

# Linking managerial behaviours to sales performance

## Management Behaviour

Using client data where store managers with one of Australia's leading retailers had experienced the Human Synergistics Life Styles Inventory (LSI) feedback on two occasions, the researchers (Deakin University) examined the relationship between individual store managers' improvements in management styles/behaviours and improvements in store performance. The results showed that where individual managers developed more constructive management styles, this was reflected in increased store sales, reduced stock shrinkage and reduced staff turnover. In an economic analysis of ROI, their data showed a 980% return from the training programme.

### Inquiry

Although we all believe that developing more constructive managerial behaviours improves individual effectiveness, does this then flow on into improved performance in terms of measurable outcomes?

### Research Opportunity

After working with one of Australia's leading retail organisations for several years, a proposal was made to use the Life Styles Inventory (LSI) data to determine the links (if any) between improvements in individual managers' behaviours and store performance in terms of sales growth. Since the LSI had been used on two different occasions to measure and feedback managers' behaviours and styles (self-perception and feedback from others), the opportunity arose to measure changes over time and correlate this data with sales growth during that period.

Chris Doucouliagos and Pasquale Sgro of Deakin University were invited to undertake the research on an independent basis, incorporating this into their multi-organisation study - "Enterprise Return on a Training Investment" sponsored by the National Centre for Vocational Research Limited (NCVER).

### Research Design

Of the Store Managers participating in the management development programme, 39 had remained in and managed the same stores during the period between both administrations of the LSI. The study was thus limited to these managers, allowing for data analysis on both behavioural change over time and changes in store sales over the same period. This was then done through a 'matched pairs' research design.

The study then set out to identify:

- Changes in behaviour between 'pre' and 'post' test measurements
- Changes in behaviours related to changes in sales
- Financial cost/benefit analysis to determine ROI for the training expenditure.

### Results

**Managers showed significant improvements in observed behaviours during the period.**

Table 1 shows those styles that were statistically significant and the proportion of managers who improved in their behaviour:

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**Humanistic-encouraging and achievement styles drive sales growth**

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What is particularly encouraging is that these managers showed statistically significant changes in 9 out of the 12 styles measured, including all 4 of the constructive styles.

**There was a significant relationship between changes towards more constructive management behaviours and increases in store sales.**

A multivariate analysis process was used to factor out all other influences on sales growth, including competitive environment, so that it could be established whether or not the changes in managerial behaviours did in fact have an impact on sales growth. Through this, the researchers could be confident that where any correlations did occur, they were due to changes in management behaviours rather than some other impact (eg marketing initiatives, changes in store size etc).

The results showed:

- Sales growth is positively associated with Humanistic-encouraging styles
- Sales growth is positively associated with Achievement styles
- Sales growth is negatively associated with Affiliative Styles

**The training programme had an ROI of 980%**

A cost/benefit analysis was undertaken to identify the 'return on investment' (if there was one) for the training programme. The identified costs and benefits are shown in Table 2.

With the identified sales growth, reduced stock shrinkage and reduced staff turnover (the average staff turnover fell by 37%), the quantifiable rate of return on cost was 980%, or \$10.80 for every \$1 spent.

Table 1

Improvement through increasing Constructive behaviours	% Proportion Improving
Achievement	52
Self-actualising	61
Humanistic-encouraging	50
Affiliative	43

  

Improvement through improving Defensive behaviours	% Proportion Improving
Conventional	94
Dependent	88
Avoidance	50
Power	76
Perfectionistic	94

Table 2

Cost	Benefits
Consultant fees	Additional sales
Material costs	Reduced cost shrinkage
Cost of venues etc.	Reduced staff turnover
Travel time	
Labour costs - store managers	
Labour costs - trainer	



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