designed and pre tested several times to see if any of the steps were unclear. The graduate students assisting with this study practiced the entire process of mystery shopping. The sales associates, branches they worked and their phone numbers was finalized with the approval of an Executive Vice President of HSBC USA. Altogether twenty sales associates were shopped.

In addition interviews were carried out with different branch managers to get a better understanding of the different processes through which sales can be generated in the bank, and a general opinion about the performance gaps in the Western New York District.

Assessing who to evaluate in the "mystery shopping" exercise:

HSBC provided sales performance data for 84 sales associates. This data was used to split the 84 sales associates into 42 top performing sales associates and 42 low performing sales associates. Then quartiles were used to these two existing groups to isolate 10 high performers and 10 low performers for the study.
Mystery Shopping:

Based on information supplied by HSBC related to training materials, step-by-step resources for sales personnel, key objectives for sales personnel as set by HSBC and related techniques of assessment, a survey sheet and rating system was developed (see Appendix- A). Immediately after a mystery shopping experience, the assessor would complete the survey, which would then be compared to the performance and behavior of other associates, evaluated by other assessors. The mystery shopping was carried out in a following way:

1. There was a consistent dialogue with the HSBC salesperson, when prompted, that a mystery shopper was a doctor, moving to the area, about to marry, looking for a financial institution.
2. No interest was shown to sign up for any product during that visit as a mystery shopper, but there was a continuous information gathering.
3. A sales person was assured that a mystery shopper would get back to him after making a joint decision with fiancée.
4. During mystery shopping, useful information was gathered about the sales materials such as the product brochures, flyers etc. that salesperson would use as his sales kit during his interaction with potential customer.
5. In two months altogether 20 sales associates were mystery shopped twice with the same scenario to identify the consistency in their performance.

One on One Branch Manager Interviews (see Appendix- B):

The interviews were one of the most important tools used in determining the more complex factors causing gaps in the performances of the sales associates. After reviewing the quantitative performance data provided to the team by HSBC US it was possible to determine the sales associates who were performing extremely well and those sales associates who were not. The branch managers for these "high" performing and "low" performing associates were then identified for interviews. In total, eight branch managers were identified- four associated with top performing sales people and four associated with low performing sales people.
The branch managers who were interviewed were from the following branches in order to explain the variation between high and low performers:

- Avon
- Buffalo-Elmgrove
- Batavia
- Chili- Gardiner
- Greece
- Holley
- Lyell Plymouth
- Joseph Avenue

High Performing associates from these branches

Low Performing associates from these branches

A questionnaire (See Appendix: B) was developed to interview the branch managers. The questions were designed in such a way, that they addressed a wide range of issues, from their professional experiences, their knowledge about the performance gap problem, and the measures they are taking to eliminate these gap.

The interviews above were conducted from 27th November to 10th December 2001. Most of these interviews took place in the afternoon from 3 pm to 3.30 pm in the branch offices of the managers. A small presentation was given during HSBC USA manager's meeting as requested by HSBC USA in Rochester on 27th November 2001. This presentation gave all the interviewed branch managers an idea about the research project and its purpose.

The main reasons behind interviewing branch managers, was to identify their leadership styles, know more about their work experience, their interpretation and feedback about the existing gap problem. There was also an effort to understand steps they were taking to narrow down these performance gaps among their sales associates, understand their sales process in the branch and their recruitment policy of hiring sales staff.
CHAPTER IV
FINDINGS AND ANALYSIS

The topic of this thesis was to identify and evaluate the performance gap existing between the high and low performing sales associates working in the Western New York district and recommend measures that can be taken to narrow these gaps, the following variables were closely analyzed.

1. Training provided to all recruited sales associates in the Western New York District
2. Location of different branches where sales associated are based
3. Experience factors between sales associates at HSBC USA and in the banking industry in general.

Analysis of Selected High and Low Yield Performance for Mystery Shopping

Use of Statistical Analysis: Statistical tools such as Quartiles, Regression Analysis and T Factor were used to explore all 84 sales associates. Mainly, Median and Quartiles were applied to create groups into “High” and “Low” performing sales associates. This data revealed 20 sales associates, who fell under “High” and “Low” categories. These sales associates were then matched with the branches they worked in. This data revealed 18 different branches that were needed to be Mystery Shopped where these High and Low Performers worked.
**Table 1: Sales people from the following branches were Mystery Shopped**

<table>
<thead>
<tr>
<th>Branch</th>
<th>Branch Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albion</td>
<td>Small Town</td>
</tr>
<tr>
<td>Avon</td>
<td>Small Town</td>
</tr>
<tr>
<td>Batavia</td>
<td>Small Town</td>
</tr>
<tr>
<td>Brockport</td>
<td>Small Town</td>
</tr>
<tr>
<td>Buffalo Elmgrove</td>
<td>Suburb</td>
</tr>
<tr>
<td>Charlotte</td>
<td>City</td>
</tr>
<tr>
<td>Chili Gardner</td>
<td>City</td>
</tr>
<tr>
<td>Chili Paul</td>
<td>Suburb</td>
</tr>
<tr>
<td>Dansville</td>
<td>Small Town</td>
</tr>
<tr>
<td>Dewey Britton</td>
<td>Suburb</td>
</tr>
<tr>
<td>Dewey Driving Park</td>
<td>City</td>
</tr>
<tr>
<td>Gates</td>
<td>Suburb</td>
</tr>
<tr>
<td>Geneseeo</td>
<td>Small Town</td>
</tr>
<tr>
<td>Greece</td>
<td>Suburb</td>
</tr>
<tr>
<td>Hilton</td>
<td>Small Town</td>
</tr>
<tr>
<td>Holley</td>
<td>Small Town</td>
</tr>
<tr>
<td>Mount Read</td>
<td>Suburb</td>
</tr>
<tr>
<td>Westgate</td>
<td>Suburb</td>
</tr>
</tbody>
</table>

**Mystery Shopping**

A survey sheet was developed and a rating system was established using the standard sales process criteria from HSBC USA. Altogether 20 sales associates in the Western New York district were mystery shopped twice, independently, in two months with the same scenario to identify the consistency in their performance.
Table 2: FINAL MYSTERY SHOPPING INFORMATION

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria</th>
<th>HIGH PERFORMERS</th>
<th>LOW PERFORMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial greeting</td>
<td>3.08 3</td>
<td>3.40 4</td>
</tr>
<tr>
<td>2</td>
<td>Sales person's approach</td>
<td>3.69 4</td>
<td>3.47 4</td>
</tr>
<tr>
<td>3</td>
<td>Wait time</td>
<td>4.12 4</td>
<td>3.80 4.50</td>
</tr>
<tr>
<td>5</td>
<td>Use your name</td>
<td>1.96 2</td>
<td>2.00 1</td>
</tr>
<tr>
<td>6</td>
<td>Profile question</td>
<td>4.19 4</td>
<td>3.40 3.5</td>
</tr>
<tr>
<td>7</td>
<td>Listening</td>
<td>4.62 5</td>
<td>4.67 4</td>
</tr>
<tr>
<td>8</td>
<td>Financial questions</td>
<td>4.19 4</td>
<td>3.40 3.5</td>
</tr>
<tr>
<td>9</td>
<td>Showing understanding</td>
<td>4.08 4</td>
<td>3.93 4</td>
</tr>
<tr>
<td>10</td>
<td>Recommendation</td>
<td>4.15 4</td>
<td>3.90 4</td>
</tr>
<tr>
<td>11</td>
<td>Product extension based on the need</td>
<td>4.04 4</td>
<td>3.9 4</td>
</tr>
<tr>
<td>12</td>
<td>Recommendations of additional products</td>
<td>3.50 4</td>
<td>3.47 4</td>
</tr>
<tr>
<td>13</td>
<td>Showing binder</td>
<td>3.65 4</td>
<td>2.50 2.50</td>
</tr>
<tr>
<td>14</td>
<td>Introduction of different products</td>
<td>3.73 4.5</td>
<td>3.5 4</td>
</tr>
<tr>
<td>15</td>
<td>Suggest/ sell products</td>
<td>3.85 4.5</td>
<td>4.33 5</td>
</tr>
<tr>
<td>16</td>
<td>Overall selling skills</td>
<td>1.85 0.5</td>
<td>1.90 2</td>
</tr>
<tr>
<td>17</td>
<td>Enjoy buying products</td>
<td>3.08 4</td>
<td>2.90 4</td>
</tr>
<tr>
<td>18</td>
<td>Like as your Service Rep.</td>
<td>3.35 4</td>
<td>2.90 4</td>
</tr>
<tr>
<td>19</td>
<td>Any interruptions during the visit</td>
<td>2.85 3</td>
<td>2.20 2</td>
</tr>
<tr>
<td>20</td>
<td>Handling of interruptions</td>
<td>3.58 4</td>
<td>3.77 4</td>
</tr>
<tr>
<td>21</td>
<td>Impact of interruptions on the sales performance</td>
<td>3.85 4</td>
<td>3.77 4</td>
</tr>
<tr>
<td>22</td>
<td>Overall visit/ experience</td>
<td>4.08 4</td>
<td>4.10 4.5</td>
</tr>
<tr>
<td>23</td>
<td>Suggestion of a follow up</td>
<td>3.75 3</td>
<td>4.07 4.5</td>
</tr>
<tr>
<td>27</td>
<td>Promise a follow up</td>
<td>3.88 3.5</td>
<td>3.83 4</td>
</tr>
</tbody>
</table>

The above table is based on Mystery Shopping questionnaire (Appendix A). The answers to all questions were in a range format (1 to 6), where 1 is Very Poor or Very Little, 2 is Poor, 3 is Fair/ Below Average, 4 is Good or Average, 5 is Very Good and 6 is Outstanding/ Excellent.

Note: Question Number 4, 24, 25, 26 are not considered in quartile because they are "Yes" or "No" questions.
**Table 3: FINAL MYSTERY SHOPPING INFORMATION**

**BOTTOM QUARTILE AVERAGE SCORES BY BRANCH TYPE**

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria</th>
<th>SMALL</th>
<th>SUBURB</th>
<th>CITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Initial greeting</td>
<td>3.1</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>2.</td>
<td>Sales person’s approach</td>
<td>3.1</td>
<td>2.5</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Wait time</td>
<td>3.8</td>
<td>2.7</td>
<td>4.8</td>
</tr>
<tr>
<td>5.</td>
<td>Use your name</td>
<td>1.2</td>
<td>1.5</td>
<td>2.9</td>
</tr>
<tr>
<td>6.</td>
<td>Profile question</td>
<td>3.2</td>
<td>4.2</td>
<td>3.1</td>
</tr>
<tr>
<td>7.</td>
<td>Listening</td>
<td>4.6</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td>8.</td>
<td>Financial questions</td>
<td>3.6</td>
<td>3.5</td>
<td>3.2</td>
</tr>
<tr>
<td>9.</td>
<td>Showing understanding</td>
<td>3.3</td>
<td>3.3</td>
<td>2.8</td>
</tr>
<tr>
<td>10.</td>
<td>Recommendation</td>
<td>3.5</td>
<td>4.2</td>
<td>3.4</td>
</tr>
<tr>
<td>11.</td>
<td>Product extension based on the need</td>
<td>3.0</td>
<td>3.4</td>
<td>2.9</td>
</tr>
<tr>
<td>12.</td>
<td>Recommendations of additional products</td>
<td>3.2</td>
<td>3.4</td>
<td>2.5</td>
</tr>
<tr>
<td>13.</td>
<td>Showing binder</td>
<td>2.5</td>
<td>3.2</td>
<td>2.3</td>
</tr>
<tr>
<td>14.</td>
<td>Introduction of different products</td>
<td>3.7</td>
<td>3.5</td>
<td>2.9</td>
</tr>
<tr>
<td>15.</td>
<td>Suggest/ sell products</td>
<td>2.8</td>
<td>3.4</td>
<td>2.7</td>
</tr>
<tr>
<td>16.</td>
<td>Overall selling skills</td>
<td>1.4</td>
<td>2.8</td>
<td>0.8</td>
</tr>
<tr>
<td>17.</td>
<td>Enjoy buying products</td>
<td>2.6</td>
<td>2.7</td>
<td>1.7</td>
</tr>
<tr>
<td>18.</td>
<td>Like as your Service Rep.</td>
<td>2.9</td>
<td>3.3</td>
<td>1.9</td>
</tr>
<tr>
<td>19.</td>
<td>Any interruptions during the visit</td>
<td>1.2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>20.</td>
<td>Handling of interruptions</td>
<td>3.5</td>
<td>3.7</td>
<td>3.4</td>
</tr>
<tr>
<td>21.</td>
<td>Impact of interruptions on the sales performance</td>
<td>3.3</td>
<td>4.3</td>
<td>3.6</td>
</tr>
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<td>22.</td>
<td>Overall visit/ experience</td>
<td>2.9</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>23.</td>
<td>Suggestion of a follow up</td>
<td>3.7</td>
<td>3.5</td>
<td>3.0</td>
</tr>
<tr>
<td>27.</td>
<td>Promise a follow up</td>
<td>3.5</td>
<td>3.6</td>
<td>3.2</td>
</tr>
</tbody>
</table>

The above table is based on Mystery Shopping questionnaire (Appendix A).

The answers to all questions were in a range format (1 to 6), where 1 is Very Poor or Very Little, 2 is Poor, 3 is Fair/ Below Average, 4 is Good or Average, 5 is Very Good and 6 is Outstanding/ Excellent.

**Note:**
1. Question Number 4, 24, 25, 26 are not considered in quartile because they are “Yes” or “No” questions.
2. Most of the low performing sales associates were found in the city as well as small town and suburban branches.
Table 4: FINAL MYSTERY SHOPPING INFORMATION
TOP QUARTILE AVERAGE SCORES BY BRANCH TYPE

<table>
<thead>
<tr>
<th>#</th>
<th>Criteria</th>
<th>SMALL</th>
<th>SUBURB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial greeting</td>
<td>4.4</td>
<td>4.3</td>
</tr>
<tr>
<td>2</td>
<td>Sales person’s approach</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>3</td>
<td>Wait time</td>
<td>5.0</td>
<td>3.8</td>
</tr>
<tr>
<td>5</td>
<td>Use your name</td>
<td>3.1</td>
<td>4.2</td>
</tr>
<tr>
<td>6</td>
<td>Profile question</td>
<td>4.2</td>
<td>5.0</td>
</tr>
<tr>
<td>7</td>
<td>Listening</td>
<td>3.7</td>
<td>4.7</td>
</tr>
<tr>
<td>8</td>
<td>Financial questions</td>
<td>3.7</td>
<td>4.7</td>
</tr>
<tr>
<td>9</td>
<td>Showing understanding</td>
<td>3.6</td>
<td>4.7</td>
</tr>
<tr>
<td>10</td>
<td>Recommendation</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>11</td>
<td>Product extension based on the need</td>
<td>4.3</td>
<td>4.5</td>
</tr>
<tr>
<td>12</td>
<td>Recommendations of additional products</td>
<td>3.9</td>
<td>4.7</td>
</tr>
<tr>
<td>13</td>
<td>Showing binder</td>
<td>4.5</td>
<td>4.9</td>
</tr>
<tr>
<td>14</td>
<td>Introduction of different products</td>
<td>4.1</td>
<td>4.3</td>
</tr>
<tr>
<td>15</td>
<td>Suggest/ sell products</td>
<td>3.5</td>
<td>4.5</td>
</tr>
<tr>
<td>16</td>
<td>Overall selling skills</td>
<td>3.6</td>
<td>4.7</td>
</tr>
<tr>
<td>17</td>
<td>Enjoy buying products</td>
<td>3.4</td>
<td>4.7</td>
</tr>
<tr>
<td>18</td>
<td>Like as your Service Rep.</td>
<td>3.5</td>
<td>4.7</td>
</tr>
<tr>
<td>19</td>
<td>Any interruptions during the visit</td>
<td>2.1</td>
<td>2.6</td>
</tr>
<tr>
<td>20</td>
<td>Handling of interruptions</td>
<td>4.2</td>
<td>4.1</td>
</tr>
<tr>
<td>22</td>
<td>Impact of interruptions on the sales performance</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>23</td>
<td>Overall visit/ experience</td>
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<td>4.8</td>
</tr>
<tr>
<td>24</td>
<td>Suggestion of a follow up</td>
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<td>4.1</td>
</tr>
<tr>
<td>25</td>
<td>Promise a follow up</td>
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<td>4.1</td>
</tr>
<tr>
<td>27</td>
<td>Ongoing Customer Service</td>
<td>4.7</td>
<td>4.8</td>
</tr>
</tbody>
</table>

The above table is based on Mystery Shopping questionnaire (Appendix A). The answers to all questions were in a range format (1 to 6), where 1 is Very Poor or Very Little, 2 is Poor, 3 is Fair/ Below Average, 4 is Good or Average, 5 is Very Good and 6 is Outstanding/ Excellent.

**Note:**
1. Question Number 4, 21, 26 are not considered in quartile because they are “Yes” or “No” or Descriptive questions.
2. Most of the high performers were more in the suburban and small town branches.
Findings:

Sales associates with **High Yield** figures were more inclined to:
1. Inquire about a prospective client's profile (Ref: Question number 6 in Table 4)
2. Use the HSBC product binder (Ref: Question number 13 in Table 4)
3. Manage interruptions well (Ref: Question number 20 in Table 4)
4. Promise follow up (Ref: Question number 25 in Table 4)
5. Deliver Follow up (Ref: Question number 27 in Table 4)

Sales associates with **Low Yield** figures more often:
1. Offered a prompt and friendly greeting (Ref: Question number 1 in Table 3)
2. Hardly used clients' name during the conversation (Ref: Question number 5 in Table 3)
3. Introduced themselves (Ref: Question number 2 in Table 3)
4. Had very few interruptions (Ref: Question number 19 in Table 3)
5. Lacked overall selling skills (Ref: Question number 16 in Table 3)
Comparison of Training Course History with Performance

The objective of this analysis was to explore the correlation between training programs and sales performance.

Table 5: IMPORTANT TRAINING COURSES TAKEN BY HIGH PERFORMERS

<table>
<thead>
<tr>
<th>Code</th>
<th>Course Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B818</td>
<td>ON LINE REMITTANCE</td>
</tr>
<tr>
<td>B846</td>
<td>CROSS SELL MGR: REVISED</td>
</tr>
<tr>
<td>L700</td>
<td>MANAGING FOR VALUE</td>
</tr>
<tr>
<td>P379</td>
<td>MARINEDGE/ISD CBT</td>
</tr>
<tr>
<td>P465</td>
<td>FIXED ANNUITY PRODUCT TRAINING</td>
</tr>
<tr>
<td>P467</td>
<td>INSURANCE PRODUCT TRAINING</td>
</tr>
<tr>
<td>P468</td>
<td>INSURANCE LICENSEING</td>
</tr>
<tr>
<td>S619</td>
<td>SERVICE IMAGE</td>
</tr>
<tr>
<td>S675</td>
<td>UP FOR CUSTOMER</td>
</tr>
<tr>
<td>S750</td>
<td>SIMPLE CARE INSURANCE</td>
</tr>
<tr>
<td>V115</td>
<td>INTERNET BANKING CBT</td>
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<tr>
<td>V301</td>
<td>BANK SECRECY ACT CBT</td>
</tr>
<tr>
<td>W001</td>
<td>BSA REGULATION TRAINING</td>
</tr>
<tr>
<td>W003</td>
<td>CRA CBT</td>
</tr>
<tr>
<td>W006</td>
<td>REG CC</td>
</tr>
<tr>
<td>W009</td>
<td>REG DD</td>
</tr>
</tbody>
</table>

Table 6: IMPORTANT TRAINING COURSES TAKEN BY LOW PERFORMERS

<table>
<thead>
<tr>
<th>Code</th>
<th>Course Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B862</td>
<td>INFORMATION SECURITY AWRN CBT</td>
</tr>
<tr>
<td>P465</td>
<td>FIXED ANNUITY PRODUCT TRAINING</td>
</tr>
<tr>
<td>P468</td>
<td>INSURANCE LICENSEING</td>
</tr>
<tr>
<td>Q100</td>
<td>CORE QUALITY</td>
</tr>
<tr>
<td>V301</td>
<td>BANK SECRECY ACT CBT</td>
</tr>
<tr>
<td>W001</td>
<td>BSA REGULATION TRAINING</td>
</tr>
<tr>
<td>W009</td>
<td>REG DD</td>
</tr>
</tbody>
</table>
**Analysis of Training**

All together 42 sales associates were considered for the Training Analysis and out of those 21 were high performers and 21 were low performers. After comparing the Training Data with sales performance data, location of branches and number of classes taken by the sales associates, no relationship found between them. This analysis was carried on through T-Test and Regression Analysis. Although according to this data, common classes taken by both the groups were identified.

**Findings:**

Out of 42 Sales Associates, those who fell in top quartile (21 sales associates) and the people in the bottom yield quartile (21 sales associates) demonstrated no significant overall connection between those who participated in HSBC Training Classes and those who did not.

Table 7:

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Classes</th>
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<tr>
<td>Suburb</td>
<td>40</td>
</tr>
<tr>
<td>Town</td>
<td>60</td>
</tr>
</tbody>
</table>

Chart 1:

Training Data by Branch Type (Top Performers)
Table 8: Training Data by Location (Low Performers)

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suburb</td>
<td>31</td>
</tr>
<tr>
<td>City</td>
<td>31</td>
</tr>
<tr>
<td>Town</td>
<td>31</td>
</tr>
</tbody>
</table>

Chart 2: Training Data by Branch Type (Low Performers)

Evaluation of Sales

Participation in Current HSBC Training Courses does not offer a consistent and significant influence on Low and High Yield performance.

There was certainly a correlation between Branch Type and Performance where most of the high performers were from suburban and small town branches.

**Analysis of Interviews with Branch Managers**

After reviewing the performance data provided by HSBC USA, it was possible to determine the sales associates who were performing extremely well and those who were not.

In order to get better understanding of the sales process generated in each branch, and general opinion about performance gaps in the Western New York District, eight branch managers were interviewed. Out of these eight branch managers, four worked with top performers the other four worked with low performers.
The branch managers who were interviewed were from the following branches in order to explain the variation between high and low performers:

- Avon
- Buffalo Elmgrove
- Batavia
- Chili Gradner
- Greece
- Holley
- Lyell Plymouth
- Joseph Avenue

High performing associates from these branches

Low performing associates from these branches

The questions in the questionnaire (see Appendix-B) were designed to address a wide range of issues, from the person's professional experience, their knowledge about the performance gap problem, and the steps that they are taking or have taken to eliminate those gaps.

Findings:
After conducting interviews with the branch managers, one thing that became quite evident was that most of the managers had a substantial experience with HSBC USA. Almost all the managers were with HSBC USA for more than 12 years. In general, their opinion about sales process and the performance gaps was:

1. Entire sales process: A Sale in any particular branch is generated through checking, saving, and loan, but in order to sell products such as insurance and mortgage and investment, the sales associate is required to have a license. Another way is to identify the need of a customer and fax it or put them on the phone directly to a licensed person. The licensed person may not reside in every branch. Also, since some of the sales associates are not licensed to sell products such as insurance or mortgage, what they do is that they refer those customers to mortgage managers or insurance managers, and these people close the ale with the customers. In this process, even though the mortgage or insurance managers generate the sale,
the sales associate who refers the customer to them gets credit for that particular sale.

2. Gap between sales associates: All the managers agreed that there is an existing performance gap in the Western New York District. According to the managers there are two main reasons for the performance gaps. The location of the branch was an important influence of individual's sales performance. In addition, managers identified training experience of associates as an important determinant of individual sales performance.

3. Narrowing down the gap: In order to eliminate or narrow down the performance gaps, the managers felt that the sales associates should make more phone calls to the existing customers and remain constantly in touch with them, try to get involved with community by sponsoring activities in the community or simply by serving on different boards of different charitable organizations in the community.

The results of these interviews supported some of the previous findings:

- Out of 8 branch managers, 6 managers (75%) believed that more training was needed to reduce or eliminate the performance gap.
- Five branch managers (62.5%) believed that branch type was a factor in the performance gaps.
- Eighty five percent of branch managers believed that more training was needed to reduce or eliminate the performance gap. Sixty- two percent of branch managers believed that branch type was a factor in the performance gap.
CHAPTER 5
CONCLUSION AND RECOMMENDATIONS

The research hypothesis stated a positive relationship between tangible as well as intangible factors that affect the sales performance of sales associates. Knowing these factors can assist the HSBC USA management in evaluating the performance of the sales team and in identifying areas where the members of the sales team need improvement.

The primary research conducted through Mystery shopping concluded the following:

**HSBC staff with High Yield figures was more inclined to:**
1. Inquire about a prospective client’s profile (Ref: Question number 6 in Table 4)
2. Use the HSBC product binder (Ref: Question number 13 in Table 4)
3. Manage interruptions well (Ref: Question number 20 in Table 4)
4. Promise follow up (Ref: Question number 25 in Table 4)
1. Deliver Follow up (Ref: Question number 27 in Table 4)

**HSBC staff with Low Yield figures, more often:**
1. Offered a prompt and friendly greeting (Ref: Question number 1 in Table 3)
2. Hardly used clients’ name during the conversation (Ref: Question number 5 in Table 3)
3. Introduced themselves (Ref: Question number 2 in Table 3)
4. Had very few interruptions (Ref: Question number 19 in Table 3)
5. Lacked overall selling skills (Ref: Question number 16 in Table 3)

During the data analysis, it demonstrated that most of the high performers (top quartile) were in the suburban and small town branches. Conversely most of the low performers (bottom quartile) were located in the city branches.

By analyzing the relationship between the sales associate’s training history and performance, it was found that of the 42 HSBC sales persons, those that fell in the “Top quartile” (21 sales associates) and the those who fell in the “Bottom Yield or quartile” (21 sales associates) showed no significant relationship between those that participated in a particular training
program than those who did not. Those sales persons that participated in the mandatory HSBC training courses sometimes demonstrated a lower yield than those who did not participate in mandatory HSBC training course.

During one on one interviews with selected branch managers, it was concluded that 85% of branch managers believed that more training was needed to reduce or eliminate the performance gap. Sixty two percent of branch managers believed that branch type was a factor in the performance gap.

It was recognized that there are variety of influencing factors affecting sales performance of individuals. Some of the key influences that were identified were:

- Location (population, demographics, competition, value of products offered)
- Employee profile (familiarity with products, tenure with the company, experience in the banking industry, experience in sales position)
- Quality of the work place

After reviewing the data, the overall findings seem to show:

- There is a clear difference in a performance between city branches and the other branches
- Comparable performances and training data indicates lower yield in the city branches. This may be linked to the different needs of the city customers (internal and external).

**Recommendations:**

In order for HSBC to address two focuses:

a) How to narrow down or close the individual performance gaps and  
b) How to improve the performance of associates in city branches.

Recommendations to HSBC are divided into four categories: Training, Sales Material, Product Building, and Branch Managers.
**Training:**

**Recommendations:**

1. HSBC Training should reassess the classes currently holding a mandatory status if the goal is to increase overall sales performance.
2. HSBC Training should incorporate new skill and ongoing knowledge assessment plan for newly trained employees.
3. HSBC should develop special training courses dedicated to the needs of city branch sales associates and city branch managers as most of the low performers were found in city branches.
4. HSBC should develop a plan to follow up with graduates of classes to evaluate the effectiveness of their training classes.
5. Create environment of shared knowledge by having discussion boards and group discussions, where top performers can share their way of carrying sales activities. Managers and customers should be included in these discussions to let all the sales associates know their expectations from them.

**Consequences:**

These options will reference and expand their learning from the classes. This will also increase their overall value of the training time vested, while increasing the costs to HSBC. Creating online training formats for supplemental courses will prove cost and time effective. Constantly assessing the performances of all the sales associates graduating from the training program will allow HSBC training program coordinators to evaluate the effectiveness of their training programs.
Sales Material:

Recommendations:

1. The data (Ref: Question 13 in Table 3) shows that low sales performers do not show the binder, which has all the product information to their potential customers. As a result of which customers do not get clear information about different HSBC product offerings. Therefore, HSBC should develop a CD (digital version of the) binder, which allows interaction (plugging in sample figures), as an option to the traditional 3-ring sales binder. These HSBC developed digital versions would allow an external customer to input numbers and print out and/or save calculations for their later review.

2. HSBC should provide the digital version of product brochure for their potential customers. This will enable them to review the products in their own time and make the decision about the product selection.

3. HSBC should try to find out email addresses of prospective clients, build a database to inform as opportunities of interest arise for them.

Consequences:

It is most important that a salesperson employs some format of visual assistance during the sales process. This take away piece (CD) could also serve the purpose of direct mail and general promotion. This CD may even help customers learn about HSBC products. It will also allow clients to input personal figures to determine possible outcomes with different products. The design of the CD packaging would reflect the visual identity of different branch types.

Product Offerings and Bundling:

Recommendations:

1. HSBC should develop and maintain a data file on each external customer from first contact to enhance one to one relationship. It will help them suggest products according to customer's expressed needs. These suggestions will not only contribute to both closing
gaps and improving the city performers but also improve the salesperson’s overall performance.

2. HSBC should perform research to best determine the most commonly demanded and upgraded products in the city branches and create a selling technique geared to product bundling and selling.

Consequences:
HSBC will provide more customized products to their clients. Sales people will understand their customers better and HSBC can design the most compatible products for their clients. Upon each customer’s initial touch points with the bank, data will be generated and incorporated into databases to help with product offerings and bundling. By successfully collecting information on their client, HSBC will also build a complete data warehouse to manage their client’s information and build strong relationships with their customers. In this way HSBC will achieve the goal of retaining and acquiring their customers.

Branch Managers:
Recommendations:
1. HSBC should implement or refine their existing performance measurements of sales associates to better determine necessary training and set a benchmark for improvement assessment.
2. HSBC should revisit the current methods of setting (sales) targets for the sales associates.
3. HSBC should incorporate mentoring techniques within each branch.
4. HSBC should incorporate cross branch mentoring between high performers of non-city branches and city salespersons. This could be an online relationship that occurs as a chat format on a predetermined day of the week or month. Branch managers could be allowed or encouraged to participate.
5. HSBC should also give direct response to the performances of branch managers.
6. Review incentive program and how they relate to motivators to city performers.

Consequences:
Mentoring or allowing poor performers to work with (shadowing) a top performer will not only increase their confidence level but also will make them realize and exceed their current perceived limitation.
BIBLIOGRAPHY:

APPENDIX- A

MYSTERY SHOPPING QUESTIONNAIRE

Sales person’s Name: ________________________
Branch Name: ________________________ Branch Type: S T C  Day: _______
Date: _______________
Misc.: ________________________

1= Very Poor / Very Little  2= Poor  3= Fair/ Below Average
4= Good/ Average  5= Very Good  6= Outstanding/ Excellent
DNM= Did Not Mention/ Did Not Do At All

GREETING AND ASSESSING YOU:
1) How would you rate your initial greeting?
1 2 3 4 5 6 DNM

2) How was the approach by the sales person?
1 2 3 4 5 6 DNM

3) Was it within a reasonable amount of time?
1 2 3 4 5 6 DNM
Describe:

4) Did they introduce themselves by name?  Y ES or NO

5) To what degree did they use your name?
1 2 3 4 5 6 DNM

6) To what degree did they ask specific profile questions?
1 2 3 4 5 6 DNM

7) To what degree did they listen to you completely (not cutting you off in mid
thought or explanation)?
1 2 3 4 5 6 DNM

8) To what extent did they ask specific financial questions?
1 2 3 4 5 6 DNM

9) To what degree did they show a demonstrated understanding of your needs?
1 2 3 4 5 6 DNM
PRESENTING AND SUGGESTING PRODUCTS:
10) After understanding the need, how well did they provide recommendations for the products?

1 2 3 4 5 6 DNM

11) To what extent were the recommendations based on your demonstrated or spoken needs?

1 2 3 4 5 6 DNM

12) To what extent did they recommend additional/extension products?

1 2 3 4 5 6 DNM

13) Did they show you the binder?

1 2 3 4 5 6 DNM

14) To what degree did they introduce the following products?

___ Savings Account
1 2 3 4 5 6 DNM

___ Checking Account
1 2 3 4 5 6 DNM

___ Overdraft
1 2 3 4 5 6 DNM

___ Credit Card
1 2 3 4 5 6 DNM

___ Loan
1 2 3 4 5 6 DNM

___ Insurance
1 2 3 4 5 6 DNM

15) How well did they suggest/sell products based on an understanding of your needs?

1 2 3 4 5 6 DNM

OVERALL EXPERIENCE AND FOLLOW UP:
16) How would you rate their overall selling skills?

1 2 3 4 5 6 DNM

17) To what degree would you enjoy buying products from them?

1 2 3 4 5 6 DNM
18) To what degree would you enjoy having them as your service representative?
1  2  3  4  5  6  DNM

19) Were there any opportunities for interruptions during visit?
1  2  3  4  5  6  DNM

20) How well did the sales person manage the interruptions? (If any)
1  2  3  4  5  6  DNM

21) What were the interruptions?

22) How much did the interruptions negatively affect the sales performance?
1  2  3  4  5  6  DNM

23) How would you rate overall visit/ experience?
1  2  3  4  5  6  DNM

24) To what degree did they suggest a follow up?
1  2  3  4  5  6  DNM

25) To what degree did they promise a follow up?
1  2  3  4  5  6  DNM

26) In your opinion how could they have provided a batter exchange that would result in your purchasing a high yield of products?

27) How would you rate the ongoing customer service?
1  2  3  4  5  6  DNM
APPENDIX- B

INTERVIEW QUESTIONS

1. Could you please explain the entire sales process that each sales associate follows in your branch?
2. Do you think that there is a gap that exists between different sales associates in your branch? If yes, why?
3. What steps are you taking to narrow down those gaps?
4. Is HSBC the first firm you started working for?
5. How many years of total experience do you have in this industry?
6. Where did you work prior coming to HSBC?
7. How many years are you working with HSBC?
8. Did you observe the same kind of sale performance gaps in your previous tenures?
9. How did you tackle those problems? Were there any other performance related problems you faced in your previous tenures?
10. How much do you think training affects the sales performance of the sales associates?
11. Who decides which sales associate needs to take what training classes?
12. Do you have any system where you can measure how much a particular training program has helped a sales associate?
13. Do you think branch types affect the sales performance? How?
14. Can you give an insight as to how interpersonal skills affect the sales performance?
15. How do you help your sales associates in that matter?
16. How does the number of years with HSBC contribute towards sales generation?
17. How does the number of years of banking industry help improve sales performance?
18. Location seems to be the driving force for the gap that exists between the lowest and highest sales performers. Why do you think location plays an important role in sales generation?
19. Thank you so much for your cooperation. Besides the valuable information you gave us, do you want to add anything to that?