

ADHERING TO THE BUSINESS MODEL: DIFFERENCES IN SALES PROCESSES BETWEEN B2B SERVICE AND NON-SERVICE FIRMS

COMPETITIVE PAPER

Petri Parvinen, Jaakko Aspara, Joel Hietanen, Sami Kajalo

Helsinki School of Economics

ABSTRACT

Purpose of the paper and literature addressed: Exploratory research on the impact of systematic selling processes on profitable growth in business-to-business (B2B) companies. The research compares companies focusing on service offerings to those focusing on non-service offerings.

Research method: Survey containing 85 questions in four sales process management domains (customer acquisition, customer retention, customer relationship reactivation and customer relationship termination) from sales managers/directors in 165 companies. Significance of sales process systematization to self-reported combination variable of profitable growth tested with nonparametric Wilcoxon rank-sum test.

Research findings: The research suggests that B2B service and non-service companies have different sales process activities that contribute to firm performance. Generally, the significance of systematic sales process management is weak, particularly in B2B service companies. The findings support adaptive selling.

Main contribution: First empirical comparison of sales processes in service vs. non-service businesses. The differences stem from the different underlying modes of interaction in service-based and product-based business models.

Keywords: Sales management, selling, B2B, process, service

INTRODUCTION

In marketing and management literature, there is a growing discussion on the characteristics, particularities and peculiarities of service business in business-to-business (B2B) contexts (e.g. Gounaris 2005, Morgan, Deeter-Schmelz and Moberg 2007). Service science is establishing itself as a major management and marketing discourse (Vargo and Akaka 2009). Especially in industrial markets, there has been increasing interest into service business – perhaps because of an alleged, ongoing shift of many industrial companies from product business to service business (Jacob and Ulaga 2008, Maglio and Spohrer 2008, Vargo and Lusch 2008). Sheth and Sharma (2008), for instance, suggest that the future of this product to service shift will see an increase in sales automation, a decrease in product-focused sales force, an increase in customer-focused sales force and an increase in global account management. Gebauer and Fleisch (2005), in turn, argue that behavioural processes and motivation issues such as sellers' disbelief, risk aversion and overambition play a key role in service business performance. However, despite the growing interest in the issue (Edvardsson, Holmlund and Strandvik 2008, Bonney and Williams 2009), little has been written on the actual processes of selling services in B2B contexts. Sales process management and sales process productivity have, however, been recently

identified as topical areas (Mantrala et al. 2008, Avlonitis and Panagopoulos 2010, Geiger and Guenzi 2009, Diller and Ivens 2006).

This paper argues that the different nature of customer interactions in service vs. non-service business models has important implications to the issue of what kind of selling processes are actually effective in the two business models, respectively (Erdman 1937). Service business models are assumed to be based on a relationship orientation in which getting deeper under the customer's skin is driver of profitability and growth. This produces the hypothesis that if effective selling processes should be different for products vs. services, differences would stem from the mode of exchange within the business model.

With the assumption that business models and their inherent ways of customer interaction influence the effectiveness of the processes of selling, the primary research question of this article is: Are the selling processes that correlate with business unit performance different in service vs. non-service businesses? And if so, whether and to what extent the processes that are linkable to business unit performance reflect the underlying differences in the business or customer interactions?

BUSINESS MODELS AND SALES PROCESS MANAGEMENT

There is some consensus that business models are fundamentally different depending on the type of offering (Magretta 2002). Arguably, however, offerings do not tie companies to a single business model (Tikkanen et. al 2005). Companies are known to be able to switch business models with the same, or at least a very similar, offering. Waste management companies, for example, are often able to switch the business model of delivering e.g. waste water handling from planning and installing projects to productized and standardized equipment deliveries to completely outsourced services.

Businesses based on standardized product offerings and long-term service-type relationships have different requirements for successful business models. Since Shostack (1977), the underlying differences between product and service offerings has been known to influence business unit level marketing practices and management. Successful product based innovations are perceived to base the cash flow logic of their business models on achieving growth and managing margins through scale economies, establishing unimitable narrow/deep capabilities and utilizing efficiency oriented metrics and business engineering methodologies (Alajoutsijarvi, Mannermaa and Tikkanen 2000) as also richly documented in 1990s popular innovation literature (e.g. Moore 1991 1995). In service-based businesses, success with designing business models is more dependent on information sharing, providing convenience, trustworthiness, investment ability and relationship management (Vargo and Lusch 2006, cf. Maglio and Spohrer 2008), with successful long-term coexistence, coevolution and the cocreation as the primary drives of value (Payne, Storbacka and Frow 2008).

Table 1: Differences between business model archetypes

Business model archetype	Business model success factors (e.g.)	Dominant interaction mode	Key concept(s) in successful interaction
Product-based business	Realizing scale benefits, focusing on narrow/deep capabilities, metrics and business engineering	Standardized exchange	Partnering
Service-based business	Information sharing, providing convenience, trustworthiness, investment ability, relationship management (deepening, exploitation)	Continuous relationship	Coexistence, coevolution, cocreation

The selling process has been argued to conform to changes (Moncrief and Marshall 2005) in the way customer relationship have evolved (Schurr 1987, Marks 1994, Johnston and Marshall 2005, Beverland 2001) and mission of the sales force is defined (Leigh and Marshall 2001). Major developments in relationship selling research took place roughly 10 years ago, highlighting that the mode and needs for interaction needs vary according to the nature of the relationship (Beverland 2001, Weber 2000, Boles, Brashear, Bellenger and Barksdale 2000, Weitz and Bradford 1999). Key concepts from this literature include interaction intensity, customer orientation, adaptability, service orientation, communication/information sharing/mutual disclosure, trust-building, relationship control, cooperative intentions and co-innovation. While sales management literature has recently rigorously scrutinized the combination of process, interaction and value on the buyer side (Lindegreen et al. 2009, Sánchez-Rodríguez 2009, Svahn and Westerlund 2009) and even focused on service buying (van der Walk and Rozemeijer 2009), it the same link is missing on the selling side.

We argue that these issues should be reflected on the way sales processes and their management are successfully carried out under different product vs. service business model archetypes. This is in line with the thinking that shareholder value oriented strategy is and should be operationalized in central customer relationship processes ranging from mutual strategy development to performance assessment (Payne and Frow 2005). We are thus investigating whether the way strategy has been converted into either service- or non-service-type offerings (Sweet 2001, Vargo and Lusch 2006) has an impact at the level of successful business model execution, in terms of key selling processes.

While there are no direct service vs. non-service comparisons, there are numerous studies looking at the operationalization of strategic logic of service and non-service interactivity processes of e.g. customer relationship management (Dorsch, Carison, Raymond and Ranson 2001; Landry, Arnold and Arndt 2005; Yim, Anderson and Swaminathan 2004, Langerak and Verhoef 2003; Peppers and Rogers 2004; Workman et al. 2003; Srivastava, Shervani and Fahey 1999; Rigby and Ledingham 2004; Srinivasan, Anderson and Ponnnavolu 2002) and key account management (e.g., Jones, Brown, Zoltners and Weitz 2005; Guenzi et al. 2007; Jones, Dixon, Chonko and Cannon 2005; Schultz and Evans 2002, Guenzi et al. 2007; Homburg, Workman and Jensen 2002) at a fairly general and categorical level. In order to investigate

To focus this discussion to the business model-specific interaction modes and their influence on the performance of the sales process, our approach is to identify the key selling processes in B2B service companies vs. non-service companies as those sales processes the systematization of which has most

significant impact on the profitable growth of the business unit. Our assumption was that the level of systematization of a certain selling activity in a business unit reflects the level of emphasis put on that selling activity and, thereby, investments in enhancing the effectiveness of that selling activity in particular. Systematization has been seen as a key prerequisite for adopting a value-oriented sales process management methodology as company practices (Tanner 2006, Anderson and Oliver 1987, Piercy, Cravens and Morgan 1998, Kaario et al 2004, Eades and Kear 2006).

RESEARCH DESIGN

The purpose of the selected research design is to analyze which selling processes have an impact on profitable sales growth in B2B service vs. non-service businesses.

Data

The data set collected for this study was based on a web survey sent to firm managers in Finnish-based companies, across industries. An invitation to answer to the questionnaire was sent by e-mail to the sales managers/directors of approximately 5,000 companies, based on the availability of contacts in one of Finland's largest commercial company registers. Usable responses were obtained, with two reminders, back from 290 companies, producing a response rate of about 6 % – a fairly typical figure for web surveys. Of these companies, we screened away companies with less than 20 employees, because our questions pertaining to the systematic nature of the firm's sales processes were not considered relevant for very small firms. In other words, restricting the smallest firms from the analysis would serve to increase the internal validity of the measures and analysis. This left us with 165 companies, of which 70 reported to operate mainly in B2B service business and 95 in B2B non-service businesses.

Predictor variables

When it comes to identifying potentially relevant selling processes for our survey study, we accorded to the notion – available in both marketing (Reinartz et al. 2004) and sales management literature (Moutot and Bascul 2008) – that most relevant customer-oriented selling activity processes (in both service and non-service firms) can be categorized under the broader processes of customer relationship management (CRM). Specifically, according to this CRM-selling notion, a firm's selling activity processes fall under the headings of (1) customer relationship initiation (or customer acquisition), (2) customer relationship maintenance (or customer retention), (3) customer relationship reactivation (or customer regaining), and (4) customer relationship termination.

Indeed, most of the survey items developed by Reinartz et al. (2004, also applied in Moutot and Bascul 2008) under the aforementioned four headings expressly deal with various selling activity processes – being framed in terms of “processes” or “procedures” (e.g., “We have a systematic process for assessing the value of customers...”, or “We have formalized procedures for cross-selling...”). Nevertheless, whereas Reinartz et al. asked marketing/sales managers to rate their agreement (vs. disagreement) with this kind of statements, we decided to explicitly ask respondents to rate to what extent their firm had “systematic” processes for each activity. The responses were rated on a 7-point scale, anchored by:

0="We have no systematic processes in place [for the selling activity in question]." and

6="We have clear and systematic processes in place [for the selling activity in question]".

Thus, in constructing our set of selling activity items, we first (I) adopted all the items of Reinartz et al. (2004), in the above adapted form. This resulted in 35 selling activity items categorized under the four headings (1. customer relationship initiation, 2. customer relationship maintenance, 3. customer relationship reactivation, 4. customer relationship termination). Under each of these categories, we further categorized the items – according to Reinartz et al. – under the subheadings of (a) “analysis activities” (i.e., activities of pre-analyzing customers as well as measuring their potential/value) and (b) “interaction activities” (i.e., activities of interacting with and persuading customers). See table XX for the categories and sub-categories.

Nevertheless, in addition to Reinartz et al.’s items, we (II) adapted a set of related items from Hong-kit et al. (2004) and Ang and Buttle (2006), especially when it comes to selling activities related to customer relationship maintenance. The selling activities to which these sources referred were complementary to those of Reinartz et al (2004). Finally, we also employed (III) an expert panel consisting of 3 sales management professors and 3 sales management consultants to develop further items under each of the headings. In developing these additional items, the panel was informed by Reinartz et al.’s items, but also by literature on sales/distribution channel coordination (e.g. Neslin et al. 2006, Payne and Frow 2005, Zahay and Griffin 2002) and adaptive/consultative selling (Pelham 2002, Chakrabarty et al. 2004), in particular. The items developed by the panel focused especially on selling activities related to these two areas, since these areas are potentially central for effective selling and since the items of Reinartz et al (2004) included only a few activities therein. In total, the number of items became 85.

Table 2. Sources of the selling activity items of the present survey.

<i>Items and their sources</i>	<i>number of items</i>
(1) Customer relationship initiation (i.e., customer acquisition)	
• <i>Analysis activities to analyze/measure new potential customers</i>	
○ Reinartz et al. (2004): "IMEASURE" items adapted	4
○ items developed by authors' expert panel	6
• <i>Interaction activities to acquire customers/establish customer relationships</i>	
○ Reinartz et al. (2004): "ACQUISIT" items adapted	4
○ items developed by authors' expert panel	15
2) Customer relationship maintenance (i.e., customer retention)	
• <i>Analysis activities to analyze/measure existing customers or customer relationships</i>	
○ Reinartz et al. (2004): "MMEASURE" items adapted	4
○ Ang and Buttle (2006): customer retention process items adapted	5
○ items developed by authors' expert panel	5
• <i>Interaction activities to retain customers/maintain customer relationships</i>	
○ Reinartz et al. (2004): "RETAIN" items adapted	7
○ Reinartz et al. (2004): "CROSS_UP[selling]" items adapted	5
○ Ang and Buttle (2006): customer retention process items adapted	2
○ Hong-kit Yim et al (2004): key customer maintenance items adapted	4
○ items developed by authors' expert panel	15
(3) Customer relationship reactivation (i.e., customer regain)	
• <i>Analysis activities to analyze/measure lost or inactive customers</i>	
○ Reinartz et al. (2004): "IMEASURE" items adapted	3
• <i>Interaction activities to regain customers/reactive customer relationships REGAIN (eli)</i>	
○ Reinartz et al. (2004): "REGAIN" items adapted	4
(4) Customer relationship termination (i.e.,	
• <i>Analysis activities to analyze/measure existing customers for potential exit</i>	
○ Reinartz et al. (2004): "TMEASURE" items adapted	1
• <i>Interaction activities to demarket existing customers/exit customer relationships</i>	
○ Reinartz et al. (2004): "EXIT" items adapted	3
○ items developed by authors' expert panel	1
Total number of items	85

Dependent variable - profitable growth

As the dependent variable relevant business unit performance measure, we utilize a measure of profitable sales growth, since it is unquestionably one of the most important measures of successful business model execution. We used a measure which pertained to the business unit's profitable sales growth during the past year. The specific measure was a product of a manager-respondent's responses on two items. First, we asked the respondent to report the sales growth of his/her firm in the last year, with the question: "How, approximately, did your company's sales develop last year from the previous year?". The responses were recorded on a 10-item scale ranging from "decreased by more than 50 %" to "increased by more than 50%". Second, we asked the respondent to subjectively assess the development of the operating income percentage of his/her firm last year, relative to the previous year, with the question: "Compared to the previous year, how did your firm succeed last year with regard to operating income %?". The responses were recorded on a 7-item scale: much worse, worse, somewhat worse, equally, somewhat better, better and much better.

The responses to the first question were transformed onto logarithm scale and standardized by dividing the resulting value with (double) the standard deviation of all the firms' values. The distribution of values obtained this way was consequently shifted to the right so that all the values would be positive.

Responses to the second question were coded on an interval scale from 1-7, and values obtained this way were also standardized by dividing them with (double) the standard deviation of the values. The two standardized values per firm were then multiplied with each other to obtain a product value for profitable sales growth of the firm.

The same analyses were performed on the sample of B2B service companies and on the sample of B2B non-service companies, respectively. In both samples, we used the nonparametric alternative to the t test for two independent samples, i.e., the Wilcoxon rank-sum test (Mann-Whitney U test) test, to examine differences in profitable growth across firm sub-groups characterized by different degrees of process systematization for the selling activities.

Thus, a significant value of the statistical test for B2B service firms particularly (or non-service firms), indicates that degree of systematization of the process in question explains differences in the performance of B2B service firms (non-service firms). The research design, hence, demonstrates sources of competitive advantages emerging from investments in certain processes, given the firm's nature as a service firm (or non-service firm). The underlying idea here is that firms with limited resources available for process development are hypothesized to be better by off focusing development efforts on those process where the profitable growth impact is greatest.

RESULTS

Processes in service companies

Out of the 85 sales process management activities examined, three were found to have significant impact on firm profitable growth among the B2B service companies but not in non-service companies, as shown in Table 3.

Table 3. Key selling processes in B2B service firms

Activity/ process area	Activity		Profitable Growth: Mean (Median) [n]		Wilcoxon Two-Sample Test		
			Degree of process systematization: Low	Degree of process systematization: High	Test statistic	Normal approximation, Z	p value
Customer acquisition	Preliminary analysis of a customer/prospect before contact	Service firms	3.04 (3.23) [23]	3.62 (3.88) [45]	632.5	-2.092	.018*
		Non-service firms	3.23 (3.23) [44]	3.44 (3.75) [45]	1844.0	-1.115	.135
Customer retention	In the case of non-personal communication: checking the customer's reactions with a personal contact	Service firms	3.28 (3.62) [33]	3.75 (3.91) [26]	910.0	1.989	.023*
		Non-service firms	3.27 (3.23) [54]	3.47 (3.69) [27]	1177.5	0.705	.241
	When sales have occurred: dealing with customer complaints	Service firms	3.31 (3.49) [29]	3.60 (3.88) [39]	454.0	-1.767	.039*
		Non-service firms	3.28 (3.23) [34]	3.35 (3.34) [47]	1378.0	-0.149	.441

* p<.05

The results can be argued to reflect the interaction requirements of service-based business models, with communication (information sharing), trustworthiness (particularly in the form of post-sales interactions) and relationship management assuming priority. Service businesses have different success factors in sales process management.

The results portray the general picture that service companies benefit from more systematic and arguably extensive analysis of a customers and prospects. Pre-sales phases are, and should be, longer and deals better planned (cf. Moncrief and Marshall 2005). As the initiation of long-term relationships lead to customer/supplier-specific investments and termination clauses, more deliberation on customer selection is needed in the pre-phase. The increased risk from termination also necessitates more operational planning.

In service firms, it is also more important to take and maintain personal contacts to a customer even in the case of non-personal orders or communication since the nature of service selling requires establishing interactive relations with a customer (Boles et al. 2000). An interactive relationship that is at least partially based on personal contact will contribute to deepening the service relationship and gradually providing increasing value for the customer, which is known to be a success factor in B2B service business (Guenzi 2002). Some elevator maintenance companies have realized this as they call clients to make sure delivery went well despite getting the break-down alert automatically from the elevator and being able to send a maintenance person to fix the elevator without any contact to the customer. These positive call-back contacts, made after the problems has been fixed orderly, are vital to the industry in up- and cross-selling further services to existing customers.

As suggested by service marketing literature, a central success factor in selling services and maintaining service customer relationships is also “service recovery”, i.e., dealing with potential customer dissatisfaction and complaints with a particular service delivery (Andreassen 2000, Spreng, Harrell and Mackoy 1995, cf. Hart, Heskett and Sasser 1990). By dealing with customer complaints, a firm can ensure that despite some aspects that initially causing customer dissatisfaction. This, in turn, provides the seller firm the opportunity to continue and further deepen the customer. The significance of the service recovery is also reflects the general importance of quality in service selling (Miller, Craighead and Karwan 2000, Zeithaml, Berry and Parasuraman 1996).

Processes in non-service companies

Six activities were found to have significant impact on firm profitable growth among the B2B non-service companies but not in service companies, as shown in Table 4.

Table 4. Key selling processes in B2B non-service firms

Activity domain	Activity		Profitable Growth: Mean (Median) [n]		Wilcoxon Two-Sample Test		
			Degree of process systematization: Low	Degree of process systematization: High	Test statistic	Normal approximation, Z	p value
Customer acquisition	Choosing the first contact/message channel, based on preliminary analysis of the prospect/customer	Service firms	3.34 (3.88) [34]	3.52 (3.88) [34]	1139.0	-0.609	.271
		Non-service firms	3.18 (3.23) [61]	3.62 (3.88) [28]	1468.5	1.843	.033*
	Deciding on solution-orientation (vs. product/service offering) based on prospect/customer analysis	Service firms	3.34 (3.82) [25]	3.49 (3.88) [44]	830.5	-0.552	.290
		Non-service firms	3.13 (3.18) [47]	3.56 (3.88) [41]	2080	2.139	.016*
Customer retention	Building a holistic picture of how customers buy/use products/services through different channels	Service firms	3.43 (3.82) [26]	3.48 (3.88) [32]	714.5	-0.628	.265
		Non-service firms	3.14 (3.23) [48]	3.63 (3.88) [34]	1685.0	2.586	.005*
	Increasing the share-of-wallet in defined product/service categories	Service firms	3.46 (3.88) [30]	3.51 (3.88) [29]	891.5	0.320	.374
		Non-service firms	3.16 (3.23) [43]	3.54 (3.88) [37]	1675.5	1.711	.045*
	Providing customer-specific incentives to customers if they grow their business with us	Service firms	3.53 (3.88) [35]	3.42 (3.88) [24]	697.5	-0.342	.366
		Non-service firms	3.13 (3.23) [48]	3.65 (3.88) [32]	1550.5	2.506	.006*
	Providing motives for low-value customers to end customer relationship (e.g. worse service)	Service firms	3.43 (3.88) [50]	3.76 (4.00) [8]	289.0	1.191	.117
		Non-service firms	3.22 (3.23) [65]	3.80 (3.88) [15]	796.0	2.329	.010*

* p<.05

In B2B non-service firms, the variety of possible sales and distribution channels is often quite wide (e.g., agents, wholesalers, resellers, OEM partners). Variables 267 and 737 identify the significance of systematic channel optimization practices in connection to non-service sales process management. Service firms, in contrast, rarely rely on distanced sales or distribution channels much due to the inherent nature of service exchange. The result may also indicate that in non-service business, it is important to analyze how customers view and use of the product in question is partly dependent on the particular channel from which it is bought. For instance, differences in the perceptions of B2B cell phone buyers about what kind of value-in-use phones bought from a certain channel can determine the sales approach in that channel (even if the phones were identical).

Service selling has a strong assumption of solving customer challenges, and thus deciding on the extent of the solution orientation is not as crucial. In product business, solution orientation automatically implies challenges to delivery management (e.g. feature creep, longer delivery times and risk of lower margins), which makes the extent of commitment a key issue in sales management. These findings are in line with recent findings that e.g. slowly evolving vulnerability-based commitments is a key characteristic in successful B2B service selling relationships (Wong et al. 2008) but not in non-service companies.

In the survey, the definition of share-of-wallet was pegged against the share of purchases directed to a particular supplier (not the degree of outsourcing). In service buying, hedging supplier risk, reducing reliance on single providers and bidding suppliers with parallel framework agreements against parallel each other is established practice. While there is little difference in the way service sellers systematize

share-of-wallet management processes, the non-service firms that do use it actively seem to benefit. Share-of-wallet sales management practices represent a way to differentiate for non-service sellers. The share-of-wallet issue is also reflected in offering customer-specific incentives. Many respondents can be assumed to interpret this as rewards, rebates and lower prices at some level of the organization (personal, unit or company). Growth and net customer profitability is simply fuelled by larger product purchase volume and unit cost tends to get lower with larger purchases. The deeper you get in service provision, however, the quality and value creation orientation does not necessarily give room for direct financial benefits. Service relationships usually start with simpler service exchanges, so rewarding the customer with lower prices for buying more complex services is not logical.

Finally, in product businesses, commoditization is a constant threat. Customerships tend to “rot” in time (Low and Johnston 2006). In service business, the customer base is an asset that can nearly always be developed, and the assumption often is that it will not be deep from the start. For non-service companies, however, processes of getting rid of bad clients are a differentiating factor.

Processes in both service and non-service companies

Four activities, actually only one of which at the $p < .05$ level, demonstrated some significant impact on firm profitable growth in both.

Table 5. Selling processes that are key in both B2B service and non-service firms

Activity domain	Activity		Profitable Growth: Mean (Median) [n]		Wilcoxon Two-Sample Test		
			Degree of process systematization: Low	Degree of process systematization: High	Test statistic	Normal approximation, Z	p value
Customer acquisition	Seeking/selecting the relevant target persons within buying unit (based on analysis of the prospect)	Service firms	3.20 (3.62) [25]	3.57 (3.88) [44]	765.0	-1.374	.085a
		Non-service firms	3.19 (3.23) [46]	3.51 (3.85) [42]	2035.0	1.387	.083a
Customer retention	Analyzing the processes by which a customer purchases/uses our product/service categories	Service firms	3.30 (3.82) [27]	3.64 (3.88) [32]	693.5	-1.776	.038*
		Non-service firms	3.17 (3.23) [49]	3.60 (3.79) [32]	1484.0	1.665	.048*
	Differentiating customer communication based on expected customer value	Service firms	3.34 (3.82) [33]	3.67 (3.88) [26]	882.5	1.567	.059a
		Non-service firms	3.21 (3.23) [52]	3.57 (3.88) [29]	1347.0	1.559	.060a
Analyzing customer reaction to sales activities		Service firms	3.30 (3.82) [27]	3.64 (3.88) [32]	708.5	-1.546	.061a
		Non-service firms	3.19 (3.23) [45]	3.53 (3.88) [37]	1702.5	1.559	.060a

* $p < .05$

a $p < .10$

The processes linked even vaguely ($p < .10$) to profitable growth in both service and non-service firms are generic in nature. Systematically seeking and selecting contact persons, analyzing customer buying and usage processes, prioritizing activities based on expected net profit and analyzing customer responses and reactions is standard sales management textbook material. These mainstream results demonstrate that the research design is somewhat in line. Interestingly, none of these generic results have a strong intuitive link to the mode of interaction and/or exchange or a particular business model.

DISCUSSION

The study indicates that the performance-enhancing sales management processes are different between B2B services and non-service and the most significant processes reflect mode of exchange differences. This is supported by the finding that the most influential processes are entirely different between service vs. non-service businesses. Further reinforcement is received from the finding that the processes that are most influential in both have a weaker link than the best business model-specific processes.

This first finding has numerous fundamental implications to sales process management. Business-model specificity is an important issue in selecting the sales activities in which to invest. Particularly companies that serve clients with two or more business models should consider having different sets of sales management processes. Companies transforming from e.g. product to service business models should develop and change their sales process management strategies so that opportunities for deepening the service relationship are created. Line and sales management switching jobs from one business model to another should not try to copy-paste even those sales management processes templates that have worked brilliantly in case there is reason to believe the business model in the new job is different. Similarly, those who get promoted from managing one business model to managing several shouldn't impose their old, business-model specific 'truths' on all others. These implications argue against common managerial practice.

The findings also indicate that there are not many sales processes the systematization of which would explain performance differentials. Especially in service business, the processes have a very limited role as only three service business specific processes and one non-specific process have a significant link to profitable growth. This does not imply that sales management is less important or that sales processes do not matter, but rather suggests that the quality of sales overpowers process optimization in importance. This is in line with Barber and Clifford's (2008) recent proposition that sales process management could be based on quality management ideology. The link between process and performance is not particularly strong in non-service companies either. While process management plays a somewhat more important role, only 7 out of 85 process management activities can be linked to profitable growth at the .01 level.

This leads to a conclusion that the mode of exchange cannot be reduced to “process management protocol”, and particularly in service selling (and research) needs to turn attention to other aspects of sales management to find stronger tools for profitable growth. Among the recent research agendas (Mantrala et al. 2008, Avlonitis and Panagopoulos 2010, Zoltners and Weitz 2005, Robertson, Dixon and Curry 2006), there are some very appealing avenues for service selling.

Our findings support the focus on adaptive selling in services. Franke and Park (2006) advocate adaptive selling and control this for the type of offering (products vs. services), but present no results or evidence on matter. The adaptive selling angle at the level of the individual salesperson should also be focused on service selling, as there are interesting general results (MacFarland, Challagalla and Shervani 2006). Service selling also portrays a very different general picture of saleswork, with the role of demanding and intelligent selling assuming priority in recrafting the image of the sales profession (Avlonitis and Papagopoulos 2010). A promising avenue here deals with the needed salesperson skills in identifying wider solution opportunities and transforming the business model bottom-up (Bonney and Williams 2009). Current research on salesperson compensation has quickly adapted to environmental changes but the transformation to service selling compensation has not been addressed (cf. Mantrala et al. 2008). Service science has a keen interest on novel forms of organizing and structuring (see Gebauer, Pütz, Fischer and Fleisch 2009), and provides a useful couple with research on the changes in sales

organizing (Jones et al. 2005), which is also a topical issue in selling (Mantrala et al. 2008). Particularly, the view of sales as strategic cross-functional process in itself (Storbacka et al. 2009) should be applied to the service context.

The final major finding is that the research evidence concludes that the sales management processes that can be linked to profitable growth reflect the underlying differences in the interaction mode. In service sales, the fact that we are selling the basic idea of coexistence and -evolution in an long-lasting relationship reinforces need for contact, relationship recovery and maintenance skills and careful pre-sales preparation. In non-service businesses, the finite and/or standardize nature of exchange and the strive for larger (as opposed to 'deeper') orders emphasizes channel optimization/economization, focusing on core businesses, making concessions in the face of larger deals and letting bad customer go. The need for value-based relationship selling (Schurr 1987, Johnston and Marshall 2005, Beverland 2001) in B2B service business particularly is and should be reflected at the level of sales process activities. These provide a valuable, even if somewhat general, check list for any sales manager. The concepts of motivate and give grounds for investigating their significance as a commonality factor. We do not know whether process-performance links in service selling are different because service selling is uniformly and fundamentally different or because service selling is very variable and case-specific.

Recently, service science researchers (Maglio and Spohrer 2008) have indicated that as future companies will resemble service networks instead of separate units, boundaries between companies become blurrier. As outsourcing becomes a norm in many networks and production becomes networked, the role of sales changes drastically. The role of sales will be very different and in fact, there might be no need for sales at all since the network will “sell to itself”. Whether such a transition is ongoing and what implications this has on the generalizability of service selling needs to be researched. The business-model specificity and weak process-performance links provide a fruitful avenue to continue on this. Essentially, this stream will lead to a study of selling with the assumption of prioritizing coexistence, coevolution and the cocreation of value in the business model and interorganizational exchange.

LIMITATIONS

As noted, our research design demonstrates sources of competitive advantages emerging from investments in certain processes, given the firm's nature as a service firm (or non-service firm). It must also be noted, however, that while a non-significant value means that the degree of systematization of the process in question does not explain differences in firms' performance within the group of B2B service firms (non-service firms), the non-significant value cannot be definitely interpreted to mean that the process would be totally irrelevant for an individual firm's performance. In other words, the method is unable to identify hygiene factors or levels (the extent to which certain processes need to be in certain order not to have a negative effect). Similarly, we acknowledge limitations in the production of the wide survey instrument and the challenge of capturing the realm of sales process management in a single study. The exploratory findings and the survey instrument can, however, provide guidelines for fine-tuning methodologies around the aforementioned research avenues.

References

- Agnihotri, R., Rapp, A. and Trainor, K. 2009. Understanding the role of information communication in the buyer-seller exchange process: antecedents and outcomes. *Journal of Business and Industrial Marketing*, 24 (7), 474-486.
- Alajoutsijärvi, K., Mannermaa, K. and Tikkanen, H. 2000. Customer relationships and the small software firm: A framework for understanding challenges faced in marketing. *Information and Management*, 37 (3), 153–159.
- Anderson, E., Oliver, R.L. 1987. Perspectives on behavior-based versus outcome-based sales team control systems, *Journal of Marketing*, 51, 76-88.
- Andreassen, T. W. 2000. Antecedents to satisfaction with service recovery. *European Journal of Marketing*. 34 (1/2). 156-175.
- Ang, L. and Buttle, F. 2006. Customer retention management processes: A quantitative study. *European Journal of Marketing*, 40 (1/2), 83-99.
- Avlonitis, G. J. and Panagopoulos, N. G. 2010. Selling and sales management: An introduction to the special section and recommendations on advancing the sales research agenda, *Industrial Marketing Management*, In Press: Available online 13 January 2010.
- Barber, C.S. and Tietje, B.C. 2008. A Research Agenda For Value Stream Mapping The Sales Process. *Journal of Personal Selling and Sales Management*, 28 (2), 155 – 165.
- Beverland, M. 2001. Contextual influences and the adoption and practice of relationship selling in a business-to-business setting: An exploratory study. *Journal of Personal Selling and Sales Management*, 21, 207– 215.
- Boles J., Brashear T., Bellenger D. and Barksdale H. Jr. 2000. Relationship Selling Behaviors: Antecedents and Relationship with Performance. *Journal of Business and Industrial Marketing*, 15 (2-3), 141-153.
- Bonney, F.L. and Williams, B.C. 2009. From products to solutions: the role of salesperson opportunity recognition. *European Journal of Marketing*, 43 (7/8), 1032-1052.
- Bosworth, M. T. and Holland, J. R. 2004. *Customer centric selling*. New York: McGraw-Hill.
- Chakrabarty, S., Brown, G., Widing, R.E., II, and Taylor, R.D. 2004. Analysis and recommendations for the alternative measures of adaptive selling. *Journal of Personal Selling and Sales Management*, 24(2), 125–133.
- Crosby L.A., Evans K.R. and Cowles D. 1990. Relationship Quality in Services Selling: An Interpersonal Influence Perspective. *Journal of Marketing*, 54 (3), 68-81.
- Diller, H. and Ivens, B. S. 2006. Process Oriented Marketing, *Marketing – Journal for Research and Management*, 1, 14-29.

- Eades, K. (2003). *The New Solution Selling*. New York: McGraw-Hill.
- Eades, K. M., and Kear, R. E. (2006). *The Solution-centric Organization*. New York: McGraw-Hill.
- Edvardsson B., Holmlund M. and Strandvik T. 2008. Initiation of business relationships in service-dominant settings. *Industrial Marketing Management*, 37 (3), 339-350.
- Erdman, H.E. 1937. Relation of Mass Buying to Mass Selling. *Journal of Marketing*, 2 (1), 13-20.
- Franke, G. R., and Park, J.-E. 2006. Salesperson Adaptive Selling Behavior and Customer Orientation: A Meta-Analysis. *Journal of Marketing Research*, 43 (4), 693–702.
- Gebauer H. and Fleisch E. 2007. An investigation of the relationship between behavioral processes, motivation, investments in the service business and service revenue. *Industrial Marketing Management*, 36 (3), 337-348.
- Gebauer, H., Puumltz, F., Fischer, T. and Fleisch, E. 2009. Service Orientation of Organizational Structures. *Journal of Relationship Marketing*, 8(2), 103 – 126.
- Geiger, S. and Guenzi, P. 2009. The sales function in the twenty-first century: where are we and where do we go from here? *European Journal of Marketing*. 43 (7/8), 873 – 889.
- Gounaris, S.P. 2005. Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business Research*, 58(2), 126-140.
- Grant, K. and Cravens, D.W. 1996. Examining sales force performance in organizations that use behavior-based sales management processes. *Industrial Marketing Management*, 25(5), 361-371.
- Grönroos C. 1990. Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research*, 20 (1), 3-11.
- Guenzi, P. 2002. Sales force activities and customer trust. *Journal of Marketing Management*, 18, 749-778.
- Hart, C.W.L., Heskett, J.L. and Sasser, W.E. 1990. The profitable art of service recovery. *Harvard Business Review*. July-August. 148-156.
- Hartline M.D. and Ferrell O.C. 1996. The Management of Customer-Contact Service Employees: An Empirical Investigation. *Journal of Marketing*, 60 (4), 52-70.
- Hong-kit Y.F., Anderson, R.E. and Srinivasan S. (2004), Customer relationship management: Its dimensions and effect on customer outcomes, *Journal of Personal Selling and Sales Management*, 24 (4), 263–278.
- Jacob, F. and Ulaga, W. 2008. The transition from product to service in business markets: An agenda for academic inquiry. *Industrial Marketing Management*, 37 (3), 247-253.

Johnston, M.W. and Marshall, G.W. 2003. Churchill/Ford/Walker's Sales force management, 7th ed. Boston, MA: McGraw-Hill/Irwin.

Jones, E., Brown, S.P., Zoltners, A.A. and Weitz, B.A. 2005. The changing environment of selling and sales management. *Journal of Personal Selling and Sales Management*, 25 (2), 105–111.

Kaario, K., Pennanen, R., Storbacka, K., and Mäkinen, H.-L. 2003. *Selling Value: Maximize Growth by Helping Customers Succeed*. Juva: WSOY.

Keillor B.D., Parker R.S., Pettijohn C.E. 2000. Relationship-oriented characteristics and individual salesperson performance. *Journal of Business and Industrial Marketing*, 15 (1), 7-22.

Khalifa, A.S. 2004. Customer value: a review of recent literature and an integrative configuration. *Management Decision*, 42 (5/6), 645-666.

Leigh, T.H. and Marshall, G.W. 2001. Research priorities in sales strategy and performance. *Journal of Personal Selling and Sales Management*, 21, 83– 93.

Low, B. and Johnston, W.J. 2006. Relationship equity and switching behavior in the adoption of new telecommunication. *Industrial Marketing Management*. 35(6), 676-689.

Lindgreen, A., Antioco, M., Palmer, R., and van Heesch, T. 2009. High-tech, innovative products: identifying and meeting business customers' value needs. *Journal of business and Industrial Marketing* , 24 (3-4), 182-197.

MacFarland, R. G., Challagalla, G. N., and Shervani, T. A. 2006. Influence tactics for effective adaptive selling. *Journal of Marketing* , 70 (4), 103-117.

Maglio, P.P. and Spohrer, J. 2008. Fundamentals of service science. *Journal of the Academy Marketing Science*, 36, 18–20

Magretta J. 2002. Why Business Models Matter, *Harvard Business Review*, May 2008, 3-8.

Mantrala, M. K., Albers, S., Gopalakrishna, S., and Joseph, K. 2008. Introduction: Special issue on enhancing sales force productivity. *Journal of Personal Selling and Sales Management*, 28(2), 155–165.

Marks, R.B. 1994. *Personal Selling: An Interactive Approach*. Needham Heights, MS: Allyn and Bacon.

Martin, C.A. and Bush, A.J. 2003. The potential influence of organizational and personal variables on customer-oriented selling. *Journal of Business and Industrial Marketing*, 18 (2), 114-132.

Miller, J.L., Craighead, C.W. and Karwanc, 2000. K.R. Service recovery: a framework and empirical investigation. *Journal of Operations Management*. 18(4), 387-400.

- Moncrief, C.W. and Marshall, G.W. 2005. The evolution of the seven steps of selling. *Industrial Marketing Management* 34, 13– 22.
- Moore, G. (1991). *Crossing the Chasm*. HarperBusiness: New York.
- Moore, G. (1995). *Inside the Tornado*. HarperBusiness: New York.
- Morgan, F., Deeter-Schmelz, D. and Moberg, C.R. 2007. Branding implications of partner firm-focal firm relationships in business-to-business service networks. *Journal of Business and Industrial Marketing*, 22 (6), 372 – 382.
- Moutot, J. and Bascoul, G. 2008. Effects of sales force automation use on sales force activities and customer relationship management processes. *Journal of Personal Selling and Sales Management*, 28(2), 167-184.
- Neslin, S.A., Grewal, D., Leghorn, R., Shankar, V., Teerling, M.L., Thomas, J.S., and Verhoef, P.C. 2006. Challenges and opportunities in multichannel customer management. *Journal of Service Research*, 9(2), 95-112.
- Payne, A., and Frow, P. 2005. A strategic framework for customer relationship management. *Journal of Marketing*, 69, 167–176.
- Pelham, Alfred M. 2002. An exploratory model and initial test of the influence of firm level consulting-oriented sales force programs on sales force performance. *Journal of Personal Selling and Sales Management*, 22 (2), 97-109.
- Piercy, N.F., Cravens, D.W., Morgan, N.A. 1998. Sales team performance and behavior-based management processes in business-to-business sales organizations. *European Journal of Marketing*, 32 (12), 79-100.
- Ramírez, R. (1999). Value co-production: Intellectual origins and implications for practice and research. *Strategic Management Journal*, 20, 49-65.
- Reinartz, W., Thomas, J. S. and Kumar, V. 2005. Balancing acquisition and retention resources to maximize customer profitability. *Journal of Marketing*, 69(1), 63-79.
- Sánchez-Rodríguez, C. 2009. Effect of strategic purchasing on supplier development and performance: a structural model. *Journal of Business and Industrial Marketing*, 24 (3/4), 161-172.
- Schmenner R.W. 1986. How can service businesses survive and prosper? *Sloan Management Review*, 27 (3), 21-32.
- Schurr, P.H. 1987. Evolutionary approaches to effective selling. *Advances in Business Marketing* 2, 55– 80.
- Sheth J.N. and Sharma A. 2008. The impact of the product to service shift in industrial markets and the evolution of the sales organization. *Industrial Marketing Management*, 37 (3), 260-269.

- Spreng, R.A., Harrell, G.D. and Mackoy, R.D. 1995. Service recovery: impact on satisfaction and intentions. *Journal of Services Marketing*. 9(11), 15-23.
- Storbacka, K., Ryals, L., Davies, I.A. and Nenonen, S. 2009. The changing role of sales: viewing sales as a strategic, cross-functional process. *European Journal of Marketing*, 43 (7), 890-906.
- Svahn, S. and Westerlund, M. 2009. Purchasing strategies in supply relationships. *Journal of Business and Industrial Marketing* , 24 (3-4), 173-181.
- Sweet P. 2001. Strategic value configuration logics and the 'new' economy: a service economy revolution? *International Journal of Service Industry Management*, 12 (1), 70-83.
- Tanner, J. F. 1996. Buyer perceptions of the purchase process and its effect on customer satisfaction. *Industrial Marketing Management*, 25 (2), 125-133.
- Tikkanen H., Lamberg J-A., Parvinen P., Kallunki J-P. 2005. Managerial cognition, action and the business model of the firm, *Management Decision*, 43 (6), 789-809.
- Vargo S.L. and Akaka, M.A. 2009. Service-Dominant Logic as a Foundation for Service Science: Clarifications. *Service Science*, 1(1), pp. 32-41.
- Vargo S.L. and Lusch R.F. 2006. Service-dominant logic: reactions, reflections and refinements. *Marketing Theory*, 6 (3), 281-288.
- Vargo S.L. and Lusch R.F. 2008. Service-dominant logic: continuing the evolution. *Journal of the Academy of Marketing Science*, 36 (1), 1-10.
- van der Walk, W. and Rozemeijer, F. 2009. Buying business services: towards a structured services purchasing process. *Journal of Services Marketing*, 23 (1), 3-10.
- Weber, J.A., 2000. Partnering with distributors to stimulate sales: a case study. *Journal of Business and Industrial Marketing*. 15 (2/3), 154-162.
- Weitz B.A. and Bradford K.D. 2000. Personal Selling and Sales Management: A Relationship Marketing Perspective. *Journal of the Academy of Marketing Science*, 27 (2), 241-254.
- Wong Y.H., Chan R.Y.K., Leung T.K.P., Pae J.H. 2002. Commitment and vulnerability in B2B relationship selling in the Hong Kong institutional insurance service industry. *Journal of Services Marketing*, 22 (2), 136-148.
- Zeithaml, V.A., Berry, L.L. and Parasuraman, A. 1996. The behavioral consequences of service quality. *Journal of Marketing*. 60 (April), 31-46.
- Zeithaml B. and Parasuraman A. Communication and Control Processes in the Delivery of Service Quality. *Journal of Marketing*, 49 (4), 35-48.