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The Ties That Buy: The Role of Interfirm Social Contagion Across Customer Accounts

Wm. Matthew Bowler, Robert Dahlstrom, Matthew T. Seevers, and Steven J. Skinner

The Effects of Leader–Member Exchange and Organizational Identification on Performance and Turnover Among Salespeople

James B. DeConinck

Management Practices in Solution Sales—A Multilevel and Cross-Functional Framework

Kaj Storbacka, Pia Polsa, and Maria Sääksjärvi

A Global Perspective on the Current State of Sales Education in the College Curriculum

Dawn R. Deeter-Schmelz and Karen Norman Kennedy

A Cross-Generational Comparison of Motivational Factors in a Sales Career Among Gen-X and Gen-Y College Students

Denny Bristow, Douglas Amyx, Stephen B. Castleberry, and James J. Cochran

MANAGEMENT PRACTICES IN SOLUTION SALES—A MULTILEVEL AND CROSS-FUNCTIONAL FRAMEWORK

Kaj Storbacka, Pia Polsa, and Maria Sääksjärvi

Business-to-business sales has changed from being an isolated function with little cross-functional influence to becoming an integrated part of long-term customer management and from an operational practice to a strategically focused part of business strategy. This suggests a need to change the unit of analysis from the activities and attributes of the salesperson toward strategic and managerial practices. This research, involving nine multinationally operating firms, identifies management practices pertinent to solution sales, develops a multilevel and cross-functional framework for the management of solution sales, and shows that managerial and strategic practices have statistically significant hierarchical relationships with overall sales performance.

Business-to-business firms are increasingly moving from a goods-dominant logic toward a service-dominant logic (Cova and Salle 2008; Sheth and Sharma 2008; Vargo and Lusch 2008), applying business models that build on the cocreation of value (Normann 2001; Prahalad 2004; Storbacka and Nenonen 2009; Vargo, Maglio, and Akaka 2008). In the literature, such business models are discussed in terms of moving from selling products toward selling solutions, or toward systems selling (Brady, Davies, and Gann 2005; Davies, Brady, and Hobday 2006; Dunn and Thomas 1986; Millman 1996), moving downstream in the value chain (Wise and Baumgartner 1999), transitioning from products to services (Oliva and Kallenberg 2003), or increasing customer productivity (Leigh and Marshall 2001). Typical characteristics of these business models are longitudinal processes of collaboration that involve several functions of both the buying and the selling organization (Spekman and Carraway 2006; Ulaga and Eggert 2006). As a result of the overall changes in business models, the role, function, and process of sales has changed from an operational, product-based, and transactional role toward a more strategic, customer-focused and relational process of solution sales (Moncrief and Marshall 2005; Sheth

and Sharma 2008; Wotruba 1996). According to Tuli, Kohli, and Bharadwaj, “selling solutions is a complex exercise that involves the consideration of conflicting requirements of multiple stakeholders in a customer organization and sales cycles lasting up to two years” (2007, p. 14).

SALES MANAGEMENT PRACTICES AS THE UNIT OF ANALYSIS

The transformation toward solution sales has meant changes on at least two, somewhat interdependent, continuums (Jones et al. 2005; Leigh and Marshall 2001; Storbacka et al. 2009; Workman, Homburg, and Jensen 1998). First, sales has changed from being an independent, isolated function with little cross-functional influence to becoming a pivotal and integrated cross-functional part of long-term customer management (Arnett and Badrinarayanan 2005; Homburg, Workman, and Jensen 2000; Narus and Anderson 1995; O’Leary-Kelly and Flores 2002; Olhager, Rudberg, and Wikner 2001; Singh and Rhoads 1991; Weitz and Bradford 1999).

Second, sales has changed from an *operationally focused* practice toward a *strategically focused* part of business strategy (Ingram, LaForge, and Leigh 2002; Jones et al. 2005; Leigh and Marshall 2001; Storbacka et al. 2009; Williams and Plouffe 2007). Sales is increasingly involved not only in executing strategy but also in driving strategic initiatives toward both the customers and the organization (Flaherty and Pappas

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2009; Johnson, Barksdale, and Boles 2001; Olson, Crawens, and Slater 2001).

These changes suggest an adjustment of the primary unit of analysis in sales research. Williams and Plouffe (2007) propose a shift from the salesperson to the sales function as the unit of analysis (Tanner 2002). Furthermore, Sheth and Sharma (2008) argue for a similar shift toward understanding sales and sales management practices, and Ingram (2004), Ingram, LaForge, and Leigh (2002), and Olson, Crawens, and Slater (2001) emphasize the role of sales strategy.

More research is also needed with regard to the challenges pertaining to interfaces between sales and other functions. Storbacka et al. report that in solution selling, “the really important cross-functionalities are with finance, manufacturing, supply, engineering, and servicing” (2009, p. 903). Moreover, as Spekman and Carraway suggest, the transition toward collaborative solution selling requires a better understanding of the needed new capabilities “without which any collaboration is apt to run into insurmountable obstacles” (2006, p. 12).

Research Setup

This research aims at contributing to the above-discussed research gaps by focusing on strategic and managerial issues in solution sales. Drawing on Blois and Ramirez (2006), we define solution sales as “a relational capability, involving task-dedicated actors/roles who orchestrate the interaction and exchange practices between the firm and its existing and new customers in order to achieve business goals.” This type of sales is performed at multiple (conceptual and managerial) levels and requires alignment of multiple functions in the firm, which in turn will require specific sets of management practices, dedicated to the management of solution sales.

The purpose of the research is to (1) identify management practices pertinent to solution sales, (2) develop a multilevel and cross-functional framework for the management of solution sales, and (3) investigate how different management practices, or sets of practices, affect overall sales performance.

The research was carried out in the Netherlands between September 2007 and April 2008, and involved a group of five sales management experts, as well as a group of nine multinational firms headquartered in Belgium, Finland, Germany, the Netherlands, and the United States, operating in different industries: management consulting, textiles, consumer electronics, elevators and escalators, office furniture, insurance, document handling, engineering, and training. The participating case firms all sell solutions rather than pure goods or services, and participated in the process as they have a keen interest in exploring the transformation from product sales to solution sales.

During the abductive research process (Dubois and Gadde 2002), we used a parallel mixed methods (Creswell and Plano

Clark 2007) approach, with different sources of data and methods of data collection, and simultaneous literature reviews. The research process depicted in Figure 1 consisted of three phases: (1) framework development, (2) analysis, and (3) interpretation. Two full-day research workshops were held after each of the two first phases. Throughout the phases, qualitative and quantitative methods were used in parallel in a continuous dialogue indicated by the arrows in the figure. As the research process progressed, the role of qualitative research decreased and the focus was more on quantitative research.

The data consist of five expert interviews, interviews with nine executives from the participating case firms, documented interactions between the research team and 18–22 senior managers from the case firms during two full-day workshops, and quantitative data using measures that cover 68 identified management practices collected from an additional 135 respondents in the case firms.

QUALITATIVE RESEARCH PROCESS

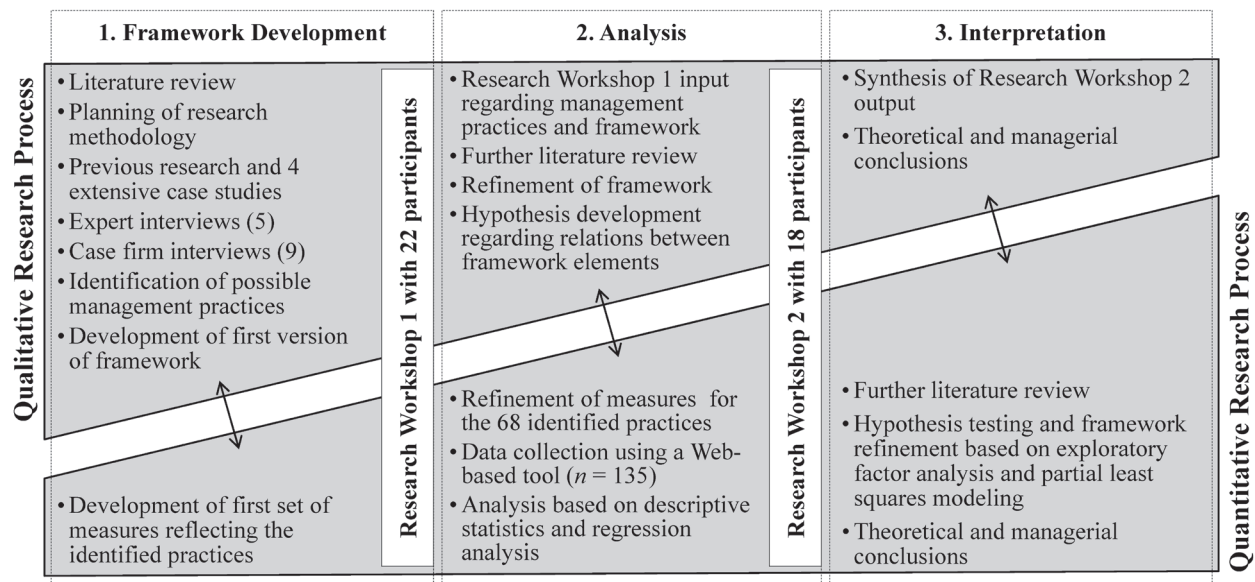
The qualitative research focuses on identifying practices related to the management of solutions sales, creating a framework by categorizing the identified practices into practice elements and building blocks, and developing hypotheses of how the building blocks and overall sales performance are related.

In order to deepen our preunderstanding, we (1) reviewed the literature; (2) conducted five expert interviews, lasting between 80 and 120 minutes, including one “reflective practitioner” from Finland who had been involved in a large-scale process transforming a firm from product to solution sales, three senior management consultants from Finland, Germany, and the Netherlands working with solution sales engagements, and one experienced executive education professional from the Netherlands; and (3) conducted interviews separately with each of the participating case firms: in all, nine personal interviews of individual senior-level executives or their direct reports, lasting between 73 and 95 minutes.

We followed a purposive sampling approach (e.g., Eisenhardt 1989; Patton 2002; Wallendorf and Belk 1989), where the content of each discussion was built on the basis of previous responses. This allowed us to gradually build the framework as the interviews progressed. After each set of interviews, the data were categorized according to the data analysis process of Spiggle (1994) and Strauss and Corbin (1990), building on emerging previous categories.

At an early stage of the research, it became clear that, although our focus was on the management practices, the operational sales process practices also had to be included in the framework. The framework also had to cover the “operational sales practices to be managed.” Hence, the collected data focused on identifying practices on all three levels (strategic, managerial, and operational). After having

Figure 1
Research Process



positioned the identified practices on a specific level, we categorized them into “practice elements” consisting of identical or similar practices. These practice elements were grouped into “building blocks,” that is, larger sets of interconnected practice elements. The practices, practice elements, and the building blocks were named and discussed as they emerged during the interviews.

As a part of the process, two full-day research workshops were held, involving 18–22 representatives of the case firms. The workshops were directed at getting participants’ comments to the framework (the set of practices, practice elements, and building blocks). After a detailed briefing, the participants from the case firms were divided into groups of 4–6 people and they were asked to relate their solution sales process and model to the framework, to comment on the grouping of practices into practice elements and building blocks, to reflect on the constructs used, and to discuss the relationships and causality between the building blocks.

This process of member checks increased trustworthiness of our qualitative results (Lincoln and Guba 1985; Wallendorf and Belk 1989). During the workshop, the researchers documented the group work results and the consequent discussions, and collected written feedback and firm-specific examples of management practices. Based on the feedback from the participants during the workshops, we modified the framework and developed a set of hypotheses of how the building blocks and overall sales performance are related.

As all representatives of the case firms were senior professionals with over ten years of industry experience about the subject matter, and could be viewed as reflective practitioners (Schön 1983), we adapted a style in which both the researchers

and the informants were active participants in a social encounter and in which knowledge was constructed collaboratively (Holstein and Gubrium 1997). One of the authors worked closely with some of the case firms and conducting other forms of action research together with the companies (Gummesson 2000). As a consequence, the informal and consulting-based interactions with the companies were based on common sense and experience that, together with the literature and the formal data collections, provided the rationale for the emerging framework explained below.

The narrative used in presenting the qualitative research is a combination of findings from the interactions with the representatives of the participating case firms (interviews and interactions during workshops), the expert interviews, and the conducted literature review. Because of the extent of the data and the fact that we also test the developed framework in our quantitative research, we focused on presenting the final results of the research, instead of the intermediary results or direct quotes or comments by the case firm representatives. We indicate clearly when the comments by the participating firms have influenced the outcome.

In assessing the trustworthiness of the qualitative research we draw on Flint, Woodruff, and Gardial (2002), who used assessment criteria from interpretive research and grounded theory. Building on Lincoln and Guba (1985), Miles and Huberman (1994), Normann (1977), Spiggle (1994), Strauss and Corbin (1990), and Wallendorf and Belk (1989), we focus on preunderstanding, credibility, transferability, dependability, conformability, integrity, understanding, and utilization. Based on the assessment elaborated in Table 1, we believe that our research met these criteria.

Table I
Trustworthiness of the Qualitative Research Process

Criteria	Method of Addressing
<p>Preunderstanding</p> <p>Extent to which the researchers were familiar with the empirical phenomenon</p>	<ul style="list-style-type: none"> • One of the research team members has 15-plus years of consulting experience in the field of sales management. • Four extensive case studies reported in Storbacka et al. (2009). • Five expert interviews were conducted. <p><i>Result:</i> deep understanding of topics relevant for the empirical context, and preunderstanding that management practices could be grouped into strategic, managerial, and operational levels.</p>
<p>Credibility (internal validity, authenticity)</p> <p>Extent to which the results appear to be acceptable representation of the data</p>	<ul style="list-style-type: none"> • Eight months of continuous interaction with industry representatives resulting in sufficient member checks. • Continuous process of combining literature findings with interview findings and inputs from workshops. • Two full-day workshops with 18–22 industry representatives from 9 firms in different industries. <p><i>Result:</i> emergent framework was altered together with firm representatives as well as a result of dialogue among research team members, i.e., initial assumptions were refuted.</p>
<p>Transferability (external validity, fit)</p> <p>Extent to which the findings can be applied to other contexts</p>	<ul style="list-style-type: none"> • Nine multinational firms representing nine different industries, and four different European nationalities were interviewed and participated in the workshops. • Use of purposeful sampling. <p><i>Result:</i> findings can be transferred/generalized across several industries and European and possibly global business practices.</p>
<p>Dependability (reliability, auditability)</p> <p>Extent to which there is consistency of explanations</p>	<ul style="list-style-type: none"> • Workshops participants reflected on their current and previous experiences as individuals and as representatives of their firms. • Written feedback was collected during the workshops. <p><i>Result:</i> consistency across participants' stories and feedback.</p>
<p>Conformability (objectivity)</p> <p>Extent to which interpretations are the result of the participants and the phenomenon as opposed to researcher biases</p>	<ul style="list-style-type: none"> • A total of 22 representatives of the case firms gave feedback to the emergent results during two workshops. • Both the researchers and the informants were active participants, and knowledge was constructed collaboratively. • Findings were presented to the participating firms and found useful. <p><i>Result:</i> interpretations were altered, expanded, and refined.</p>
<p>Integrity</p> <p>Extent to which interpretations are influenced by misinformation from participants</p>	<ul style="list-style-type: none"> • One of the researchers has a long-lasting consulting relationship with some of the participating firms and as a consequence knows them well and has a trusting relationship with them. • Interviews were professional, friendly, and anonymous. • Case firms participating in workshops were selected on a noncompetitive basis in order to ensure openness. • Workshops were participative and dialogue centered, thus ensuring that all participants were able to express their view. <p><i>Result:</i> participants were not trying to evade the issues being discussed.</p>
<p>Understanding</p> <p>Extent to which participants buy into results as possible representations of their worlds</p>	<ul style="list-style-type: none"> • Two workshops were held for participants to get feedback on findings. • The preliminary findings were presented in two academic conferences and published in one the proceedings of one of the conferences. <p><i>Result:</i> colleagues and practitioners bought into the findings.</p>
<p>Utilization (applicability, action orientation)</p> <p>Extent to which the findings are relevant for and can be used to benefit the participants</p>	<ul style="list-style-type: none"> • Two workshops were held where the research finds were discussed together with practical recommendations. • Case firms have adapted new practices based on the research. <p><i>Result:</i> participants benefited from the framework and conclusions of the research.</p>

A FRAMEWORK FOR THE MANAGEMENT OF SOLUTION SALES

In this and the following two sections, we present the outcome of the qualitative research: the multilevel and cross-functional

framework for managing solution sales, a detailed description of the elements of the framework, and the hypotheses of how the building blocks and overall sales performance are related.

During the research process described above, we divided solution sales into three interdependent levels in which three

Figure 2
Framework for the Management of Solution Sales: Building Blocks and Practice Elements

Strategic Practices	Managerial Practices	Sales Practices
Strategy planning <ul style="list-style-type: none"> • Goals and metrics • Segment focus • Securing capacity and resources • Organizational structure • Driving competitive strategy 	Sales planning <ul style="list-style-type: none"> • Target setting • Customer acquisition • Customer prioritization • Opportunity generation • Forecasting 	Work planning <ul style="list-style-type: none"> • Prospect selection • Creating and managing customer contacts • Generating and utilizing customer and value network knowledge • Scoping potential solutions
Sales model design <ul style="list-style-type: none"> • Sales process definitions • Roles and responsibilities • Product configuration and pricing • Sales management process and tools • Remuneration systems 	Performance management <ul style="list-style-type: none"> • Sales opportunity selection • Resource allocation • Assessing sales roles and persons • Assessing sales effectiveness 	Driving opportunities <ul style="list-style-type: none"> • Identifying sales opportunities • Presenting solutions • Tendering: pricing and quantifying value • Negotiating and closing • Contract renewal • Performance reporting
Capabilities and skills <ul style="list-style-type: none"> • Business and customer intelligence • Tendering and legal support • ICT infrastructure • Financial support • Skill profiles and development 	Sales involvement <ul style="list-style-type: none"> • Motivation and commitment • Coaching for winning • Functional interface management • Sales case escalation 	Cross-functional interface <ul style="list-style-type: none"> • Contract management • Lead generation • Input to order delivery process • Mobilizing and coordinating internal resources • Securing correct delivery • Market and customer reports

intertwined blocks of practices are performed. The first level is referred to as *sales practices* and deals with the sales process on the operational level. The second level is labeled *managerial practices* and refers to management practices on a more tactical level. Finally, the third level is named *strategic practices* and describes the management practices at a strategic level. Sales is, on each level, administered by cross-functional interface with several other functions, such as marketing, manufacturing, supply and logistics, engineering, information technology, human resources, and servicing.

Based on our research, we propose a solution sales framework (Figure 2) that consists of 44 practice elements, grouped into 9 building blocks, 3 on each level: sales practices, managerial practices, and strategic practices. All the building blocks, and the identified practice elements within the building blocks, are interdependent and aim at improving sales performance.

The focus of the research is on management and strategy practices. As discussed above, we also included the operational sales practices in the framework, as they are the “practices to be managed.” We, therefore, briefly explain the identified sales practices elements.

As discussed by Moncrief and Marshall (2005), the traditional, sequential seven steps of selling are less appropriate as sales gets a more strategic role and organizational team-based relational selling becomes the norm. Moncrief and Marshall argue that “sales organizations . . . have moved . . . to a process that is largely nonsequential” (2005, p. 16) where the “focus of

execution of each step is the customer” and “the process of selling occurs through the work and efforts of multiple people who hold a variety of positions within the firm” (2005, p. 21).

Based on the qualitative research, we identified sales practices as divisible into three building blocks: work planning, driving sales opportunities, and interacting cross-functionally. During work planning, the practices focus on selecting the best prospects; creating and managing customer contacts with existing and new customers; generating and utilizing customer and value network knowledge in order to understand the potential value creating solutions; scoping potential solutions; and generating a deeper understanding of the offering. Driving sales opportunities entails practices relating to identifying sales opportunities; presenting solutions to customers, using internal and partner capabilities; making tenders (including pricing and quantifying value to the customer); negotiating and closing deals; renewing contracts with existing customers; and reporting on sales performance. In a solution sales context, the functional interactions are accentuated. These include contract management with legal departments, input to lead generation processes carried out by marketing departments, securing correct input to order-delivery processes; mobilizing and coordinating internal resources in order to secure correct delivery of given promises; and generating input to market and customer intelligence reports.

In the following two sections, we describe and explain in greater detail the practice elements identified on a strategic and

managerial level. We discuss these in the mentioned order, as some of the practices on a strategic level define the practices on a managerial level (e.g., sales process definitions) (Ingram, LaForge, and Leigh 2002). The narrative is a combination of findings from the interactions with the representatives of the participating case firms (interviews and interactions during workshops), the expert interviews, and the conducted literature review.

STRATEGIC PRACTICES IN SOLUTION SALES

We view *sales strategy* as a set of design principles, defined by Baldwin and Clark as “instructions based on knowledge that turn resources into things that people use and value” (2006, p. 3). Sales strategy “sets the scene” and influences the practices carried out on a managerial and operational level (Ingram, LaForge, and Leigh 2002). The strategic level of the framework consists of 15 practice elements (that establish design principles) grouped into three building blocks: sales strategy planning, sales model design, and supporting capabilities and skills.

Sales Strategy Planning Practices

The strategy planning block consists of practices that aim to agree on principles for resource allocation and the focusing of sales efforts. Hence, typical practices are the activities related to attaining goal congruence and defining appropriate metrics to measure the achievement of these goals. Ingram (2004) and Storbacka et al. (2009) argue that sales increasingly is accountable for more than revenue; the accountability expands to issues such as customer value, return on customer relationships, and even to economic value added. Olson, Crawens, and Slater (2001) conclude that at a market level, firm valuations are dependent on how sales revenue meets projections.

The interviews and interactions with the case firms pointed to an increased usage of metrics related to profit per customer, or even cash flow per customer, and activities related to identifying lead customers that can be involved in product or process innovation. Furthermore, a crucial part of resource allocation was the definition of appropriate segments to approach with a solution sales process. It has been shown that not all customers are willing to accept a value-in-use-based approach (Kowalkowski 2008) and focusing solution selling efforts on such customers may not be efficient. The case firms reported that their segmentation was based both on the analysis of the past performance of customers (i.e., customer profitability, sales growth, product mix) and future potential (i.e., customer share, customer growth).

Sales strategy planning also entails practices related to principles for securing access to the capacity and resources of

functions other than sales. As solutions are cross-functional by nature, sales is involved in mobilizing support for the sold solutions: from operations, business control, product development, and various other functions. These allocations are based on commonly accepted customer (or segment) prioritizations (Olhager, Rudberg, and Wikner 2001).

An important part of sales strategy planning is to influence the organizational structure of the selling organization. Homburg, Workman, and Jensen (2000) have examined changes in marketing organizations. They argue that the overall changes to marketing organization, identified in the literature, relate to three main themes. First, functional boundaries are becoming more permeable, and firms increasingly use cross-functional teams. Second, alliances with external partners are more important, and third, new capabilities are needed, such as market/customer orientation, organizational learning, and market sensing. Homburg, Workman, and Jensen (2000) have done a robust analysis of companies moving from product-focused and geography-focused structures toward customer-focused structures. However, most organizations still tend to have an organizational structure focusing on product and geography. Adding the “third dimension,” that is, the customer viewpoint, raises questions relating to efficiency, complexity, and flexibility. Within a product-focused organizational structure, salespeople are essentially product specialists (Homburg, Workman, and Jensen 2000). The idea of solution sales is to enable the sales process to build value by understanding and responding to concerns and opportunities that customers encounter.

Finally, a key practice of sales strategy planning is to create means for sales to influence corporate strategy (Ingram 2004; Ingram, LaForge, and Leigh 2002). Our interpretation of the data collected in the interviews is that the sales process may increasingly function as a mechanism for enhancing organizational learning (Senge 1990) by involving information acquisition, information dissemination, and shared interpretation activities, often executed using a database that could be viewed as an organizational memory (Slater and Narver 1995). A solution-oriented firm acquires information that helps it to understand customers and their main concerns, problems, and strategic issues. This information and the conclusions drawn from it can be recorded in a database and utilized as an input for the corporate strategy planning process.

Sales Model Design Practices

The sales model design building block consists of practices related to principles that lay a foundation for how the sales process is executed and managed. The starting point is to define and describe the sales process on an operational and managerial level. Based on the interaction with the case firms and the expert interviews, we identified three specific consid-

erations related to a solution sales process. First, solution sales necessitates a “longer” or “wider” process that starts before the purchasing process and ends after the delivery of the solution. Tuli, Kohli, and Bharadwaj (2007) identified the following sequence: requirements definition, customization and integration of bundles of products and services, deployment of solution, and postdeployment support. Second, solution selling entails a certain amount of adaption to individual customer needs—an element of customization or integration (Sawhney 2006). Third, the sales process encompasses functions other than sales; hence, many firms are involved in developing cross-functional information technology support for their solutions sales processes.

After the sales process is explicitly defined, roles and responsibilities can be determined. In a solution sales context, there seems to be sales-related roles defined for other functions than sales (such as research and development [R&D], product management, production/logistics, marketing, customer service, finance, and business control). Given the need for cross-functional teams (Homburg, Workman, and Jensen 2000), implementation and management of roles and responsibilities in sales processes is a complicated task that requires a holistic view of the firm. Functional structures may easily diminish possibilities and opportunities for managers to oversee all the relevant responsibilities needed for excellent sales performance.

The changing role of sales will also lead to changes in interfirm relationships (Anderson, Håkansson, and Johanson 1994; Ford et al. 2003; Storbacka et al. 2009; Wilson and Daniel 2007). According to the participating firms, the fact that solutions are often composed of customized goods combined with complex services makes the strategic execution of product configurations crucial. An important aspect of this relates to pricing principles (or pricing logic), that is, how the firm charges for the components used to augment the product or for the effects of customization on their operations. A specific issue to consider is the trend where customers “rent” access to resources of various kinds (Lovelock and Gummesson 2004).

Sales management process tools were discussed extensively; they seem to be needed in order to integrate the implementation of sales processes, roles and responsibilities, product configuration, and pricing cross functionally. The participating case firms reported that people from other functions (with defined sales responsibilities) participate in sales meetings and influence the selection of sales opportunities to focus on. Another important part of solution sales management is a systematic way to identify, document, share, and utilize activities as a tool for accelerated learning.

Finally, the remuneration systems support the execution of sales strategies (Ingram 2004; Olson, Crawens, and Slater 2001). The case firms report that in addition to being aligned

with company strategy, bonus schemes—in the current cross-functional context—are increasingly team based and also reward functions that are indirectly involved with sales strategies (i.e., participating in sales case development, product development process). As sales is not only about closing deals, the remuneration systems support the overall development of a firm's sales capabilities, for instance by rewarding sales persons for best practice documentation.

Practices Related to Supporting Capabilities and Skills

The essence of the capabilities and skills building block is to support sales strategy. As the case firms are transforming toward solutions sales, they report amplified needs for new or improved capabilities. The participating firms reported that various forms of knowledge repositories for gathering (both from external and internal sources) intelligence regarding markets, customer segments, and customers is a key capability that firms need to invest in. This intelligence is shared between sales and other functions such as R&D, product management, production/logistics, marketing, customer service, finance, and business control. As this is a highly specialized capability, many firms have market/business intelligence people available to support sales with analyses (e.g., market shares, trend analysis, competitor info).

A common theme identified in the research is the need for a stronger information and communications infrastructure (Arnett and Badrinarayanan 2005; Leigh and Marshall 2001). In order for the multilevel and cross-functional solution sales process to be properly executed, the different roles (in the different functions) use the same sales support system (e.g., customer relationship management [CRM] or sales force automation). In addition, top management utilizes reports from the sales support system in strategy creation and day-to-day management decision making.

Many of the case firms reported that they have invested in a centralized tendering unit that provides support for making tenders, sometimes in conjunction with legal support for contract negotiations both in the form of contract templates and in the form of centralized legal advice. All firms, however, emphasized the role of financial data to support sales in building business cases for customers, that is, quantifying the value that is delivered to customers. This highlights the sales support role of business control.

The transformation toward solutions sales seems to ask for a balanced development of a firm's capabilities and the skills of the individuals performing sales roles in various functions. Hence, many case firms reported that they define skill profiles for all the sales roles and provide salespeople with systematic training to improve their consultative and value-selling skills (e.g., general business management, financial analyses).

MANAGERIAL PRACTICES IN SOLUTION SALES

In line with previous literature (Ingram 2004), our findings indicate that sales management is a set of repeatable patterns of management practice used to influence and monitor *sales performance*. The managerial level of the framework consists of 13 managerial practice elements grouped into three building blocks: sales planning, performance management, and sales involvement.

Sales Planning Practices

Sales planning involves practices related to target setting, customer acquisition, customer prioritization, opportunity generation, and forecasting. According to the participating case firms, sales targets are derived from the firm's strategic objectives ("top-down"), as well as from the sales opportunities identified ("bottom-up"), by analyzing the market and analyzing both existing and new customers. The case firms reported that they are increasingly using other targets than sales volumes, such as customer potential, customer profitability, and customer loyalty. A key objective of sales planning is the allocation of resources between customer acquisition and increased sales for retained customers. As customer acquisitions in a solution context is especially costly, sales management needs to ensure that acquisition efforts are directed toward customers that have future potential and that fit the firm's strategy. Also, existing customers need to be prioritized, using essentially the same logic: strategic fit, future potential, business, and operational risks.

An important cross-functional sales planning task is opportunity generation. As not all customers or sales opportunities qualify for solutions sales, firms argue that special care is needed to secure cross-functional definitions of the characteristics of optimal sales leads. These characteristics are developed as a team effort between segment/product managers (making campaign plans in order to generate sales opportunities) and sales management (driving the identified opportunities).

Forecasting was reported by the case firms to become progressively more of a focus activity for sales management. This relates partly to the importance of forecasts for the firm's relations to shareholders, often represented by investors and analysts. Partly it relates to the customer-specific allocations of resources that solution selling requires. The firms seem to emphasize the need to use a unified way to carry out and report sales forecasting within the firm. A key tool for forecasting is still the sales funnel, but it is now developed to support the "longer" sales process and the longer sales cycles. In addition, sales management assesses both the quantity and the quality of the opportunities in the funnel.

Sales Performance Management Practices

A key tool for improving sales performance seems to be the selection and prioritization of sales opportunities, typically supported by a solutions sales funnel. Sales cases are prioritized based on a balanced assessment of profit, future potential, strategic fit, and risk. To mirror the prioritization of sales opportunities, sales management monitors resource utilization (in terms of skills, experience, and number of people) for different kinds of sales (e.g., customer acquisition versus customer retention; product sales versus solution sales).

The participating firms stressed the need to regularly assess both the behavior and financial performance of sales teams. The performance of sales teams can be assessed based on the execution of a defined sales process ("the company way"), whereas individual salespeople can be assessed based on activity levels in relation to defined coverage plans.

An assumption that was confirmed during the interactions with the participating firms during the qualitative research process was that sales managers are increasingly involved in demonstrating to top management that sales creates shareholder value. Assessing sales effectiveness will, hence, need to be developed toward a suitable proxy of shareholder value. Storbacka and Nenonen (2009) argue that the discounted net present value of all future economic profit generated by a specific customer relationship can be used as a proxy for shareholder value creation.

Sales Involvement Practices

Sales activities and sales management become intertwined as solutions sales requires multilevel involvement, both for the firm and the customer. This emphasizes new types of relationships between sales managers and salespeople. Ingram argues that "rather than relying on authority and the power of their positions to direct salespeople, sales managers must build productive relationships with salespeople by fostering a 'we' approach to achieving important goals" (2004, p. 21). A central tool that the participated firms saw as a tool for supporting sales is a plan that aims at winning sales cases (also called a "win plan"). This kind of plan functions as a platform for managers as they coach sales persons to be successful in their important sales cases.

As sales management participates actively in the most important sales cases and customer relationships, they will become involved in securing production and delivery capacity to important customers by influencing the relevant parties in the organization. This raises the question of sales case escalation—typically a predefined process for sales management to support salespeople in mobilizing support from the organization to create and win the important sales cases.

Functional interface management, however, expands beyond individual sales cases as sales needs to influence the strategy and operations of other functions such as R&D, product management, production/logistics, marketing, customer service, and finance. Matthyssens and Johnston (2006) discuss the resources and information flows between marketing and sales management processes, and conclude that cooperation between marketing and sales should be improved, something that applies to other functions, too. Other functions may affect the sales practices since production/operations management often “owns” the physical asset—that is, production capacity—and may influence the availability of necessary resources (O’Leary-Kelly and Flores 2002; Olhager, Rudberg, and Wikner 2001), whereas finance is concerned with financing the differentiation efforts and is interested in understanding the financial returns of various resource allocation efforts.

A key practice of sales support relates to the human resources management in sales organizations (Cron et al. 2005). The case firms report that both the career path and the motivation and commitment mechanisms change as firms transform toward solutions sales. Mentoring practices (Brashear et al. 2006) are mentioned as opportunities to support performance. Solution sales has the typical characteristics of a knowledge organization, where successful solution salespeople feel motivated as their job content is challenging and their expertise is recognized. According to the participating case firms, bonus schemes will continue to be important, but they have to be supported by systematically recognizing and celebrating sales teams who achieve their targets. In addition, the career paths do not automatically drive toward a sales management role, but rather toward an account management role.

MANAGEMENT PRACTICES AND OVERALL SALES PERFORMANCE

Drawing on Ingram, LaForge, and Leigh (2002) and our qualitative findings, we propose that the identified building blocks on the strategic and management levels have a hierarchical relationship with overall sales performance. Hence, we postulate the following hypotheses (see also Figure 2):

Hypothesis 1a: Strategy planning is positively related to sales planning.

Hypothesis 1b: Strategy planning is indirectly positively related to overall sales performance.

Hypothesis 2a: Sales model design is positively related to performance management.

Hypothesis 2b: Sales model design is indirectly positively related to overall sales performance.

Hypothesis 3a: Capabilities and skills is positively related to sales involvement.

Hypothesis 3b: Capabilities and skills is indirectly positively related to overall sales performance.

Hypothesis 4: Sales planning is positively related to overall sales performance.

Hypothesis 5: Performance management is positively related to overall sales performance.

Hypothesis 6: Sales involvement is positively related to overall sales performance.

QUANTITATIVE RESEARCH PROCESS

The quantitative research aimed at developing a set of measures that reflect the identified practices, testing the developed hypotheses, and refining the framework. The measures were created in connection with the qualitative research—in a process combining literature reviews (especially Abratt and Kelly 2002; Guenzi 2003; Ingram 2004; Leigh and Marshall 2001; Moncrief and Marshall 2005), the five expert interviews, nine case firm interviews, and the interaction with the participating case firms during the workshops. The developed measures that reflect the identified 28 practice elements are displayed in Appendix A. They consist of descriptions of 68 management practices (2–3 practices per practice element), and ask the respondents to answer using a scale from 1 to 6, anchored by “I totally disagree” and “I totally agree.” Overall sales performance was measured with a single assessment question (“an overall score for how well sales works in your company/organizational unit/business unit”), measured on a 10-point scale from “poor” to “excellent.”

Data was collected in February 2008 using a Web-based tool. A total of 208 participants had access to the tool, yielding a sample of 135 respondents, for a response rate of 65 percent. Although a sample of 135 respondents is somewhat low, recent studies within the field have used similar sample sizes (Rutherford et al. 2006; 2009). The sample was distributed to the case firms as follows: management consulting (7 percent of the respondents), textiles (15 percent), consumer electronics (7 percent), elevators and escalators (15 percent), office furniture (18 percent), insurance (9 percent), document handling (13 percent), engineering (10 percent), and training (6 percent). The respondents represented different functions in the organization (51 percent from sales and 49 percent from other functions: marketing, finance and control, production and logistics, product development, R&D, others), and cover several managerial layers: operative sales personnel (26 percent of the respondents), middle management (47 percent), and top management (27 percent). Out of the respondents, 18 percent had been working in their current positions less than two years, 43 percent between two and five years, 20 percent between six and nine years, and 19 percent over nine years. The sampling

strategy was purposeful in the sense that as we were looking at the cross-functionality of sales, we also included departments other than sales into our sample population.

The output of the preliminary statistical analysis (descriptive and regression analysis) was discussed with the participating firms during the second research workshop. The workshop focused on evaluating and interpreting the results of the quantitative analysis with the participants from the case firms. The workshop analysis of the data was based on descriptive statistics and regression analysis. In order to evaluate the importance of the building blocks and subsequent practice elements, we regressed the composite mean values of each practice element and building block with the overall sales performance score. These preliminary analyses served as a basis for the further refinement of our framework.

After the second workshop, we continued to create ideas on how the framework could be refined. Because the practice elements and building blocks were configured based on the qualitative categorization and the related measures in Appendix A were being used for the first time, we conducted an exploratory factor analysis (EFA) with SPSS to examine the unidimensionality, convergent validity, and discriminant validity of each construct (Churchill 1979). The model was further validated using partial least squares (PLS) modeling. The EFA was considered necessary before starting the PLS analysis because PLS does not directly test for these issues (Anderson and Gerbing 1988). This procedure is in line with Anderson and Gerbing (1988), who recommend that a researcher should first estimate a measurement model, and respecify it, before estimating a structural model.

The EFA was run separately for the strategic practices and the managerial practices. Based on the analysis, half the measures (34 out of the original 68) were retained for further analysis. According to Bearden, Netemeyer, and Teel (1989) and DeVellis (2003), it is common that half the a priori specified measures drop out when testing the scale. The effects of measures that have dropped out are often reflected in the measures that are left in the model, and thereby do not represent loss of information (DeVellis 2003). The remaining measures and their respective factor loadings are shown in Appendix B.

In order to test our hypotheses (and identify the relationships between the different building blocks), we estimated a PLS model. PLS was chosen as a method as it—in line with our abductive research strategy—allows us to test the relations between the different parts of the model and lets the data help us to refine the framework. PLS modeling was considered suitable for this research, given its ability to accommodate small sample sizes (Fornell and Bookstein 1982) and the exploratory nature of our empirical research. The sample size requirement for PLS is 5 to 10 times the number of model parameters (Barclay, Higgins, and Thompson 1995; Chin

1998), which was met; the ratio between sample size and number of parameters was 7:1.

RESULTS OF THE QUANTITATIVE RESEARCH

In this section, we report the results of the quantitative research stage: the EFA and PLS analysis. The EFA created 9 practice elements for the managerial level, and 11 for the strategic level. Of these, 13 came out as proposed by Churchill (1979) and Nunnally and Bernstein (1994) with factor loadings > 0.70, and cross-loadings < 0.40 (Appendix B). The *sales involvement* building block did not yield sufficiently high reliability estimates and loadings, and was thereby excluded from the PLS analysis.

On the strategic level, the measures for the practice elements *goals and metrics* and *remuneration systems* loaded as expected based on Appendix A. From each of the practice elements, *sales process definitions*, *product configuration*, and *pricing and ICT (information and communication technology) infrastructure*, one measure did not pass the cut-off value and these measures were deleted. A new practice element, *segment focus*, was created by measures that, together with one original measure, illustrate segmenting from an organizational and competitive strategy point of view. The last two practice elements, *financial support* and *skills profiles and development*, were combined into one. The EFA created one new interesting practice element: *cross-functional support*. This element consists of three original measures from different practice elements, all demonstrating cross-functionality in sales.

On the managerial level, the measures for *target setting* loaded as expected based on Appendix A. One measure was removed from the *customer acquisition* practice element. A combination of the *target setting* and *customer prioritization* practice elements created a practice element labeled *target setting and customer prioritization*. The *performance management* building block emerged as a combination of two new practice elements that we labeled *assessing sales performance* and *assessing sales activities*. These practice elements were combinations of measures that originally were grouped into the practice elements *assessing sales roles and persons*, *assessing sales effectiveness*, and *coaching for winning*.

Using the building blocks and practice elements remaining after the EFA, PLS modeling resulted in a refined model of five interconnected, second-order blocks: *strategy planning*, *sales planning*, *sales model design*, *capabilities and skills*, and *performance management*. We created second-order practice elements for each of the five blocks. The reliability of the building blocks and the second-order loadings are shown in Table 2. The reliability values (Cronbach's α) are at a sufficient level for exploratory social sciences (Nunnally and Bernstein 1994).

Table 2
Reliability Estimates

Second-Order Building Blocks	Second-Order Practice Elements	AVE	Composite Reliability	Cronbach's Alpha	Second-Order Loadings
Strategy Planning	Goals and metrics	0.91	0.95	0.90	0.79
	Segment focus	0.60	0.82	0.67	0.61
	Cross-functional support	0.61	0.82	0.68	0.66
Sales Planning	Target setting and customer prioritization	0.58	0.81	0.64	0.73
	Customer acquisition	0.81	0.90	0.77	0.84
	Forecasting	0.60	0.82	0.67	0.75
Sales Model Design	Sales process definition	0.71	0.83	0.60	0.70
	Product configuration and pricing	0.87	0.93	0.85	0.74
	Remuneration systems	0.63	0.84	0.71	0.82
Capabilities and Skills	ICT infrastructure	0.76	0.86	0.68	0.75
	Financial support and skill profiles development	0.63	0.84	0.71	0.89
Performance Management	Assessing sales performance	0.60	0.86	0.78	0.90
	Assessing sales activities	0.71	0.83	0.60	0.82

Table 3
Correlations

	1	2	3	4	5	6
1 Strategy Planning	0.69					
2 Sales Model Design	0.42	0.90				
3 Capabilities and Skills	0.38	0.47	0.72			
4 Sales Planning	0.53	0.55	0.57	0.68		
5 Performance Management	0.43	0.53	0.56	0.61	0.64	
6 Overall Sales Performance	0.38	0.28	0.23	0.15	0.36	1.00

Note: AVEs are on the diagonal.

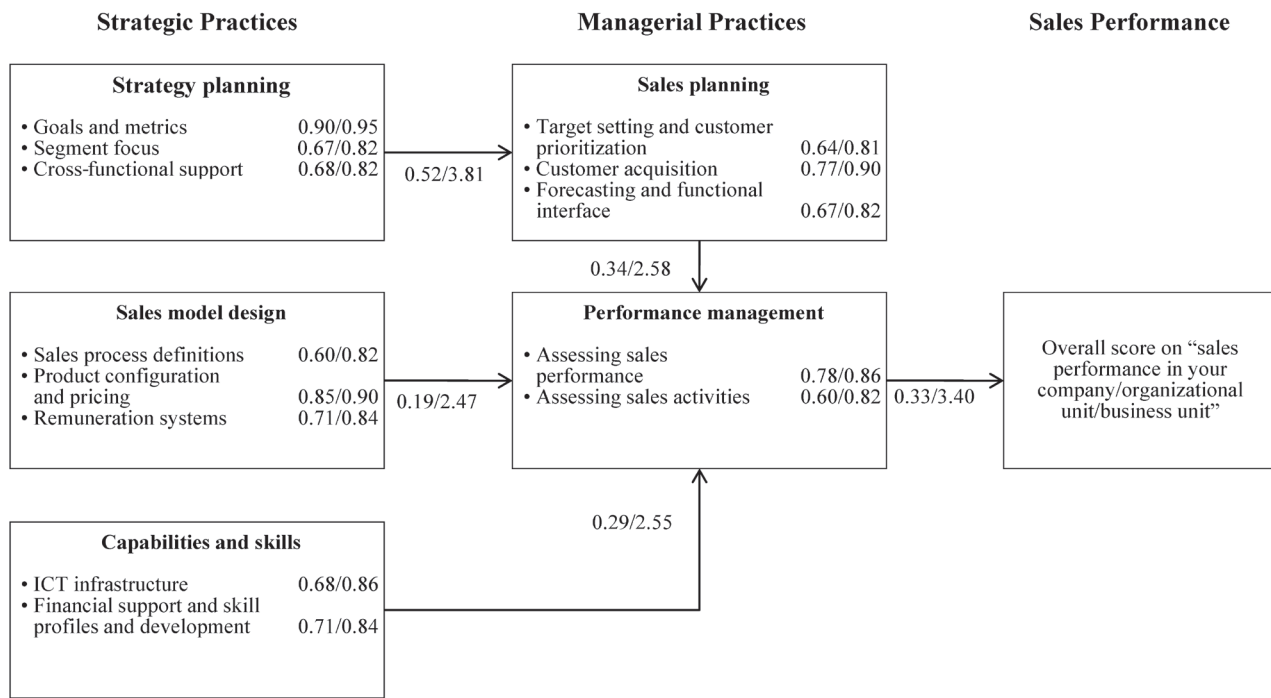
The correlations of the second-order constructs are shown in Table 3. There are no signs of multicollinearity in the data (all correlations < 0.70; Hair et al. 2006). Discriminant validity was assessed, as indicated by Fornell and Larcker (1981), by ensuring that the average variance extracted (AVE) of each construct (the average variance shared between a construct and its measures) exceeded the square of the correlations (the shared variance between the construct and other constructs in the model). The AVEs of each construct are shown in the diagonal of Table 3. The AVEs were larger than the correlations, indicating that it would not be necessary to square them (Chin 1998). As all the AVEs of the constructs were higher than their shared variances, we conclude that all the constructs in the model exhibited discriminant validity.

The hypotheses were tested with PLS. The model testing remained exploratory in nature, that is, the measurement models were modified until a satisfactory model was achieved. In other words, we used a “model development strategy” that

aimed at improving the framework through modifications of the structural model (Hair et al. 2006, p. 733). The final path coefficients are shown in Figure 3. The results show that *strategy planning* is positively related to *sales planning* ($\beta = 0.525$, $t = 3.81$, $p < 0.01$) and that *capabilities and skills*, *sales model design*, and *sales planning* are all positively related to *performance management* ($\beta = 0.288$, $t = 2.55$, $p < 0.01$, $\beta = 0.190$, $t = 2.47$, $p < 0.01$, and $\beta = 0.342$, $t = 2.58$, $p < 0.01$, respectively). *Performance management* was positively related to the *overall sales performance* measure ($\beta = 0.331$, $t = 3.40$, $p < 0.01$). The R^2 s of the model showed that a sufficient amount of the variance in the data could be explained by the model (sales planning $R^2 = 0.277$, performance management $R^2 = 0.408$, and overall sales performance $R^2 = 0.136$). The R^2 s of the constructs in the model all exceeded 0.100 and can thereby be considered satisfactory (Falk and Miller 1992).

By measuring the indirect effect of the remaining 34 measures on overall sales performance, we aimed to capture a larger

Figure 3
Refined Framework for the Management of Solution Sales



Note: All the relationships are significant at the $p < 0.01$ level.

amount of variance in the data compared to if only direct effects would be considered. According to Iacobucci, Saldanha, and Deng (2007), an indirect effect exists in structural equation models between variables X and Y if variable X leads to Z, and Z leads to Y. We follow this approach in interpreting the indirect effects in our model. All of the proposed paths are significant, and thus we also have significant indirect effects between *strategy planning* and *overall sales performance*, *sales model design* and *overall sales performance*, and *capabilities and skills* and *overall sales performance*.

Thus, Hypotheses 1a, 1b, 2a, 2b, 3b, and 5 were fully supported. Hypotheses 3a and 6 were not supported because of the deficiency of the *sales involvement* building block, and Hypothesis 4 was not supported.

Based on the model, we conclude that the framework proposed is a useful tool for depicting the management of solution sales. The EFA and PLS analyses confirm the view presented on the basis of the qualitative research (see also Ingram 2004; Ingram, LaForge, and Leigh 2002; Williams and Plouffe 2007), namely, that sales strategy "sets the scene" and drives the managerial implementation of a solution sales model. The fact that only performance management had a direct relation to overall sales performance is interesting and emphasizes the role of systematic management of sales roles and sales activities in the execution of a solution sales model.

As a result of this work, we are able to verify the value of the proposed framework, propose some opportunities for further elaboration of the framework, and identify some theoretical and managerial conclusions.

CONCLUSIONS

The research shows that solution sales is performed at multiple (conceptual and managerial) levels and requires the alignment of multiple functions in the firm, which in turn will require specific sets of management practices. We defined *sales strategy* as a set of design principles that influence the practices carried out on a managerial and operational level and *sales management* as a set of repeatable patterns of management practice used to influence and monitor sales performance.

The framework, developed in the qualitative research, contributes to a better understanding of solution sales as it (1) focuses on the less researched managerial and strategic levels, (2) distinguishes between the practices aimed at designing principles for sales and the practices aimed at influencing and monitoring sales performance, and (3) identifies 28 management practices pertinent to solution sales. Thus, it responds to the call for further research expressed by Ingram (2004), Ingram, LaForge, and Leigh (2002), Leigh and Marshall (2001), Sheth and Sharma (2008), Tuli, Kohli, and Bharadwaj (2007), and Williams and Plouffe (2007).

The quantitative research shows support for the need for a more systematic design of sales models, including careful selection of appropriate segments to address with solution sales, definitions of sales processes and sales roles, and practices related to systematic and motivating performance management. It is particularly interesting to see that strategic planning, sales model design, and capabilities and skills are all important for sales performance. It is equally important to note that operations such as finance and marketing do contribute to sales performance at a managerial level (Ingram 2004), which was demonstrated by the EFA that yielded one separate factor for cross-functional practices.

Our explorative aim was to investigate whether the managerial and strategic building blocks influence overall sales performance. We hypothesized first that the *strategy planning* is positively related to *sales planning* (H1a) and indirectly positively related to *overall sales performance* (H1b); second, that *sales model design* is positively related to *performance management* (H2a) and indirectly positively related to *overall sales performance* (H2b); third, that *capabilities and skills* is positively related to *sales involvement* (H3a) and indirectly positively related to *overall sales performance* (H3b); and finally, that *sales planning*, *performance management*, and *sales involvement* are positively related to *overall sales performance* (H4, H5, H6). Based on the analysis, we concluded that Hypotheses 1a, 1b, 2a, 2b, 3b, and 5 were fully supported. Hypotheses 3a and 6 were not supported because the sales involvement building blocks were absent, and Hypothesis 4 was not supported. None of the building blocks except *performance management* had a direct influence on overall sales performance, and therefore our findings demonstrate the importance of systematic management of the performance of the sales model.

Limitations

The qualitative study focused on a wide set of firms, representing different industries, with the aim to create a general framework for the management of solution sales. During the research workshops, the participants discussed similarities and differences between their sales models and reflected on the universality of the framework. Based on these discussions, we believe that the results of the research have limitations with regard to its applicability in any industry, for any firm, using any business model. In the future, more research is needed into how solution sales differs between different industries.

The quantitative research was explorative in its nature, thus calling for more rigorous empirical research on the topic. First, even if the first refinement of the measures has been provided, the set of measures needs to be further developed and validated. The questionnaire emerged from the qualitative study but it needs better refinement in terms of scale reliability. Second, because the importance of the different levels

may vary based on contexts, the model needs to be tested in other contexts such as in systems sales or project marketing. Third, the preliminary results need to be verified with a larger sample. The larger sample would allow data to be clustered according to the respondents from different managerial levels, which is important as personnel from operational, middle management, and top management will perceive sales in a different way.

This paper proposes a multilevel and cross-functional framework for solution sales (see Figure 2) consisting of three analytical and managerial levels: operational, managerial, and strategic practices. As the research was focused on managerial and strategic issues in solution sales, we chose to investigate only the two latter levels in our quantitative research. Leaving out the operational sales level is, however, a clear limitation of the study. In future efforts to further develop the proposed framework, practices on an operational sales level should also be integrated and their effect on overall sales performance examined. By including all the elements of the solution sales process model, it could be further validated, and each part's relative influence on the overall sales performance could be better understood.

Further Research Avenues

In the interactions with the participating companies, we identified some additional avenues for further research. First, the participating case firms indicated that the cross-functional issues between sales and product management/operations management require more attention. The work by Brady, Davies, and Gann (2005) and Tuli, Kohli, and Bharadwaj (2007) indicate that solutions have to be seen as longitudinal processes. The key issue for further research relates to the balance between the need to adapt to individuals customers and the need for "industrialization" and standardization of the delivery of the sold solution.

Second, the participating case firms report that they engage both in "product" sales and "solution" sales simultaneously, and it has been argued earlier that relational sales does not apply for all the industries or settings (Beverland 2001). Managing multiple parallel sales models highlights the importance of structural and contextual ambidexterity as a dynamic capability (Gibson and Birkinshaw 2004; O'Reilly and Tushman 2008). Further research is needed in order to identify the differences and similarities between the sales models, and the consequences this has for the efficient management of sales performance.

Finally, a sales model is only one aspect of a firm's business model. The business model construct has traditionally been discussed in an Internet context (Afuah and Tucci 2000; Osterwalder 2004). Increasingly, the business model concept is used as a broader conceptualization of value cocreation that

captures the fact that the locus of value creation is no longer perceived as residing within firm boundaries (Zott and Amit 2008). One interesting research avenue would be to explore the conceptual and managerial ramifications of a solution business model.

Managerial Implications

There are several interesting managerial conclusions that can be drawn based on the research process. First, our study has shown that both strategic level and managerial level practices influence sales performance. Whereas managerial practices drive overall sales performance directly, sales strategies influence performance indirectly through various management practices.

Second, it is evident that solution sales is a firm-wide initiative; solution development and sales cannot be delegated to any single function in the organization. When designing solution sales processes, firms need to secure the support of other functions, such as marketing, product development, operations, and finance, by defining sales roles for these functions as well. This may require changes in the way that firms manage solution business: The ability to create alignment between the functional objectives and management systems will become an overriding theme.

Third, the research process shows that firms increasingly use multiple sales models (e.g., product versus solution, or equipment sales versus service sales) in parallel. This emphasizes the need for sales management to create increased transparency: The sales models and especially their differences have to be made transparent to the people involved in executing the models. Moreover, it seems obvious that moving toward solution sales created a need for structural and management systems transformation: Successful sales management requires new organizational solutions, new metrics, new roles, new meetings routines, and so on.

Fourth, solution development and sales may need “platform investments,” that is, investments in new organizational capabilities (in addition to individual skills). Examples of these are customer intelligence, customer value analysis, solution configuration tools, value pricing and value quantification tools, tendering, and legal support.

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APPENDIX A

Building Block	Practice Element	Measure
Building Blocks, Practice Elements, and Measures on a Strategic Level		
Strategy planning	Goals and metrics	Our sales goals also include measures on customer profitability (such as profit per customer, cash flow per customer). Our sales goals include targets for customer-driven product or process innovation.
	Segment focus	We have clearly defined segment strategies (including segment-specific value propositions). Our customer segmentation is based both on analysis of a past performance of customers (i.e., customer profitability, sales growth, product mix) and future potential (i.e., customer share, customer growth).
	Securing capacity and resources	We allocate production capacity based on a clearly defined prioritization of customers. We allocate sales resources (in terms of skills, experience, and number of people) according to customer's/segment's importance to our strategy.
	Organization	Our organizational structure enables sales to work efficiently with other functions such as R&D, production, finance, marketing, and customer service. We have structured our organization based on customer segments (i.e., end use, industry segment).
	Driving competitive strategy	Sales (individual salespeople and sales management) has the opportunity to influence company strategy based on their knowledge of customer needs. Segment and customer analysis are important ingredients in creating competitive strategy in our company.
	Sales model design	Sales process definitions We follow a commonly agreed documented sales process. We have an information technology system that supports execution of sales according to our agreed sales process. We have a wide definition of our sales process that includes influencing the customer's "specs" (before sales).
Sales model design	Roles and responsibilities	We have defined sales-related roles for other functions than sales (e.g., R&D, production management, production/logistics, marketing, customer service, and finance and control). We have defined sales roles with responsibilities for different kinds of sales (product sales versus solution sales).
	Product configuration and pricing	We use dedicated (product) configuration tools to create customer-specific offerings/solutions. We have clear guidelines for differentiating prices between customer segments (e.g., pricing logics and price levels). We have clear guidelines for differentiating prices between customers (e.g., pricing logistics and price levels).
	Sales management process and tools	We have a tool that helps us to select sales opportunities based on an assessment of profitability, future potential, and risk. We have defined how people from other functions participate in sales meetings (functions such as R&D, product management, production/logistics, marketing, customer service, and finance and control). We have a systematic way to identify, document, share, and utilize best practices.
	Remuneration systems	Our bonus schemes rewards for cross-functional teamwork (i.e., participating in sales case development, product development process). Our bonus scheme is aligned with company strategy. Our bonus scheme rewards salespeople for the best-practice documentation.
	Capabilities and skills	Business and customer intelligence We use knowledge repositories for gathering (both from external and internal sources) business intelligence (regarding markets, customer segments, and customers). We share business intelligence (regarding markets, customer segments, and customers) between sales and other functions (e.g., R&D, product management, production/logistics, marketing, customer service, and finance and control). We have specialized market/business intelligence people available to support sales with analyses (e.g., market shares, trend analysis, competitor information).

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Building Block	Practice Element	Measure
	Tendering and legal support	<p>We have a centralized tendering unit that provides support for making tenders (tender = offer = quotation = bid).</p> <p>We provide legal support for contract negotiation both in the form of model contracts and in the form of centralized legal advice.</p>
	ICT infrastructure	<p>People in other functions (such as R&D, product management, production/logistics, marketing, customer service, and finance and control) also use our sales support system (e.g., CRM, sales force automation system) in their work.</p> <p>Other departments connected to sales also influence the sales support system.</p> <p>Our top management utilizes reports from the sales support system (e.g., CRM, sales force automation system) in strategy creation and day-to-day management decision making.</p>
	Financial support	<p>We use financial data to support sales in building business cases for customers, i.e., quantifying the value that we deliver to customers.</p> <p>Our business control supports sales by assessing costs and revenue of sales cases.</p>
	Skill profiles and development	<p>We have defined skill profiles for all the sales roles in our company.</p> <p>We provide our salespeople with systematic training to improve their consultative and value-selling skills (general business management, financial analyses).</p>

Building Blocks, Practice Elements, and Measures on a Managerial Level

Sales planning	Target setting	<p>Our sales targets are derived from our strategic objectives ("top-down").</p> <p>Our sales targets are based on the sales opportunities identified ("bottom-up") by analyzing the market and analyzing both existing and new customers.</p> <p>We set targets not only for sales volumes but also for issues such as customer potential, customer profitability, and customer loyalty.</p>
	Customer acquisition	<p>Our customer acquisition efforts are directed toward customers that have future potential.</p> <p>Our customer acquisition efforts are directed toward customers that fit our strategy.</p> <p>We assess business risks (not only financial risks) when acquiring new customers.</p>
	Customer prioritization	<p>We prioritize existing customers based on an evaluation of both their future potential and strategic fit.</p> <p>We use tools to measure profit (sales margin, net profit, EBIT [earning before interest and taxes], EBITDA [earnings before interest, taxes, depreciation, and amortization], "bottom line") generated by individual customers.</p>
	Opportunity generation	<p>Our segment/product managers' campaign plans are developed together with sales management.</p> <p>Our sales managers have defined the characteristics of optimal sales leads, which is also used by marketing.</p>
	Forecasting	<p>We forecast sales in a unified way in different parts of our organization.</p> <p>Our sales management follows up both volume and quality of leads in the sales funnel.</p>
Performance management	Sales opportunity selection	<p>We use tools (e.g., sales funnel) for selecting and prioritizing sales opportunities.</p> <p>We prioritize sales cases based on a balanced assessment of profit, future potential, strategic fit, and risk.</p>
	Resource allocation	<p>We monitor resource utilization (in terms of skills, experience, and number of people) for different kinds of sales (e.g., customer acquisition versus retention, product sales versus solution sales).</p> <p>Our sales resources are allocated to customer relationships with a long-term commitment (1–3 years).</p>
	Assessing sales roles and salespeople	<p>We assess the performance of sales teams based on the execution of the defined sales process ("the company way").</p> <p>We measure activity levels of individual salespeople.</p> <p>Sales activities are targeted according to defined coverage plan.</p>
	Assessing sales effectiveness	<p>Our sales effectiveness assessments help us to reach our targets.</p> <p>We demonstrate to top management how sales creates shareholder value.</p>

Building Block	Practice Element	Measure
Sales involvement	Motivation and commitment	We systematically recognize and celebrate sales teams who achieve their targets. Our salespeople feel motivated as their job content is challenging and their expertise is recognized.
	Coaching for winning	We have defined career paths for salespeople. Our sales managers coach our salespeople to make “win-plans” for the most important sales cases. Each (successful) sales case is identified and documented.
	Functional interface management	Our sales management participates actively in our most important sales cases/customer relationships. We have a predefined way to secure production/delivery capacity to important customers by influencing the relevant parties in our organization. We have a predefined way to influence the strategy and operations of other functions (e.g., R&D, product management, production/logistics, marketing, customer service, finance).
	Sales case escalation	We have a predefined way for sales management to support salespeople mobilizing support from the organization to create and win the important sales cases. We are able to escalate important sales cases in our organization in order to achieve appropriate attention and needed resources.

APPENDIX B

Building Block	Practice Element	Measure	Loading
Exploratory Factor Loadings on a Strategic Level			
Strategy planning	Goals and metrics	Our sales goals also include measures on customer profitability (such as profit per customer, cash flow per customer).	0.95
		Our sales goals include targets for customer-driven product or process innovation.	0.95
	Segment focus	We have clearly defined segment strategies (including segment-specific value propositions).	0.74
		Segment and customer analysis are important ingredients in creating competitive strategy in our company.	0.83
		We have structured our organization based on customer segments (i.e., end-use, industry segment).	0.75
	Cross-functional support	Our organizational structure enables sales to work efficiently with other functions such as R&D, production, finance, marketing, and customer service.	0.78
		Sales (individual sales persons and sales management) has the opportunity to influence company strategy based on their knowledge of customer needs.	0.82
		We share business intelligence (regarding markets, customer segments, and customers) between sales and other functions (such as R&D, product management, production/logistics, marketing, customer service, and finance and control).	0.74
	Sales process definitions	We follow a commonly agreed documented sales process.	0.79
		We have an information technology system that supports execution of sales according to our agreed sales process.	0.89
Sales model design	Product configuration and pricing	We have clear guidelines for differentiating prices between customer segments (e.g., pricing logics and price levels).	0.93
		We have clear guidelines for differentiating prices between customers (e.g., pricing logics and price levels).	0.93
	Remuneration systems	Our bonus schemes rewards for cross-functional teamwork (i.e., participating in sales case development, product development process).	0.83
		Our bonus scheme is aligned with company strategy.	0.77
		Our bonus scheme rewards salespeople for the best practice documentation.	0.73

(continues)

Building Block	Practice Element	Measure	Loading
Capabilities and skills	ICT infrastructure	People in other functions (such as R&D, product management, production/ logistics, marketing, customer service, and finance and control) also use our sales support system (e.g., CRM, sales force automation system) in their work.	0.87
		Other departments connected to the sales department also influence the sales support system.	0.88
	Financial support and skills profile and development	We use financial data to support sales in building business cases for customers, i.e., quantifying the value that we deliver to customers.	0.80
		Our business control supports sales by assessing costs and revenue of sales cases.	0.84
		We have defined skill profiles for all the sales roles in our company.	0.75
Exploratory Factor Loadings on a Managerial Level			
Sales planning	Target setting and customer prioritization	We use tools to measure profit (sales margin, net profit, EBIT, EBITDA, “bottom line”) generated by individual customers.	0.79
		Our sales targets are based on the sales opportunities identified (“bottom-up”) by analyzing the market and analyzing both existing and new customers.	0.72
		We set targets not only for sales volumes but also for issues such as customer potential, customer profitability, and customer loyalty.	0.78
	Customer acquisition	Our customer acquisition efforts are directed toward customers that have future potential.	0.76
		Our customer acquisition efforts are directed toward customers that fit our strategy.	0.76
	Forecasting	We forecast sales in a unified way in different parts of our organization.	0.83
		Our sales management follows up both volume and quality of leads in the sales funnel.	0.87
Performance management	Assessing sales performance	Our sales effectiveness assessments help us to reach our targets.	0.75
		We measure activity levels of individual salespeople.	0.82
		Sales activities are targeted according to defined coverage plan.	0.83
	Assessing sales activities	We regularly assess both the behavior and financial performance of sales teams.	0.89
		We demonstrate to top management how sales creates shareholder value.	0.80