

## **Sales' Value Creating Capabilities as Sources of Interorganizational Competitive Advantage**

Understanding the role of sales in the creation of value to firms and their customers has been a long-standing goal of researchers and managers alike (Lindgreen and Wynstra 2005, p. 732). This comes as no surprise as salespeople are thought to play a pivotal role in the creation of customer value (Weitz and Bradford 1999, p. 241); besides scholars widely recognize the creation of customer value as the key to firms' long-term survival and success and increasingly see creating customer value as the next source of competitive advantage (Ulaga and Eggert 2006, p. 119; Woodruff 1997, p. 151).

How does the sales function contribute to the creation of value to a firm and its customers? Given the calls for research and the prominent role of value creation in marketing theory and management, one might expect that research has already answered this question. Surprisingly, however, this is not the case. Taking up the issue in their review of relevant literature, Haas, Snehota, and Corsaro (2011, p. 10) convincingly argue that prior research has dealt with sales' value-creating role mostly by assumption rather than systematically. Accordingly, Singh and Koshy reflect (2010, p. 2): "we do not yet know if business-to-business salespersons actually create value in their relationship with customers". As the literature does not offer a coherent framework to guide these efforts, sales' capabilities for creating and capturing value have not been addresses sufficiently.

It is still unclear how sales creates value to firm and customer. Although scholars' extensively focused on sales' performance outcomes, the two most prominent salesperson behaviors under investigation in sales literature (i.e., adaptive selling and customer-oriented selling) have been shown to account for only 9% or less of the variance in salesperson performance (Franke and Park 2006, p. 697).

The objective of this paper is to enhance the understanding of sales' role as a value creator by exploring how sales related capabilities may contribute to creating value to the firm and its customers. Specifically, the paper investigates two major research questions: (1) Which are the sales related capabilities critical for firm and customer value creation? (2) How do these sales related capabilities contribute to interorganizational value creation and competitive advantage?

In answering these questions, this research defines value creating capabilities as a set of organizational abilities related to a firm's sales function. This study is rooted in the concept of interaction as a value-creating mechanism and in line with current research on firms' capabilities (e.g., Morgan et al. 2009). Value is produced between two resource sets that are "linked, joined and interfaced" (Haas, Snehota, and Corsaro 2011, p. 2). To reflect the four intertwined characteristics of value-creating interactions, sales functions' value-creating capabilities are conceptualized as consisting of four intertwined facets: mediating, initiating, realizing, and sense-making. These four dimensions of sales value creating capabilities serve as a mechanism, which enables sales' value creation and value capturing. Drawing on the resource based view (e.g., Barney 1991) we integrate current capability-related, value and sales literature.

In order to gain deeper insights into the value creating capabilities of sales we employ qualitative interviews with sales managers and salespeople in business-to-business settings following a grounded theory approach (Strauss and Corbin, 1990). On the basis of these interviews the paper develops a comprehensive, interaction-based framework of the value creating capabilities of sales. We then synthesize a set of propositions on the role of sales value creating capabilities for firm and customer performance, which offer fruitful avenues for future research and may guide further systematic investigation.

The paper contributes to previous research by (1) integrating the value and sales related research as well as different streams of research in salesperson capabilities; (2)

providing a comprehensive, interaction-based conceptualization and identifying value creating capabilities of sales as a key construct for the understanding of the process of value creation and capturing; and (3) developing a conceptual framework of how the sales function contributes to relationship value in terms of value creating capabilities.

Specifically, our framework suggests that value creating capabilities (a) are prerequisite in the creation of relationship value; thus, value creating capabilities mediate the linking, joining, and interfacing of relationship partners' resources, actors, and processes; (b) value creating capabilities are prerequisite for value capture by increasing firm performance directly and indirectly through customer performance; and (c) value creating capabilities positively affect firm performance above and beyond the performance effects of firm strategy.

In managerial terms, this study highlights important areas for sales managers (e.g., in terms of processes, sales training, etc.) in their efforts to create customer value and enhance sales performance. The proposed capabilities provide starting points for analyzing failures in the creation of customer value. Our results also inform firms about ways to design the sales function so that it will create customer value. Thus, our study supports firms and sales managers in their efforts to increase performance and customer value, and to strengthen the firms' competitive positions.