**Escalation of commitment in SMALL BUSINESS sales management: when persistence may not be the best course of action**

**ABSTRACT**

A decision making topic of particular interest to both scholars and practitioners is how to make decisions about future actions when confronted with failure. Scholars in both strategy and marketing have looked at this issue, but there has not been a great deal of overlap in these literature streams in the past. This paper attempts to address this gap by uniting the strategy literature on escalation of commitment with the sales management literature on response to failure, proposing a set of lab and field experiments to advance theory and recommendations for practitioners in both fields.

**INTRODUCTION**

Managerial decision making in small, entrepreneurial businesses can be fraught with pitfalls. How to properly assess information from the environment, make attributions with respect to causality, and determine the best course of action are questions which have occupied scholars and challenged practitioners for years. A decision making topic of particular interest to both scholars and practitioners is how to make decisions about future actions when confronted with failure. Scholars in both strategy and marketing have looked at this issue, but there has not been a great deal of overlap in these literature streams in the past. This paper attempts to address this gap by uniting the strategy literature on escalation of commitment with the sales management literature on response to failure, proposing a set of small business field experiments to advance theory and recommendations for practitioners in both fields.

In a series of writings from the mid 1970’s through the late 1980’s, Barry Staw, Jerry Ross, and their collaborators developed a stream of thought studying “escalation of commitment” – a phenomenon in which individuals continue to invest in an unprofitable course of action because they are trying to turn things around and justify prior personal decisions that led to the unprofitable course of action (Staw, 1976; Staw & Ross, 1978; Staw, 1981; Staw & Ross, 1987). While the phenomenon has been observed in organizations of all types and sizes, it is particularly common in situations where a series of decisions build on each other to create an “entering and exit value” (Staw, 1981; 585) – that is, when the initial decision involves a certain level of investment and subsequent decisions are designed to increase the original investment in hopes of success rather than lose the investment as a sunk cost – for an entire course of action. The choice to invest time and money in pursuing certain sales prospects in the hope of realizing a windfall of revenues upon closing a deal could thus be seen as a course of action where escalation of commitment could be expected to occur.

A significant stream of research exists in the sales management literature centering on how salespeople respond to failure. Much of this literature revolves around the way that salespeople make attributions about the causes of setbacks in the pursuit of prospective customers. Much of this work began with Teas and McElroy’s (1986) development of a framework which applied expectancy theory and attribution theory to categorize the types of attributions salespeople normally make for the causes of failure and the decision making options normally available to salespeople in response to failure. Other scholars’ work expands upon Teas and McElroy’s framework to identify some common types of causal attributions and subsequent decision making behaviors (Dixon & Schertzer, 2005; Johnston & Kim, 1994; Sujan, 1986) which could lead to dysfunctional escalation of commitment.

While the theoretical underpinnings of the sales management literature on responses to failure suggest that salespeople may have a tendency to escalate commitment in response to failure, little work has been done examining this possibility. This paper addresses this gap by integrating escalation of commitment as a natural theoretical extension implied by the literature on salespeople’s responses to failure. It then goes on to propose a set of experiments designed to test prescriptions for how sales managers can help their staffs to avoid dysfunctional escalation of commitment. Given the integral importance of the sales function to business of all sizes, in all different types of industries, and the significant savings which can be realized in sales & marketing budgets by discontinuing the pursuit of failed sales prospects earlier in the sales cycle, this paper has the potential to be of significant relevance to both theoreticians and practitioners.

**THEORETICAL BACKGROUND and HYPOTHESES**

Staw and Ross’ (1978) construction of the escalation of commitment concept integrated a number of previous theoretical frameworks. Of particular relevance for this paper are escalation of commitment’s application of expectancy theory, self-justification or dissonance theory, and attribution theory. Expectancy theory (Lewin, 1938; Edwards, 1954; Rotter, 1956; Atkinson, 1964; Vroom, 1964; Porter & Lawler, 1968; Lawler, 1973), one of the predominant models of managerial motivation, suggests that managers evaluate decision alternatives rationally and select courses of action with the greatest subjective utility. Staw and Ross build upon this foundation to examine situations in which managers, in subjectively assessing the utility of decision options, come to conclusions which lead them to continue with a failing course of action – i.e., they “escalate their commitment” to their previous course of action, even though this course of action is at odds with the predictions of expectancy theory. Staw and Ross reconcile this seeming theoretical inconsistency by referencing self-justification or dissonance theory (Festinger, 1957; Aronson, 1976), which contends that in certain instances, the psychological costs of failure are so great that managers subjectively value the utility of justifying the correctness of their previous course of action higher than the utility of choosing a new course of action with a greater chance of success.

Because the escalation of commitment concept is focused on how managers respond to failure, Staw and Ross draw on some of the elements of attribution theory (Ajzen & Fishbein, 1983; Heider, 1958; Kelley, 1967) in predicting that different causal attributions for the reasons of failure will moderate the tendency to escalate commitment. Attribution theory posits that when decisions fail, managers will seek to assign causal attributions to their behavior and others’ behavior, and that subsequent decisions will be based on these causal attributions. The escalation of commitment concept predicts that managers are most likely to escalate commitment when they feel personally responsible for the previous decisions which led to a failing course of action and when they attribute the causes of failure to unstable (i.e., not likely to recur) causes (Staw & Ross, 1978).

Several authors have built on Staw & Ross’ original work to further examine the escalation of commitment phenomenon. Brockner (1992) observed that escalation is best understood in the context of several different theoretical perspectives, each at different levels of analysis. While acknowledging that justification (Brockner, 1992) and reinforcement (Brockner, Houser, Lloyd, Nathanson, Birnbaum, Deitcher, et. al., 1986) of self-identity are two of the main mechanisms at work in escalation of commitment, Brockner suggested that, at the individual level, expectancy theory and prospect theory are useful for understanding escalation; at the interpersonal and group levels, theories of group polarization, modeling processes, and self-presentation provide useful insights; and at organizational levels of analysis, escalation is best understood through theories of organizational inertia. In this same vein, other authors have noted that escalation of commitment is exhibited by both individuals and groups (Bazerman, Giuliano, & Appleman, 1984; Rutledge, 1995; Whyte, 1991, 1993). Indeed, in a group or organizational context, escalation is often accompanied by a form of information censoring, where only information which tends to justify a previous course of action gets shared openly (Caldwell & O’Reilly, 1982).

Other authors have suggested that various factors combine with the desire for self-justification to drive escalation of commitment. DeTienne, Shepherd, and Castro (2008), for example, have applied threshold theory (Gimeno, Folta, Cooper, & Woo, 1997) to the study of escalation in entrepreneurial firms and found that environmental munificence, personal investment, personal options, previous organizational success, and perceived collective efficacy impact the decision to persist with an under-performing firm, and that extrinsic motivation moderates these relationships. Harvey and Victoravich (2009) have examined level of progress and presence of an alternative project as antecedents of anticipatory emotions about possible future project success in predicting escalation behavior. He and Mittal (2007) have examined how the need for project information and the need for project completion tend to make escalation more likely at early and late project stages as opposed to in the middle of a project. Cognitive biases such as selective perception and illusion of control have also been found to inhibit problem recognition, leading to escalation (Keil, Depledge, & Rai, 2007). Other authors have even noted that escalation can take place in the absence of initial responsibility for a failed course of action, due to improper use of initial positive information (Biyalogorsky, Boulding, & Staelin, 2006) or due to the pursuit of real options (Tiwana, Keil, & Fichman, 2006).

Still other authors have looked at the impact of individual traits and cultural differences on escalation behavior. High levels of self-efficacy (Whyte, Saks, & Hook, 1997) and type A personalities (Schaubroek & Williams, 1993) have been found to correlate positively with the tendency to escalate, while neuroticism (Wong, Yik, & Kwong, 2006) has been associated with de-escalation of commitment. High general self-esteem has actually been found to discourage escalation, although high self-esteem with respect to personal decision-making ability itself has been found to increase the propensity to escalate (Sivanthan, Molden, Galinsky, & Ku, 2008). Differences in national culture have also been found to moderate escalation behavior (Greer & Stephens, 2001).

While much of the escalation of commitment literature focuses on the responses of managers to failure in large-scale organizational projects, an interesting, parallel stream of research exists in the sales management literature using expectancy theory and attribution theory to describe the responses of salespeople to failure. Integrating attribution theory and expectancy theory, Teas and McElroy (1986) developed a widely cited theoretical framework for understanding salespeople’s attributions of causality and subsequent decision making behavior following failure. The framework looks at five types of causal attributions (effort, ability, task situation, strategy, and luck) salespeople tend to assess in the face of a failed decision and five common decision making options (increase effort, seek assistance, avoid the situation, change strategy, and make no change) among which salespeople are likely to choose in determining their subsequent course of action in response to failure. Other authors’ work builds upon Teas and McElroy’s adaptation of attribution and expectancies theories to the context of sales management, lending empirical support to the idea that salespeople make attributions when they fail (Downey, Chacko, & McElroy, 1979) and make subsequent decisions based on these attributions (Dixon, Spiro, & Forbes, 2003; Dixon, Spiro, & Jamil, 2001).

Some researchers suggest that salespeople’s causal attributions, especially whether they attribute failure to a lack of effort on their part, influence their subsequent decisions to either redouble their efforts on their current course of action or change their course of action (Sujan, 1986). Others posit that attributions of failure to internal, unstable causes lead salespeople to expect that continuing on their previous course of action would be unlikely to result in additional failures (Johnston and Kim, 1994). These expectations have been found to be moderated by salesperson experience level (DeCarlo, Teas, & McElroy, 1997; Johnston & Kim, 1994) and perceptions of organizational support (DeCarlo, Teas, & McElroy, 1997).

A different group of sales management researchers have emphasized the importance of individual differences in how salespeople differ in their attributions and subsequent decisions about future actions following failure (Dixon & Schertzer, 2005; Dixon, Spiro, & Jamil, 2001). Some of these authors have stressed that higher levels of self-efficacy and higher optimism can lead salespeople to attribute failures more to unstable causes (Dixon & Schertzer, 2005). Others have emphasized that salespeople may attempt to rationalize the causes of failure (Mallin & Mayo, 2006) in order to preserve their perceptions of themselves as capable, successful professionals. This paper builds the research mentioned in the preceding three paragraphs to examine situations in which salespeople’s attributions and individual motivations can lead to dysfunctional escalation of commitment decisions in the face of failure and proposes an empirical test of sales management structures which can counteract this tendency.

A major challenge facing escalation of commitment researchers is empirically testing methods for avoiding dysfunctional escalation of commitment. Much of the research on ways to avoid escalation of commitment has centered around four specific suggestions by Staw and Ross (1987) on how managers can counteract escalation of commitment. First, Staw and Ross suggest that mangers ask themselves questions about a project designed to identify warning signs of escalation. Some support has been found for this suggestion. Maintaining a mental budget of total project costs and benefits has been found to discourage escalation of commitment (Heath, 1995), especially when decision makers are faced with the possibility of overspending set budget limits (Tan & Yates, 2002). Priming escalation-specific regret (Ku, 2008; Wong & Kwong, 2007) or an other-centered mindset (Moon, 2001) has also been suggested as a method for de-fusing the tendency to escalate (Ku, 2008). Second, Staw and Ross suggest that managers should look at a project from the perspective of outsiders. Support found for this suggestion has been mixed. The opinion of “powerful others” regarding causal attributions for failure has been found to moderate the tendency to escalate (Bateman, 1986), and seeking advice from outside advisors has been linked to less tendency to escalate on the part of entrepreneurs (McCarthy, Schoorman, & Cooper, 1993). The expectation of being held accountable by others for ignoring sunk costs has also been found to moderate the tendency to escalate (Simonson & Nye, 1992). Proper principal-agent monitoring mechanisms have been suggested as a deterrent to escalation behavior (Kirby & Davis, 1998; Zardkoohi, 2004); however, overly-frequent performance appraisals have been found to increase the tendency to escalate (Kite, Katz, & Zarzeski, 1996; McNamara, Moon, & Bromiley, 2002). Third, Staw and Ross suggest that organizations should disperse decision-making responsibility across multiple managers. Support for this suggestion has been mixed. Barton, Duchon, and Dunnegan (1989) found differences in the escalation of managers who were responsible for a prior decision and those who were not, but their data indicate greater VARIANCE in the escalation versus non-escalation behavior of managers responsible for a previous course of action, rather than a greater absolute tendency to escalate by such managers. Fourth, Staw and Ross suggest that organizations should reduce the risk of failure. Data collected by Barton, Duchon, and Dunnegan (1989) do not support this suggestion.

One interesting application of Staw and Ross’ (1987) suggestions for avoiding escalation of commitment in the context of sales management is the way in which strategic vision is communicated to the sales organization. Researchers have found that alignment of selling strategy with business strategy has a positive impact on firm performance (Leigh & Marshall, 2001; Slater & Olson, 2000; Viswanathan & Olson, 1992; Walker & Ruekert, 1987). One way of aligning selling strategy with business strategy is to communicate clearly and frequently to salespeople the vision of what an ideal customer looks like (i.e., size, structure, culture, industry, budget availability, needs/wants, purchasing decision process, etc.). Such clear and frequent communication of ideal customer vision may have an effect on salespeople similar to that of Staw and Ross’ suggestion that managers ask themselves questions about a project designed to identify warning signs of escalation. If a customer the salesperson is pursuing does not fit the profile of an ideal customer, this may be a warning sign that the salesperson is escalating commitment.

Hypothesis 1: Instable causal attributions about previously unsuccessful pursuit of a sales prospect increase the perceived efficacy of resources.

Hypothesis 2: Instable causal attributions about previously unsuccessful pursuit of a sales prospect decrease the perceived persistence of the cause of a setback.

Hypothesis 3: Instable causal attributions about previously unsuccessful pursuit of a sales prospect increase the perceived value of future outcomes.

Hypothesis 4: Consideration of a contradictory ideal customer vision when deciding whether to continue with the previously unsuccessful pursuit of a sales prospect decreases the perceived efficacy of resources.

Hypothesis 5: Consideration of a contradictory ideal customer vision when deciding whether to continue with the previously unsuccessful pursuit of a sales prospect increases the perceived persistence of the cause of a setback.

Hypothesis 6: Consideration of a contradictory ideal customer vision when deciding whether to continue with the previously unsuccessful pursuit of a sales prospect decreases the perceived value of future outcomes.

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**METHODS**

There are a variety of complexities related to the collection of sales management data which need to be considered when building a research program (Carter, Dixon, & Moncrief, 2008). Many firms’ sensitivity toward revealing their sales management practices, as well as the disruption to sales operations caused by the administration of field experiments, mean that experimental conditions can sometimes be difficult to control optimally. Therefore, this paper proposes to administer both a lab experiment and a field experiment in parallel. The lab experiment will utilize a sample of 200 graduate students enrolled at a large Midwestern university. The field experiment will utilize a sample of 200 family business owner-managers associated with a center for family and private business in a large Midwestern city. A sample size of 200 should be sufficient with respect to survey item-to-respondent ratios and should also allow for CFA to determine construct validity (Campbell & Fiske, 1959; Edwards, 2003; Hinkin, 1998). The field experiment will select subjects using probability sampling (Krosnik, 1999) to draw a representative sample of experience levels, genders, and education levels, as well as a representative sample of industries, from the family business center target population. Subjects in both experiments will be randomly assigned to experimental conditions, and both survey instruments will be administered online using Survey Monkey.

Subjects in both experiments will read either Decision-Making Scenario 1, 2, 3, or 4 (Appendix 1) and answer the decision questions in the Decision Making Survey (Appendix 1), Sections I-III (*dependent variable*). Subjects in both experiments will also be asked to answer the questions about perceived value of future outcomes and risk/uncertainty comfort level in the Decision Making Survey, Sections IV-V (*mediator variable and control variable*), as well as the questions about efficacy of resources and persistence of cause of setback in the Decision Making Survey, Sections VI-VII (*mediator variables*). Subjects in the field experiment will also be asked to answer the questions about sales management practices in the Field Experiment Behavioral Survey (Appendix 1), Section IV (*independent variable*). Subjects in the lab experiment will be asked to answer the questions about demographics (*control variables)* and attitudes *(to be used as experimental manipulation checks)* in the Lab Experiment Demographics & Control Variables Survey (Appendix 1), Sections I-II. Finally, Subjects in the field experiment will be asked to answer the questions about demographics (*control variables)* and attitudes *(to be used as experimental manipulation checks)* in the Field Experiment Demographics & Control Variables Survey (Appendix 1), Sections I-II.

The decision-making scenario involves making a decision about whether or not to continue investing further in pursuit of a target customer. In each of the experiments, one fourth of the subjects (Decision Making Scenario 2) will be told that their company’s ideal customer purchases at least once every three months (*consideration of contradictory ideal customer vision* condition – *independent variable*). One fourth of the subjects (Decision Making Scenario 3) will be told that one particular manager within the target client’s company was a strong champion for a competitor’s product, and this manager recently left the target client company (*instable causal attribution* condition – *independent variable*).One fourth of the subjects (Decision Making Scenario 4) will be exposed to both of these conditions, and one fourth of the subjects (Decision Making Scenario 1) will be exposed to neither condition. While the subjects will not actually make an actual sales budget investment decision after exposure to these conditions, this type of experimental manipulation has been proven valid by other researchers studying escalation of commitment (Barton, Duchon, & Dunegan, 1989; Bazerman, Giuliano, & Appleman, 1984).

The *dependent variable* in each of the experiments is escalation of commitment. Subjects who choose option (B) in the Decision Making Survey, Section I will be considered to be exhibiting escalation behavior. Subjects who choose lower percentage probabilities of success for the large target client in the Decision Making Survey, Section II will also be considered to be exhibiting higher levels of escalation behavior. Finally, subjects who choose higher Likert-scale numbers for the three questions in the Decision Making Survey, Section III will be considered to be exhibiting escalation behavior.

The *independent variable* in each of the experiments is discussion of potential future courses of action with outside advisors. This will first be operationalized as a categorical variable (two conditions) and will be manipulated experimentally as outlined above. In each of the experiments, the subjects in the *discussion with outside advisors* condition will also be asked to answer the questions in the Decision Making Survey, Section VIII (*independent variable*). Subjects who choose higher Likert-scale numbers for the six questions in the Decision Making Survey, Section VIII will be considered to be more influenced by discussion with outside advisors in their respective levels of escalation of commitment (questions 1-3), perception of the value of future outcomes (question 4), perception of efficacy of resources (question 5), and perception of persistence of causes of setbacks (question 6). In the field experiment, discussion of potential courses of action with outside advisors will also be measured via the survey questions in the Field Experiment Behavioral Survey, Section I. Answers to these questions will be assigned the numerical values listed next to them in the survey, and these values will be summed to create a continuous variable with values ranging from 1 to 8, with higher numbers corresponding to higher levels of formality and frequency in the use of outside advisors. Finally, field study subjects’ responses to the questions in the Field Experiment Behavioral Survey, sections II and III will be summed to create indices for discussion of efficacy of resources with outside advisors (section II) and discussion of persistence of cause of setbacks (section III) with outside advisors. Higher values for these indices represent more discussion of each of these respective topics with outside advisors.

The *mediator variables* in each of the experiments are efficacy of resources, persistence of cause of setback, and perceived value of future outcomes. Subjects who choose higher Likert-scale numbers for the five questions in the Decision Making Survey, Section VI will be considered to have higher perceptions of the efficacy of resources. Subjects who choose higher Likert-scale numbers for the five questions in the Decision Making Survey, Section VII will be considered to have higher perceptions of the persistence of the cause of setback. The total scores for perceived efficacy of resources and perceived persistence of cause of setback will be added together and considered a representation of perceived probability of future outcomes, which will not be measured directly. Subjects who choose higher Likert-scale numbers for the five questions in the Decision Making Survey, Section IV will be considered to have higher perceptions of the value of future outcomes.

There is a well established tradition of conducting laboratory experiments as the preferred method for testing escalation of commitment (Staw, 1976; Staw & Fox, 1977; Staw & Ross, 1978; Keil, Depledge, & Rai, 2007 among others). Given the perhaps unfair criticism of low external validity (Mook, 1983) which has been leveled at the escalation of commitment research stream due to its frequent use of student subjects, there is also a precedent for analyzing escalation of commitment using field experiments (Barton, Duchon, & Dunegan, 1989). Finally, there is also a precedent for analyzing escalation of commitment using survey research (McCarthy, Schoorman, & Cooper, 1993). However, the present author is not aware of any studies utilizing the combination of multiple methods proposed in this paper. If the data collection proposed above can be carried out successfully, and the results provide support for the hypotheses advanced above, this study may well represent a methodological improvement over past work on escalation of commitment.

**ANALYSIS**

The theoretical model presented in Figure 1 proposes that responsibility for a prior failed decision exercises a direct effect on escalation of commitment behavior, and that causal attributions for failure and consideration of ideal customer vision each exercise a moderating effect (Baron & Kenny, 1986; Muller, Judd, & Yzerbyt, 2005; Zhao, Lynch, & Chen, 2010) on this relationship. The experiments in this paper are set up in a 2x2 design, manipulating stability of causal attribution and consideration of ideal customer vision. Responsibility will not be manipulated, since prior results in the literature have already established the effect of responsibility on escalation behavior (Staw, 1976; Staw & Ross, 1978; Barton, Duchon, & Dunegan, 1989). Based on the theoretical model, escalation of commitment behavior is expected to be highest when a decision maker attributes a failure to instable causes and does not consider whether a target client matches the company’s vision of an ideal customer when making a decision about whether to continue to pursue the target client. Escalation behavior is expected to be lowest when a decision maker attributes a failure to stable causes and considers that the target client does not match the company’s vision of an ideal customer when making a decision about whether to continue to pursue the target client. Experimental subjects who either (a) attribute the failure to stable causes or (b) do not consider whether a target client matches the company’s vision of an ideal customer when making a decision about whether to continue to pursue the target client, but not both, are expected to exhibit moderate levels of escalation behavior.

In line with previous authors who have studied escalation of commitment using experimental methods (Staw, 1976; Staw & Ross, 1978; Barton, Duchon, & Dunegan, 1989), ANOVA analyses of the experimental blocks are proposed to determine whether the means of the experimental groups’ escalation of commitment behaviors are significantly different. In order to confirm the hypotheses in this paper, F-values for significance tests of the differences in means across multiple experimental groups should ideally be above 4 and significant at least at the p<0.05 level. T-values for significance tests of the differences in means between individual experimental groups should also exhibit similar results. Table 1 depicts the expected results necessary to confirm hypotheses 1-3.

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**GENERAL DISCUSSION, LIMITATIONS, AND IMPLICATIONS FOR THEORY AND PRACTICE**

Several scholars have called for research to increase our understanding of salespeople’s responses to failure (DeCarlo, Teas, and McElroy 1997). As mentioned in the introduction, this paper integrates escalation of commitment as a natural theoretical extension implied by the literature on salespeople’s responses to failure. The set of experiments proposed above has the potential to expand theory on responses to failure. In particular, it may help to explain prior non-significant findings in the sales management literature (Dixon & Schertzer, 2005) regarding the decisions salespeople make about subsequent courses of action following failure.

This research could also be of significant value for practitioners. In particular, it could empirically confirm the efficacy of tactics which can be employed by managers in a variety of firms to improve efficiency and profitability by discontinuing the pursuit of failed sales prospects earlier in the sales cycle.

Despite the potential this paper has to contribute to theory and practice, the research proposal contained herein has a number of limitations. First, it relies partially on a student sample and thus may have limited external validity until the second phase of experiments has been performed. While a variety of authors have defended the use of student samples for theory development (Kardes, 1996; Mook, 1983), this is still an issue which this paper has attempted to address by utilizing both a student sample and a practitioner sample. Second, this research proposes significant textual alterations and extensions to an experimental script utilized previously by Barton, Duchon, and Dunegan (1989). The research also proposes a large number of previously untested survey measures. Theses alterations and new measures require that the script be reevaluated to confirm that the manipulations are valid, stimuli are properly sampled, Type III error is avoided, and power is appropriate (Highhouse, 2009), and that the survey items be evaluated to establish acceptable validity and reliability (Hinkin, 1998). This paper attempts to address this problem by administering the experiments in two phases, a pilot phase and a main phase, adjusting the scripts and surveys as appropriate after the pilot phase. Third, these experiments are somewhat susceptible to common method bias (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). This is addressed to a certain extent by having two different experiments, each using a separate set of subjects. However, future research utilizing additional data sources could strengthen the findings of this paper’s proposed research. Fourth, this research runs some risk of self-report bias (Spector, 1994) and the related social desirability bias (Krosnik, 1999) which may come with it. Respondents may report responses to the experimental questions proposed above based on what they think they should feel and decide, rather than what they actually would feel and decide in a real-world situation. Future research which utilizes quasi-experiments (Grant & Wall, 2009), action research methods, or a case study approach may be able to more accurately reflect the complexities of salespeople’s real-time responses to failure. Fifth, proposed administration of the survey and experimental instruments online may result in non-response bias (Foster Thompson & Surface, 2007) and may compromise the author’s ability to identify and diagnose data collection problems (Smith, Budzeika, Edwards, Johnson, & Bearse 1986). This could be addressed by utilizing pen-and-paper experiments in future experiments to cross check the validity of results. Finally, the proposed field study sample population is skewed toward smaller, family owned & managed organizations. This could be addressed by conducting future research with larger organizations with partnership, limited liability corporate, and other types of ownership structures in order to generate a range of findings across different types of organizations.

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**FIGURE 1**

Responsibility for negative consequences

Motivation to justify previous decisions

Internal needs for competence

External demands for competence

Foreseeability of outcomes

r

Other implicating & exonerating information

r

Commitment to a course of action

**Decision Input 1**

**Decision Input 2**

**Decision Input 3**

Previous

choice

**New Antecedents/Mediators**

Retrospective rationality

Modeling

**H3, H6**

Stability of causal attribution

Consideration of ideal customer vision

Persistence of cause of setback

Efficacy of resources

**Decision Input 4**

Negative consequences

Cultural norms and socialization

Organizational al norms and socialization

Prospective rationality

Perceived value of future outcomes

Prospective rationality

Perceived probability of future outcomes

Norms for consistency

**H2, H5**

**H1, H4**

**TABLE 1**

|  |  |  |
| --- | --- | --- |
|  | **Failure attributed to instable cause?** | **Contradictory ideal customer vision not considered?** |
| **Yes** | Moderate escalation | High escalation |
| **No** | Low escalation | Moderate escalation |

**APPENDIX 1**

**FIELD EXPERIMENT BEHAVIORAL SURVEY**

**Section I**

1. To what extent do you use outside advisors when making important decisions about the company?
   1. I largely make important decisions without consulting with outsiders.
   2. I informally consult with outside advisors whose opinion I trust.
   3. I have a formal advisory board.
2. If you have a formal advisory board, are the members compensated?
3. No
4. Yes
5. If you have a formal advisory board, how often does the board meet?
6. Less than once a year
7. Annually
8. Quarterly
9. Monthly
10. More than once a month

**Section II**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. I discuss my company’s sales capabilities with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss my company’s operational capabilities with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss my company’s strategic positioning with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss my company’s competitive positioning with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss the overall efficacy of my company’s resources with my advisors. | 1 2 3 4 5 6 7 |

**Section III**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. I discuss the reasons for my company’s sales shortcomings with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss the reasons for my company’s operational shortcomings with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss weaknesses in my company’s strategic positioning with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss weaknesses in company’s competitive positioning with my advisors. | 1 2 3 4 5 6 7 |
| 1. I discuss the overall reasons for my company’s failures with my advisors. | 1 2 3 4 5 6 7 |

**Section IV**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. My company has clear criteria for when to discontinue pursuit of a sales lead. | 1 2 3 4 5 6 7 |
| 1. My company has a clear idea of the minimum dollar value which a sales lead should represent. | 1 2 3 4 5 6 7 |
| 1. My company has a clear definition of the customer needs which we fulfill. | 1 2 3 4 5 6 7 |
| 1. My company has a clear definition of who the typical customer decision-maker is. | 1 2 3 4 5 6 7 |
| 1. My company has a clear idea of how much time it should take to close a sales deal. | 1 2 3 4 5 6 7 |
| 1. My company has a clear definition of our competitive strengths compared to the customer’s other purchasing options. | 1 2 3 4 5 6 7 |
| 1. My company has a clear definition of our competitive weaknesses compared to the customer’s other purchasing options. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on total revenues. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on number of closed sales. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on amount of time spent with sales leads. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on total number of sales leads. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on the type of information gathered from customers. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on the type of questions asked of customers. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on the amount of time required to close a sale. | 1 2 3 4 5 6 7 |
| 1. My company sets sales goals based on the number of sales leads in different stages of the purchasing decision process. | 1 2 3 4 5 6 7 |

**Section V**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. I am more proud of what I do in this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I have more schedule flexibility in this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I have a better quality of life because of this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I have more fun at this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I spend more time with family because of this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I spend more time with friends because of this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I experience less stress in this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |
| 1. I can be more creative in this job than I would if I were doing something else at another company. | 1 2 3 4 5 6 7 |

**Section VI**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. I consider the book value of present revenue streams when assessing the overall financial value of this business. | 1 2 3 4 5 6 7 |
| 1. I consider potential, future revenue streams when assessing the overall financial value of this business. | 1 2 3 4 5 6 7 |
| 1. I consider the book value of current assets when assessing the overall financial value of this business. | 1 2 3 4 5 6 7 |
| 1. I consider the future investment potential of current assets when assessing the overall financial value of this business. | 1 2 3 4 5 6 7 |
| 1. I often speak with friends and associates about the positive potential of my business. | 1 2 3 4 5 6 7 |
| 1. I often hear news stories about the positive potential of my industry. | 1 2 3 4 5 6 7 |

**DECISION MAKING SCENARIO 1**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 2**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

Your company’s ideal customer purchases at least once every three months.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 3**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

One particular manager within the target client’s company was a strong champion for a competitor’s product, and this manager recently left the target client company.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 4**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

One particular manager within the target client’s company was a strong champion for a competitor’s product, and this manager recently left the target client company.

Your company’s ideal customer purchases at least once every three months.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 5**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

You have just finished discussing your sales strategy with your accountant, your main investor, and your mentor. The discussion ranged over a variety of topics, all of them related to potential new customers. Your advisors agreed that the target client would represent a big victory for your company, but they also mentioned a number of potential new customers who your company is currently not pursuing. They also STRONGLY WARNED YOU that the large target client you are pursuing is a “tough nut to crack” and sometimes strings along potential vendors for months or even years without making a purchase. Sales with the new customers suggested by your advisors could range from $250,000 to $500,000 per customer, and your advisors have suggested that it might be easier to close sales with some of these new customers than with the large target client. However, it will take at least six months to a year to get in touch with these customers and develop relationships, and there is no guarantee of success in closing sales with any of them. The new customers, like the large target client, fit with your sales strategy. Some of the new customers could represent ongoing streams of revenue for future years, and others could be one-off sales.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 6**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

You have just finished discussing your sales strategy with your accountant, your main investor, and your mentor. The discussion ranged over a variety of topics, all of them related to potential new customers. Your advisors agreed that the target client would represent a big victory for your company, but they also mentioned a number of potential new customers who your company is currently not pursuing. They also STRONGLY WARNED YOU that the large target client you are pursuing is a “tough nut to crack” and sometimes strings along potential vendors for months or even years without making a purchase. Sales with the new customers suggested by your advisors could range from $250,000 to $500,000 per customer, and your advisors have suggested that it might be easier to close sales with some of these new customers than with the large target client. However, it will take at least six months to a year to get in touch with these customers and develop relationships, and there is no guarantee of success in closing sales with any of them. The new customers, like the large target client, fit with your sales strategy. Some of the new customers could represent ongoing streams of revenue for future years, and others could be one-off sales.

Your company’s ideal customer purchases at least once every three months.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 7**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

You have just finished discussing your sales strategy with your accountant, your main investor, and your mentor. The discussion ranged over a variety of topics, all of them related to potential new customers. Your advisors agreed that the target client would represent a big victory for your company, but they also mentioned a number of potential new customers who your company is currently not pursuing. They also STRONGLY WARNED YOU that the large target client you are pursuing is a “tough nut to crack” and sometimes strings along potential vendors for months or even years without making a purchase. Sales with the new customers suggested by your advisors could range from $250,000 to $500,000 per customer, and your advisors have suggested that it might be easier to close sales with some of these new customers than with the large target client. However, it will take at least six months to a year to get in touch with these customers and develop relationships, and there is no guarantee of success in closing sales with any of them. The new customers, like the large target client, fit with your sales strategy. Some of the new customers could represent ongoing streams of revenue for future years, and others could be one-off sales.

One particular manager within the target client’s company was a strong champion for a competitor’s product, and this manager recently left the target client company.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SCENARIO 8**

Assume that you are the owner and CEO of a small business with annual revenues of $5 million. Your company typically allocates roughly 10% of expected sales for expenses associated with securing sales. Six months ago, you allotted $100,000 to be used for demonstrations and support personnel costs in pursuit of a particular new client, because you anticipated a sale of $1 million. To date, roughly $60,000 of the allocation has been spent, but the client shows no signs of being close to a purchase decision.

The target client is one of the largest companies in the Midwest. It utilizes products very similar to yours in its daily operations. Your product is actually superior to the products it currently purchases from your two main competitors, and neither of these competitors seems capable of developing a better product any time soon. You have spent several years doing your homework and cultivating contacts with this client, and each time you get to know more contacts at the firm, you discover more employees who speak favorably of your product compared to the products of the competition. Securing a sale with this client would represent a big victory for your company and would likely ensure a stable stream of revenue for several years to come.

You have just finished discussing your sales strategy with your accountant, your main investor, and your mentor. The discussion ranged over a variety of topics, all of them related to potential new customers. Your advisors agreed that the target client would represent a big victory for your company, but they also mentioned a number of potential new customers who your company is currently not pursuing. They also STRONGLY WARNED YOU that the large target client you are pursuing is a “tough nut to crack” and sometimes strings along potential vendors for months or even years without making a purchase. Sales with the new customers suggested by your advisors could range from $250,000 to $500,000 per customer, and your advisors have suggested that it might be easier to close sales with some of these new customers than with the large target client. However, it will take at least six months to a year to get in touch with these customers and develop relationships, and there is no guarantee of success in closing sales with any of them. The new customers, like the large target client, fit with your sales strategy. Some of the new customers could represent ongoing streams of revenue for future years, and others could be one-off sales.

Your company’s ideal customer purchases at least once every three months.

One particular manager within the target client’s company was a strong champion for a competitor’s product, and this manager recently left the target client company.

Please answer the questions in the Decision Making Survey on the following pages.

**DECISION MAKING SURVEY**

**Section I**

Please choose one of the following options. Most of the questions in the rest of the questionnaire will be based on this choice.

1. Invest the remaining $40,000 of allocated sales budget mentioned in the decision making

scenario in pursuit of new potential customers.

1. Invest the remaining $40,000 of allocated sales budget mentioned in the decision making

scenario in pursuit of the large target client.

**Section II**

The choice above involves risk. No matter which choice you make, you don’t know whether your choice will end up leading to a successful sale or whether it will be a waste of money.

At what probability of success would you feel comfortable “pulling the trigger” and investing the remaining $40,000 in pursuit of NEW POTENTIAL CUSTOMERS? This is NOT what you think the probability of success ACTUALLY is, but rather what the MINIMUM probability would have to be for you to feel comfortable with choosing this decision option.

Less than 10% 20% 30% 40% 50% 60% 70% 80% 90% Above

10% 90%

At what probability of success would you feel comfortable “pulling the trigger” and investing the remaining $40,000 in pursuit of THE LARGE TARGET CLIENT? This is NOT what you think the probability of success ACTUALLY is, but rather what the MINIMUM probability would have to be for you to feel comfortable with choosing this decision option.

Less than 10% 20% 30% 40% 50% 60% 70% 80% 90% Above

10% 90%

**Section III**

Assuming you have invested the rest of the budget money AS YOU INDICATED IN SECTION I ABOVE, please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. Investing the remaining money in pursuit of this course of action is a wise decision. | 1 2 3 4 5 6 7 |
| 1. I am following the best possible course of action. | 1 2 3 4 5 6 7 |
| 1. This course of action is critical to the company’s success. | 1 2 3 4 5 6 7 |

**Section IV**

Assuming you have invested the rest of the budget money AS YOU INDICATED IN SECTION I ABOVE, please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. The predicted profit from this course of action is higher than other courses of action I could pursue. | 1 2 3 4 5 6 7 |
| 1. My company is well positioned to pursue this course of action. | 1 2 3 4 5 6 7 |
| 1. I am pursuing this course of action because there is potential for significant profit. | 1 2 3 4 5 6 7 |
| 1. Pursuing this course of action is more desirable than other potential courses of action. | 1 2 3 4 5 6 7 |
| 1. There are many ways in which this course of action could succeed. | 1 2 3 4 5 6 7 |

**Section V**

Different individuals have different levels of comfort with risk and uncertainty. How would you characterize yourself?

Low Level of Comfort with Medium Level of Comfort with High Level of Comfort with

Risk Risk Risk

Low Level of Comfort with Medium Level of Comfort with High Level of Comfort with

Uncertainty Uncertainty Uncertainty

**Section VI**

Assuming you have invested the rest of the budget money AS YOU INDICATED IN SECTION I ABOVE, please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. My company’s sales capabilities are sufficient to succeed with my current course of action. | 1 2 3 4 5 6 7 |
| 1. My company’s operational capabilities are sufficient to succeed with my current course of action. | 1 2 3 4 5 6 7 |
| 1. My company’s strategic positioning is sufficient to succeed with my current course of action. | 1 2 3 4 5 6 7 |
| 1. My company’s competitive positioning is sufficient to succeed with my current course of action. | 1 2 3 4 5 6 7 |
| 1. Overall, my company is capable of succeeding with my current course of action. | 1 2 3 4 5 6 7 |

**Section VII**

Assuming you have invested the rest of the budget money AS YOU INDICATED IN SECTION I ABOVE, please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. The reasons for my company’s sales shortcomings are likely to recur in the future. | 1 2 3 4 5 6 7 |
| 1. The reasons for my company’s operational shortcomings are likely to recur in the future. | 1 2 3 4 5 6 7 |
| 1. The weaknesses in my company’s strategic positioning are likely to remain the same in the future. | 1 2 3 4 5 6 7 |
| 1. The weaknesses in my company’s competitive positioning are likely to remain the same in the future. | 1 2 3 4 5 6 7 |
| 1. The overall reasons for my company’s failures are likely to recur in the future. | 1 2 3 4 5 6 7 |

**Section VIII**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. The advice of my advisors influenced my choice of option A or B in Section I above. | 1 2 3 4 5 6 7 |
| 1. The advice of my advisors influenced my choice of probability level for pursuit of the large target client in Section II above. | 1 2 3 4 5 6 7 |
| 1. The advice of my advisors influenced one or more of my answers in Section III above. | 1 2 3 4 5 6 7 |
| 1. The advice of my advisors influenced one or more of my answers in Section IV above. | 1 2 3 4 5 6 7 |
| 1. The advice of my advisors influenced one or more of my answers in Section VI above. | 1 2 3 4 5 6 7 |
| 1. The advice of my advisors influenced one or more of my answers in Section VII above. | 1 2 3 4 5 6 7 |

**LAB EXPERIMENT DEMOGRAPHICS & CONTROL VARIABLES SURVEY**

**Section I**

Please respond to the following questions:

* *Name (optional) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *Email Address (optional) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *Gender (Options: Male/Female)*
* *Age \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*
* *Year in school (Options: Freshman/Sophomore/Junior/Senior/*

*Masters/PhD)*

* *Have you ever worked as a (Options: Yes/No)*

*salesperson?*

* *If so, how long? (Options: less than 3 months/3-6 months/6-12 months/*

*1-2 years/3-5 years/5-10 years/over 10 years)*

**Section II**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. The decision I made in this survey were important. | 1 2 3 4 5 6 7 |
| 1. The course of action I chose in this survey involves a high level of risk. | 1 2 3 4 5 6 7 |
| 1. The course of action I chose in this survey involves a high level of uncertainty. | 1 2 3 4 5 6 7 |

**FIELD EXPERIMENT DEMOGRAPHICS & CONTROL VARIABLES SURVEY**

**Section I**

Please respond to the following questions:

* Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Email Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Phone Number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Gender \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Age \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Principal Industry of Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(SIC Code)

* Size of Company – Employees (Options: 1 to 2 employees/3 to 5 employees/5 to 10

employees/10 to 25 employees/25 to 50 employees/50 to 100 employees/100 to 500 employees/more than 500 employees.)

* Size of Company – Revenues (Options: Less than $250k/$250k to $500k/$500k to $1

million/$1 million to $5 million/$5 million to $10 million/$10 million to $25 million/$25 million to $50 million/$50 million to $100 million/more than $100 million.)

* Have you ever, or do you (Options: Yes/No)

currently, work as a

salesperson?

* If so, how long? (Options: less than 3 months/3-6 months/6-12 months/

1-2 years/3-5 years/5-10 years/over 10 years)

* Do you have an ownership (Options: Yes/No)

stake in this business?

* If so, how much (in %)? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Was ownership of the business (Options: Yes/No)

passed down from one

generation of a family to

another, or will it be in the

future?

* If so, what generation of the (Options: Founders (1st Generation)/Children of founders

family currently owns the (2nd Generation)/Grandchildren of founders (3rd

company? Generation)/Greater than 3rd Generation)

* If multiple generations own the (Options: Founders (1st Generation)/Children of founders

company, which generation is (2nd Generation)/Grandchildren of founders (3rd

principally in control? Generation)/Greater than 3rd Generation)

* What do you consider the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

the current financial value

of the company to be?

**Section II**

Please state the extent to which you disagree or agree with the following statements:

Strongly Strongly

Disagree Agree

|  |  |
| --- | --- |
| 1. The decision I made in this survey were important. | 1 2 3 4 5 6 7 |
| 1. The course of action I chose in this survey involves a high level of risk. | 1 2 3 4 5 6 7 |
| 1. The course of action I chose in this survey involves a high level of uncertainty. | 1 2 3 4 5 6 7 |