ORGANIZING MARKETING AND SALES

Mastering Contemporary B2B Challenges

Edited by
Per Andersson
Björn Axelsson
Christopher Rosenqvist

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Foreword

This book is the outcome of a number of PhD-theses and other research projects. It has been under way for several years and has served as a catalyst for knowledge generation within a research team of around 12 people at the Stockholm School of Economics. The leading theme of the research has been "value creation in business-to-business operations," or Value in Sight (VIS), as we have named our group. When we had forged out a number of texts based on our research, we had around 70 percent of the chapters of the book. We as editors then took a different stance by asking ourselves what was missing in order to make this into a holistic book on organizing marketing and sales. We identified a number of themes that were important but not covered. The exercise resulted in the following step in the remaining 30 percent of the content (chapters).

Our ambition has been to arrive at a presentation that would capture contemporary challenges and thinking around them, specifically addressing sales. This means that we rely quite a lot on empirical findings, especially regarding what firms try to achieve and what seems to be problematic in making it happen. We have also been guided by two main ideas: (1) that sales and marketing are essentially about organizing and (2) that business firms are gradually moving toward the so-called solutions business. But it seems to be a tricky journey with a lot of challenges, not least regarding sales. Sales and marketing, nevertheless, need to be aligned when looking at solutions businesses. This could be considered a third main guiding idea. These background thoughts are more or less explicitly addressed in all chapters.

It is clear that the book is based on research and should be an interesting read for scholars in the field. But as it is rather close to "real-world" illustrations and problems, we think it should appeal to people in business too. We know that many of the challenges presented are deeply sensed problems also in practice. Many years of experience in executive training has taught us that most of the challenges managers perceive are related to organizational issues and are often internally oriented. When asking sales and marketing managers about what kind of challenges are on top of their minds and, thus, the ones they would like to explore in development projects, roughly four out of five tend to be about organizational challenges: How to coordinate our sales-force? How to connect sales and R&D? and so on. One challenge out of the four organizationally oriented tends to be outward-looking, specifically addressing challenges in managing customers and/or competitors. All the rest are primarily internally oriented. This is a strong indicator to us of the topical relevance of the book.

We also think of master-courses and similar contexts as potential target audiences. Much of the content presented in the book has contributed to our courses in the SSE Master in Management Programs. Some of it has also been utilized in the school's Bachelor Programs, especially in courses addressing business-to-business marketing.

We as editors want to thank all our contributors and especially all members of the VIS group for their expertise and patience in allowing this process to take some time and also to willingly contribute and to adapt their texts step-by-step based on our criticisms. Several of the research projects underlying these texts have had financial support from the Torsten Söderberg Fund (Cederlund, Laurin, Huang, Tian, Åge) and also from the Research Foundations at the Handelsbanken (Grenblad, Jönsson, Vilgon, Wikner). We are thankful for that. Thanks also to Kalin Taylor who skillfully helped us correct the language. We also want to thank the publisher, Emerald Insight, for their acceptance of our manuscript and for their great work, including the comments by the two reviewers. We hope the reader will find this book an interesting and up-to-date read.

Stockholm, March 2018

Part I

Introduction: Organizing Marketing and Sales

This part consists of three chapters addressing the following three broad questions:

(1) The first question is "what is going on in contemporary business practices?" We address this by providing some observations of ongoing B2B sales and marketing practices (Chapter 1).
(2) The second question is "what does it really mean to manage sales and marketing in practice?" Here we bring in a thick description from a real-world multinational operation to demonstrate the multitude of, often conflicting, requirements and tensions that needs to be addressed in many sales and marketing organizations (Chapter 2).
(3) The third question is "which are the generalized developments over time?" This is addressed by a researcher view, based on extant research of overall sales and marketing challenges in the past, present, and future (Chapter 3).

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Chapter 1

Contemporary Developments and Challenges in Sales Organizations: Some Observations

Björn Axelsson

Abstract

The purpose of this chapter is to set the stage for the rest of the book. It is based on a number of interesting observations illustrating contemporary activities in regard to a broad range of sales-related topics. Among other observations are a number of developments that have followed with digitalization.

The chapter presents the core themes of the book and provides rationales for the choices. The themes are: value-based offerings, solution-oriented business, and on-going efforts of organizing to manage the multitude of issues connected to sales and marketing.

A second issue is the presentation of a framework against which to position important core issues in sales management. This includes aspects of organizational design, leadership, technology support, and more. All these are organized into four main categories. This "map" is utilized to position the coming parts and chapters.

Keywords: Value creation; sales leadership; organizational design; information system tools; service orientation

Introduction

During the last decade, marketing and sales in business-to-business (B2B) contexts has got renewed attention in business world. Some key concerns, such as how to deal with the interplay — or conflict — between the roles of marketing and sales, have long been at issue but are more frequently discussed from a different

perspective in the current climate. Similarly, other aspects — such as the management and motivation of the sales force as well as selecting, motivating, and training people in the sales force — have also always been on the table for discussion but seem to be addressed differently in contemporary business. The view of what constitutes a sales process in contemporary business has also been put in to question. The old "7 Steps of Selling" has been challenged from various angles (Moncrief & Marshall, 2005).

We could think of many reasons for such changes to take place. Technological development has introduced new tools, like customer relationship management (CRM) systems and marketing through the web, which dramatically change the prerequisites for sales-force operations. Competition has changed in character, forcing many companies to try to differentiate by, for example, trying to move toward more integrated, solutions-based market offerings. This is but one important force changing the view of marketing and sales. Another factor that changes the landscape is that B2B customers in general have put increased efforts into strengthening their procurement operations, thus making them more strategic. There are mirroring effects on the sales and marketing side.

The indicated developments are only illustrations. There are many more challenges as well as new opportunities in today's sales operations. Though novel developments are increasingly common, one thing has not changed. Nothing seems to slow down the on-going efforts to make sales and marketing divisions more efficient and more effective. Getting the job done spending as little time and resources as possible and receiving as much sales activity as possible in return for the resources spent. At the same time, organizations want sales and marketing to create more value, do more business, sell more profitable solutions, bring in more profitable customers, etc. Though the observations addressed in this chapter, indeed in this entire book, are on all of these factors, two themes stand out:

(1) Value creation seems to be the goal in managing almost all the problems we examine. We will say some more about this in the following section.
(2) Organizational means tend to dominate the focus of managerial attention when meeting challenges during the organizational process.

In the rest of this introductory chapter, we will demonstrate how some of the new opportunities have become manifested in selected business firms. In Chapter 3, we provide a more theory-based and principal discussion on ways to organize in order to manage these challenges.

Value Creation in Contemporary B2B Business

Marketing, especially in B2B contexts, is sometimes defined as the art of understanding, creating, and delivering value (Anderson, Narus, & Narayandas, 2008). Value is determined by customers and is evaluated relative to alternative solutions

or providers. Anderson et al. (2008) also emphasize, in line with so-called service dominant logic (SDL), that value should primarily be considered when "in use," i.e., the impact it may have on the customer's operations. In Axelsson et al. (2005, see also discussion in Chapter 4 of this book), value in operations is divided into three main categories:

(1) Lower costs of the products and services needed — this could be due to lower prices of input material and services, a different mix of items procured, lowered transactions costs, etc.
(2) Improved utilization of production means: machinery, facilities, personnel.
(3) Increased revenues.

In line with the idea of departing from value for the customer, Treacy and Wiersmaa (1997) already developed a framework for elaborating various value-based business strategies. They found that firms that proved to have enduring profitability acted according to one of three so-called value disciplines. Figure 1.1 is a way to illustrate these and how they relate.

The first of those three value disciplines a firm can exercise is being excellent in offering goods or services at low costs. In order to do that, a firm must excel in operations efficiency and, thus, build relevant capabilities for that discipline.

The second value discipline a firm can exhibit is being excellent in offering a superior service, i.e., being a product leader. This would call for different kinds of capabilities than the first value discipline.

Finally, the third value discipline demands a firm to orient toward customer intimacy, i.e., being great in servicing selected customers with a broad and varying scope of needs. This, in turn, would call for yet a different mix of excellent capabilities. It is also emphasized that firms need to be good enough in all disciplines but superior in one of them to really excel. In illustrating this, sometimes as a rule of thumb, consultants may talk about a 95-80-80 rule. This means that in order to be good enough, a firm needs to perform up to roughly 80% of a world-class level and to be excellent up to 95% of world class in its core discipline.

This framework also connects to the two main themes of this book mentioned above around value creation and prioritizing organizational means. The trend that

**Superior function /
quality**
-> Focus on product
features

Low cost   **Customer intimacy**
-> Focus on efficiency   **->** Focus on adaptation
of operations   to individual demands
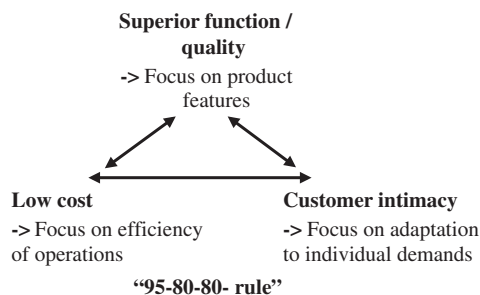
"95-80-80- rule"

Figure 1.1: Three Value Disciplines. *Source*: Own construction.

firms tend to aim for more solutions-based business at the expense of so-called product-based business should, when interpreted by this framework, indicate that those firms are making a general effort toward the customer intimacy vertex of the triangle. The solutions-based business, which is more oriented toward lowering costs by supporting the customer's improved utilization of its operating means and increasing revenues, is generally more complex and entails greater elements of risks. This view also fits neatly with SDL-thinking, one core feature of which is the notion that customers are actively involved in creating the value-in-use. The supplier supports the process. But the realized value is ultimately created by the user. These types of market offerings and the ways in which value is created also generate organizational challenges for the supplier.

This has several implications for sales. First, it means increased focus on genuinely understanding value for the specific customer. Second, it means providing a value based on a broader scope of services and, thus, involving more contributions from co-suppliers. Third, it brings challenges for marketing, most notably in supporting the business by relevant analyses of customers' latent needs and their role in brand building.

An interesting discussion that relates to all this is carried out by Smith and Colgate (2007), which will also be referred to in Chapter 4. They present a view of which general sources of value may support the provision of value for specific customers. They distinguish four kinds of value: functional/instrumental, experiential/hedonic, symbolic/expressive, and cost/sacrifice. We explain the meaning of those when we return to them in Chapter 4.

What Kind of Challenges?

What was said about efficiency and effectiveness earlier could be discussed from the point of departure of a traditional profit-and-loss account for any business firm. After all, what is to be achieved by the combined efforts of marketing and sales — and by the rest of the organization — will, at the end of the day, be its contribution to the firm's top- and bottom-line results. Top-line is the amount and type of revenue generation to which it contributes. Bottom-line is the business margin, including the degree of efficiency in resources utilized. Figure 1.2 serves as a point of reference for this view.

Needless to say, these outcomes are also dependent on the efforts and contributions of business partners such as suppliers and customers. Suppliers may contribute by offering great products and services at a low price, offering services that may help firms reduce costs other than prices paid for products bought *and* by offering services that may help their customers to increase their revenues (e.g., sell more). Customers contribute not only by paying a price for the products they buy but also potentially by, among other things, being a trouble-free partner (easy to get along with), providing good ideas for improvement of products, serving as a reference (bridge-head) to other customers, etc.

With this background, the role of marketing and sales becomes quite strategic and broad in scope. Already the upper left part of the profit-and-loss account
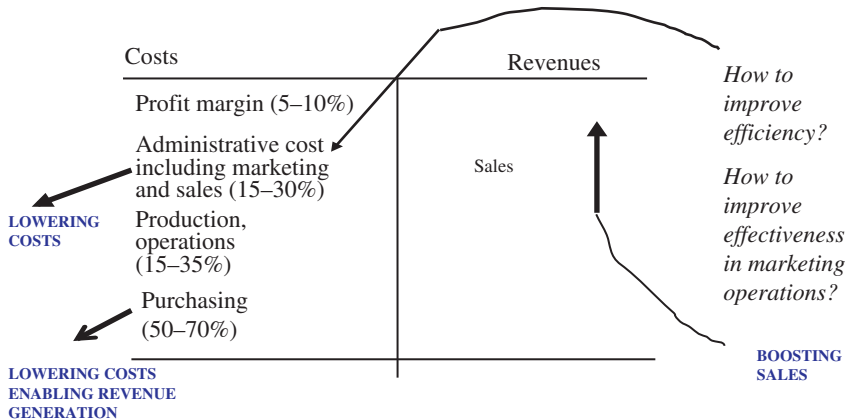
Figure 1.2: The Overall Role of Marketing and Sales Condensed into a Profit-and-Loss Account. *Source*: Own construction.

introduces quite a lot of options and more or less complexity. The overall questions are: How can a firm operate its sales and marketing differently in order to become more efficient? What causes problems in today's operations? What could be done equally as well with less resource spending? What are the key concerns in order to become more efficient?

The upper right part poses other complementary challenges: How could marketing and sales contribute to selling more? Generically, it could do so by approaching additional customers, selling more to existing customers, being able to charge more for the same products, or contributing to enabling the firm to differentiate, e.g., by selling more advanced solutions at a good margin. Once on board with that direction, the question becomes: How do we do it?

The challenges mentioned above are the overall challenges to any firm that sets off to try and navigate its marketing and sales operations.

During the research underlying this book, we came across several firms that provided many great examples of challenges as well as interesting opportunities and responses. Early on in our process, we came into contact with ABB Robotics who at that point had several problems very much emanating from issues related to sales and marketing and the organizing thereof. In Chapter 2, we present the entire case, which we consider very illustrative when it comes to today's challenges in getting it all right.

An interview study revealed a long list of symptoms of ABB Robotics' malfunctioning. It had very little to do with product performance, but rather the malfunctioning was connected to administrative problems such as unclear responsibilities, lack of communication, reward systems that led to suboptimizations, and so on. After digging a bit deeper, it became clear that the post "Administrative cost including marketing and sales," in Figure 1.2, represents a multitude of problems, challenges, and opportunities for improvement.

The short review above tells us that managing sales and marketing can be a very demanding task, especially when moving from the simplified principles and schemes in textbooks to organizing in a specific context. In the ABB case, we have a specific business area within a multinational corporation. That business area in itself consists of several different businesses. The company has daughter companies in many countries, several production and developmental units, a number of customers that are served in more than one country, etc. None of this is uncommon. It should also be stated already here that ABB Robotics managed in a few years to significantly improve their operations mostly through vitalized processes of organizing. Needless to say, whatever improvements were made that does not mean that the company has managed to develop the *optimal* solution to the situation. The only indication is that it has changed and improved.

We can also notice that the efforts made involved several parts of the firm's operations. This is, in our view, a rather normal pattern. Changing in only one dimension, for example focusing only on the design of the organization or on only changing one or two managers, seems rarely to suffice. Significant improvements seem to call for systemic changes in which organizational design, processes developments, peoples' roles, development of skills, etc. all play a part.

One more noteworthy aspect is that such changes sometimes happen in major steps, in terms of significant reorganizations and the like. Concurrent with these major steps are minor corrections, which could be characterized as more or less continuous organizing activities.

A Renewed Toolbox

The toolbox needed to support processes of organizing can be quite extensive. It includes as already indicated the very organizational design of the marketing and sales operations. But the toolbox is much richer than that. Additional aspects reflecting varying mixes of tools can be investigated by asking: What kinds of follow-up mechanisms should be applied? The response could be to define the various key performance indicators, e.g., sales figures, customer satisfaction developments, and delayed or inferior deliveries. This aspect could also refer to internal meetings and dialogues as well as external ones with customers, including the kinds of techniques utilized when carrying out such meetings.

Let us introduce a frame of reference, complementary to the principal profit-and-loss account and to the organizational design issues dominating the above discussion.

This frame of reference illustrates an extended toolbox to be utilized when operating sales and marketing organizations. There are four main groups of variables or, rather, four pillars on which to build the basis for improving sales and marketing organizations' efficiency and effectiveness. These four are dependent on one another and need to be aligned. The boxes outside the circle illustrate possible tools or methods that could be applied.
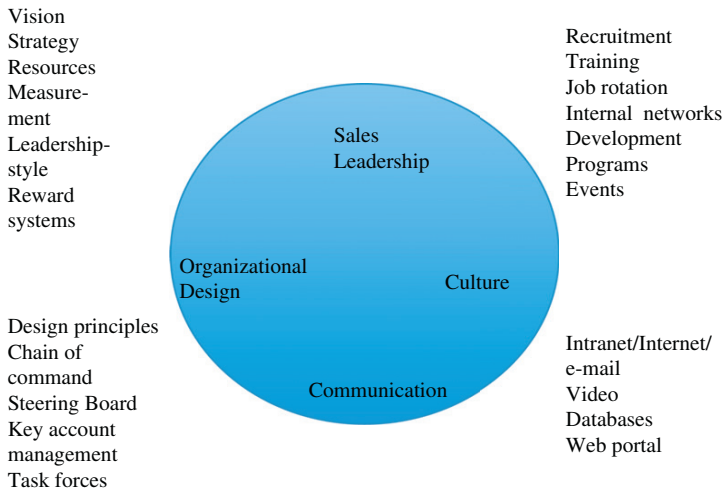
Vision
Strategy
Resources
Measure-
ment
Leadership-
style
Reward
systems

Recruitment
Training
Job rotation
Internal networks
Development
Programs
Events

Sales
Leadership

Organizational
Design

Culture

Design principles
Chain of
command
Steering Board
Key account
management
Task forces

Communication

Intranet/Internet/
e-mail
Video
Databases
Web portal

Figure 1.3: Organizational Features Which May Enable the Creation of Efficient and Effective Sales and Marketing Operations. *Source*: Inspired by a power point by Frank Rozemeijer, Maastricht University, which in turn relies on Rozemeijer and van Weele (2007). Here adapted from purchasing to sales.

The first pillar, sales leadership and control, is an important one, as it is present in all organizational contexts. It is concerned with the ways leadership is effectuated in the specific organization. One important aspect of this concern is the way in which top management of the entire organization gives guidance and support to sales and marketing. A second and related leadership and control issue is the way managers in sales and marketing fulfill their tasks. It could relate to the processes of creating and forging strategy, which, in turn have a lot to do with expressed goals and expectations, availability of resources and competencies, reward systems, measurement systems, and many other aspects.

The second pillar in the figure, informal organization, refers to the internal value system, a concept often referred to as organizational culture. It includes general characteristics like "open, willing, and able to experiment and change" or sometimes the opposite. It is often discussed whether or not culture could be regarded as a parameter to "act on," i.e., to manipulate or change. We will look upon this phenomenon as if there is a lot that could be acted upon to change the internal climate of any organization. Formal and informal networks, training, job rotation, development programs, corporate events, etc. including — of course — leadership, could all have strong impacts on companies' internal value systems. The same goes for the development of marketing and sales as an organizational unit.

Information and communication systems constitute the third pillar. The Internet and the plethora of applications have revolutionized opportunities in this field. Sending and receiving videos, simultaneously watching the same instruction/movie at several locations in the world, building databases, as well as registering and analyzing huge amounts of data are but a few of the applications currently available.

Automatic systems replace human beings in many relevant operations and contribute to making those operations more efficient. The information and communications technology phenomenon has also changed the picture for customers who, nowadays, tend to be much more informed about their own needs and about the variety of potential supply markets. Not only do these developments contribute to the vast pool of existing information, they also contribute to providing faster and more timely information as well as better analysis of extant information. There still remains, however, substantial room for face-to-face communication.

Formal organization, the fourth pillar, is likewise, very important. It has been said that "marketing is an organizational problem" (Håkansson & Östberg, 1975). This still holds true. The ways in which sales and marketing operations are organized creates opportunities and sets limits to operations. The organizational design and the formal processes should reflect important priorities. If inadequate, they will form dysfunctional behavior but if adequate, they will significantly contribute to potential success. This pillar includes the formal organizational design, executive steering, makes explicit some pros and cons of the application of key account management practices, and so on. In the upcoming parts of this chapter, we will discuss some developments we have observed during our studies regarding the four pillars of efficient and effective sales and marketing organizations. Let us begin in reverse order by addressing some illustrations of the impacts from the fourth pillar.

Improving Efficiency and Effectiveness by Changing Organizational Design

When designing sales and marketing organizations, there are a number of "classical" questions to address. These include among others: Should sales be specialized on the products sold and thus primarily build knowledge based on defined products? Or should sales be specialized on specific applications, specific countries, individual customers, or well-defined segments of customers? Furthermore, one could ask whether sales should be divided into a country-by-country operation or allocated into larger regions as parts of the world. What scope and division of tasks should be subject to profit-and-loss responsibilities? Should it be limited to products, individual customers' operations in a specific geographical area, or some other basis? Should it be a combination of these? Where is profit-and-loss responsibility located? What about the "chain of command"? Who decides what and who "owns" which processes?

Also there are several challenging issues regarding the interplay between marketing and sales. How should the two, slightly overlapping and slightly differing, responsibilities be managed? The two functions have been described (see Kotler, Rackham, & Krishnaswamy, 2006) as sometimes totally separated, sometimes well-defined, and sometimes fuzzy separations. A different view is the "integrated" approach in which the two functions operate in concert. Other researchers investigating this role distribution, like Homburg, Jensen, and Krohmer (2008), have

looked into which function has a stronger position than the other, when and why, i.e., in what kind of contexts?

Two short illustrations, below, will serve as our observations on organizational design as an important aspect when trying to improve sales and marketing organizations.

Alfa Laval

This case will show how a firm by changing the organizational design of its sales operations leading to a reallocation of resources managed to enduringly increase its net margin. One of the core elements was a fine-tuned segmentation. Customers who basically knew what they wanted to buy were — after the change — managed by independent resellers supported by a developed web function. Another core element was that the customers buying more complex solutions could allocate more resources (much needed) and thereby get more attention and expertise. This way Alfa Laval managed to improve its business in all key areas leading to a new net margin of roughly 12−15%, departing from a level of 5−6%.

Cisco

This case, as described by Kalyanam and Surinder (2009), has similarities with Alfa Laval in that it emphasizes organizational design issues. A major difference from Alfa Laval is that Cisco not only started to rely more heavily on resellers but that these resellers became VARs (value adding resellers) and contributed to new products and other innovations. To make this possible, they have introduced a set of factors to stimulate and enhance the VAR to do that job. As a result of this support, they get all the benefits of a typical reseller solution, plus more qualified work. How and when is such a move possible? Could Alfa Laval, as a second step in its development, have taken that route of action too?

These two broad illustrations focused mainly on organizational design connect, for example, to the studies by Homburg, Workman, and Jensen (2000) and also to studies by Gulati (2007), Waaser, Dahneke, Pekkarinen, and Wiessel (2004), which deal with organizational aspects as well as segmentation of the customer base.

We will now move on to the third pillar, namely information technology, as an enabler of increased efficiency and effectiveness of sales and marketing organizations.

Improving Efficiency and Effectiveness by Utilizing Information Systems' Foremost IT Tools

Information technology has changed much of the sales and marketing landscape. A lot of consumer marketing firms caught on to these changes early and took a tack away from conventional technology of the day and toward web-based operations. In B2B, the early development took advantage of the facilitated communication,

e.g., e-mail, intranets, EDI (electronic data interchange) systems, reverse auctions, etc. But the core of the sales and marketing job was (and largely is) the way it used to be; salespeople still made contact with their customers, searched for them via telephone, mail, or personal visits, etc. They also use tools like CRM systems, which facilitate keeping track of activities and support sales efforts. All this has helped firms improve efficiency and effectiveness both in sales and marketing. The latter may have benefitted most of all, thanks to the richer access to data. In Chapters 10 and 11, we will take a closer look into the use, including strengths and weaknesses, of utilizing CRM systems. Before we get there, the following passage continues with a few more words about the IT pillar.

More recently, the development related to the use of IT in sales and marketing has added new attributes in operating sales activities. Today several firms rely much more heavily on technology as a means to both reach customers and provide relevant information, so-called content. It is frequently argued that, in B2B of today, a majority of buying firms already know what they want to buy when they make contact with a limited number of suppliers toward the end of their buying process. Being a well-informed buyer is a much easier way to get a handle on all of the information available in today's business world. Customers don't want to be "disturbed" by a salesperson knocking on their door. Instead they prefer to contact sales departments at their own convenience during the buying process. In theory, this should make it easy and attractive for customers to search and find suppliers. It therefore needs suppliers to distribute information and the knowledge they deem as relevant to help customers solve their problems as though they were their own self-promoting media outlet. They should also make sure to be available at the most important discussion forums for customers and other stakeholders within their businesses. This is the way to generate inbound traffic. Firms should also build an infrastructure to be able to, in efficient ways, select the most promising potential customers. This should preferably be made possible by automated systems. Figure 1.4 serves as a platform for the continued discussion.
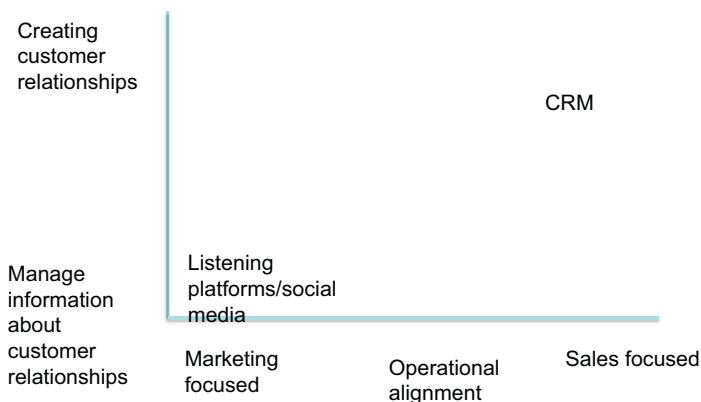

Figure 1.4: Various IT Tools Classified along Two Axes. *Source*: Own simplification of figure by Ramos et al. (2009). *Note*: The complete figure will appear as Figure 1.5.

According to this framework, there are two main dimensions. One is whether the focus primarily is to create customer relationships or to manage information about on-going relationships. The other dimension is whether the operation is primarily marketing or sales focused. There are a great number of relatively new tools that could be utilized to enhance organizations' efforts to both improve efficiency and effectiveness. Like various professionals with expert knowledge, some tools are primarily relevant for managing information about customer relationships and stakeholders. To enable such ambitions, various listening platforms and social media at large could be very fruitful. CRM systems are seen according to this framework as more sales-focused tools and, perhaps, are foremost designed to help create and nurture relationships. Arguments could be made that CRMs are primarily fit for managing information about customer relationships.

To illustrate the great variety of tools available in this "new" world of marketing and sales from a B2B focus, we provide Figure 1.5. This is the kind of overview that tends to quickly become obsolete in dynamic new areas like the one in question. We present it however to provide an image of the dynamic development and richness of the tools available.

Needless to say, there is no such thing as a fixed and well-defined position for any of the tools. It should also be noted that there is overlap between all areas. The core lesson from this is that the content-oriented, web-based B2B business has become equipped with many tools to help firms provide content, help customers find solutions to their problems, and to make it easy for customers to find their suppliers. The web-based business platform has also provided a very useful automation tool that automatically selects customers based on predefined criteria. It should also be mentioned that this is an area in development. Therefore, the tools mentioned in the figure may be even richer today, and a few of the tools may be outdated. The figure is still an impressive image and nice illustration of this line of development.

Below are two illustrations of companies who have taken parts of this development into use.

Tacton Inc.'s Use of IT When Operating Sales

Tacton Inc. is an IT-based firm providing software supporting the sales-bid process in context with complex technology products. They have for example helped Siemens in the Gas-turbine business to reduce the time for making a well-defined and accurate market offering (according to its sales configuration tools). They reduced the process from the normal 6 months down to mere hours, and in doing so, Tacton has influenced the entire industry. The company is in the midst of heavy growth, operates in the global arena and — this is the second strong feature of the case — is essentially managed from its headquarters in Stockholm. The Japanese market is managed through a "Japanese interface" online and a backstage operation in Stockholm manned by Japanese employees working on Japanese time. The US and German markets are managed respectively in the exact same way and so on. Tacton utilizes videoconferencing quite often and employs systems for task forces to
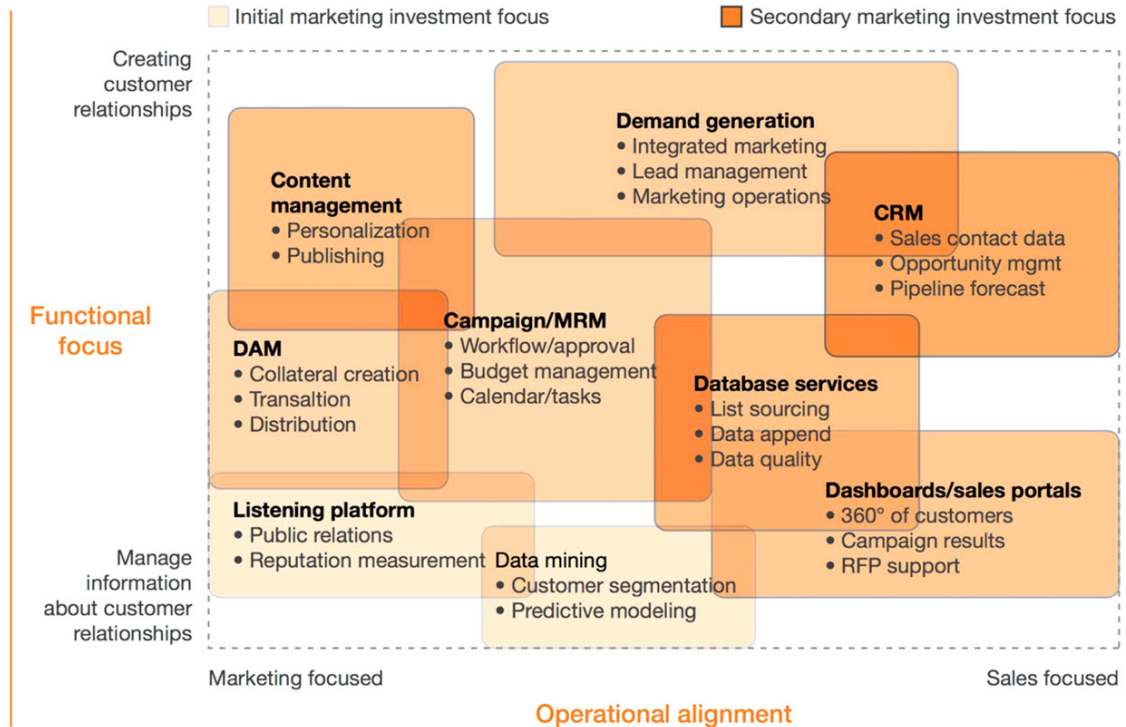
Figure 1.5: Some Examples of Sales and Marketing-Related IT Tools Available and a Tentative Effort to Sort Them into the Two-Dimensional Scale from Figure 1.4. *Source*: Ramos et al. (2009).

simultaneously work on the same electronic documents from the United States, Japan, and various European countries.

Thermo-Calc Utilizing IT and Social Media

Thermo-Calc presents itself as a software firm. It specializes in advanced simulations, that is, of various metallurgic combinations. Instead of conducting a lot of expensive physical experiments, firms could turn to Thermo-Calc to produce simulations of what would happen in a "real" experiment. This is a faster and cheaper process. Thermo-Calc is thus a firm that runs much of its business in the virtual world of simulations.

The company has several thousands of users operating in more than 70 countries. They have worked with most of the traditional tools such as user group meetings, conferences and exhibitions, ads, software and database flyers, editorials, demo software, newsletters, and e-mails. All the efforts have helped to build the brand and get customer leads. They know the costs of such an operation relatively well, but what is the return on investment? Thermo-Calc's point of departure away from the old and toward new methods was their perceived dis-satisfaction with the following elements: too small inflow in the funnel, too poor quality of most of the leads coming in, and customers seeming not to respond as before to traditional marketing based on self-glorification.

Thermo-Calc set off to create a content strategy and to use marketing automation tools. In this way, they turned the view from thinking inside — out to reach customers to thinking outside — in. One element in doing this was to try and educate the buyer on the buyer's conditions. Another ingredient was to focus more on personas — characteristics of a person — instead of roles and titles. Different personas can be active on various virtual meeting places and in various social media. The idea was that, instead of concentrating on selling, Thermo-Calc should help customers create interest in and facilitate their ability to consume.

They started to create a content strategy based on some persona characteristics. The strategy consisted of compiling a broad range of content carriers, such as white papers, case studies, in books, newsletters and e-mails, press releases, editorials, blog posts, webinars, videos, website, and social media. The website is one of the most important parts in this changed strategy. Gradual improvement in development activities requires continuous follow up. Visualizing the results has to do with content-performance reporting, tracking the traffic generated at various discussion forums, and so on. Concerns were assigned to the selection criteria based on which customer leads would automatically be accepted or rejected. Were the criteria valid or not?

Thermo-Calc is in an early phase of this development and so far has limited experience-based data. They have already seen some interesting patterns and are working to fine-tune their operations. All-in-all they consider this new approach to marketing very promising.

Three general comments about these examples follow. The first is that it seems as if this kind of practice will replace much of the routine work of salespeople and

gradually lead to their transitioning into making more advanced sales deals. A much discussed article by Adamson, Dixon, and Toman (2012) states in line with this projection that salespeople need to become much more competent. When purchasing, organizations become more knowledgeable and skilled, they don't want to waste time with salespeople in general. Salespeople need to be able to challenge customers, based on superior knowledge about their problems. They need, thus, to be able to address the latent and unknown customer needs and, in the words of Kohli and Jaworski (1990), become genuinely market-oriented. The second comment about the previous example is that marketing personnel need not only be good at forming strategies and analyzing data, but to a higher degree, they also need to act as editors or journalists who create and provide informative and attractive content.

The third comment, which also relates to the changing interactions, is the improved possibilities to, after the initial catch of customers, create so-called customer journeys (Edelman and Singer (2015)). This means to lead customers from the one question (step in their journey) to the other. That means to provide an infrastructure where the customers are provided with sequences of value-adding steps to be able to tailor their information and solutions choice. As a result, Edelman and Singer argues that we will see an emergence of a new category of salespeople, namely "journey product managers" and "journey strategists."

Improving Efficiency and Effectiveness by Developing Staff Including Methods of Follow-up and Motivation

This pillar connects to what is often referred to as corporate culture. We will not discuss at length any definitions of culture and or provide a comprehensive list of ways to shape culture. We will only refer to the intuitive feeling of the concept and point to some initiatives where firms, in striving increasingly for solution-based business, have taken initiatives to emphasize some aspects of their "organizational tools" to strengthen the respective firm's orientation toward solutions business.

The first example emphasizes the role of measurements and forming KPIs to support a desired re-orientation of the firm. When this was presented, it was primarily considered a tentative concept.

"Weather Forecast" Developing New KPIs

The Weather Forecast firm has a background in marketing products and standardized services, including most prominently providing weather forecasts to professional users such as airport operators including flight traffic management. The firm wanted to expand this important service into taking full charge of traffic management and additional airport services. The business model was in place and so were some reference cases. The firm's management however thought it needed to strengthen the focus on this element of its business.

One step they prioritized was to develop new KPIs for sales. A preliminary version of the system that illustrates its principles is detailed below. They used a

deductive process starting from the overall strategy of the firm being expressed as "profitable growth based on market-driven, segment-focused approach." This was then distinguished into four strategic objectives: growth, profitability, deeper customer relationships, and better understanding of customer needs. For each of these four strategic objectives, they identified the following key drivers and indicators (KPIs) of degree of success:

(1) Growth: The key drivers were growth in order volumes, revenue growth, and services revenue growth and the indicators were order intake, revenue, and service revenue.
(2) Profitability: The key drivers were selective project sales, efficient sales operations, and selling value. The indicators (KPIs) were gross margin in €, sales costs versus revenue, and general management versus sales cost.
(3) Deeper customer relationships: The key drivers were key account management, customer liaison meetings, and proactivity in sales. The indicators were key account management revenue, number of top management encounters, and customer satisfaction survey index.
(4) Better understanding of customer needs: The key drivers identified were solutions and value selling, solutions' concepts, and solving customer needs. Indicators were service business as share of revenue, customer's perceived value for money as reflected in customer satisfaction surveys, and market share per segments identified.

This is an interesting illustration of potential ideas behind the pillar discussed here. In order to make the sales organization move in a direction decided by management, the shaping of systems, including identifying the key drivers and core indicators, could be a fruitful step. It could also be accompanied by various reward systems, e.g., outcome, versus behavioral-based systems (Anderson & Onyemah, 2006) or deciding what kind of system would be preferable in a particular context. Should the firm primarily follow up and evaluate the sales performance of people in sales or should they try to steer activities and priorities toward their behavior, e.g., the ways in which they allocate their time, what kinds of meetings they search for, and what kind of solutions they primarily want to discuss? The system by Weatherforecast leans toward a stronger focus on behavioral systems.

Monitoring and motivation are closely related to skills and competencies. Organizations tend to not only reward based on performance in the short term but also in the long term and in doing that, they build incitement schemes pointing out venues toward competence development. One example we have come across is from The Electronic firm. Again, it was presented as a tentative concept.

"Electronic Firm" Developing a System for Recommended Learning Path Training Linked with Job Profiles

The company has sorted out two main career paths for salespeople. The first path (1) is the move from a sales representative to a field sales manager. The next step is

channel manager, followed by national sales manager, and ending in regional sales manager. The second path (2) starts with a KAM for one or a number of customers. It continues with national KAM, is followed by international KAM, and ends in global KAM.

The starting point for a sales representative and a KAM (for smaller accounts) is in some ways identical. It is about knowing the basics of the company as such, the organizing of marketing and sales, basic selling techniques, negotiating tactics, front office and customer service, category management awareness, and sales productivity planning. For KAM and the field sales manager, they add on not only advanced selling techniques but also several skills that differ between the two career paths, such as account planning for the KAM and coaching a sales force for the field sales manager.

Step-by-step the system adds skills and competencies defined in modules for each of the two career paths. Some modules are unique for a specific career path, some are identical and appear at the same (higher) level in each path, and some are identical but appear at different levels in each career ladder. The top additional point on each ladder (global KAM and regional sales manager, respectively) is the ability to drive international KAMs and align with business strategy.

The system briefly described above is a systematic way of making visible and indicating what is required to take on a specific role in the company. It stimulates competence development and is useful when allocating people into specific positions. It is thus an interesting illustration within the frame of the pillar discussed here.

Improving Efficiency and Effectiveness by Leadership Development

The remaining pillar from Figure 1.3 (the first when discussed in reverse order) highlights leadership issues. There are also a significant number of potentially important aspects to consider. We have mentioned leadership style as one of those aspects. Leaders of sales and marketing organizations may, as in all other functions, differ tremendously. They can vary in terms of being authoritarian or democratic, orienting toward the human aspect, trying to empower and nurture skills development and self-confidence of people in their organization, or being more "technically" oriented toward the numbers, the KPIs, etc.

Mintzberg (1990) has discussed various roles for leaders. He distinguishes three main categories of roles. The first is their (1) interpersonal roles such as figurehead (ceremonial duties and official representative), leadership role in terms of hiring, motivating, and managing their staff and their liaison function (all contacts outside the vertical chain of command), (2) informational role: monitor what goes on, disseminate messages, be a spokesperson, and (3) decisional roles: be an entrepreneur, disturbance handler, resource allocator, as well as a negotiator. From this list of roles, it is quite evident that leaders could strongly contribute to the development of the firm as such and of its specific functions. This is true also in sales and marketing.

In Figure 1.3, we emphasized the strategy and planning duties of leaders, i.e., pointing to their role in contributing to the setting of goals and explaining the core values of the firm. This refers most of all to the decisional roles according to Mintzberg. Related to this is, both according to Figure 1.3 and to Mintzberg, the task of making resources available so that the various parts of the firm get their fair chance to fulfill their part. This could also include decisions to re-organize the ways in which sales and marketing are organized and where different kinds of activities are located. The case below is not about a firm repositioning their internal sales force but about dividing the work between internal and external activities.

Car Inc. Improving Efficiency from Outsourcing Sales Activities

A third example is Car Inc. The resellers of the company were on a particular occasion found not to follow-up the so-called leads actively enough, i.e., signals from customers of interest to purchase. After some not very successful efforts to address this, sales management decided that some categories of leads and some parts of the sales process should become centralized and collected in a joint database. They also decided that the operating activities based on these leads were to be outsourced to a separate company, a call-center firm. A well-defined assignment was formulated and agreed upon. The call-center company had adequate resources at attractive costs, and sales management could in the continuation of this change experience a significantly improved performance at lower costs.

We also put forward leaders' roles in developing and operating measurement systems and connect this to systems of reward (and punishment). This was discussed in the previous section in regard to the previous pillar. Of course, it is an important aspect of leadership to support the design and implementation of such systems as those mentioned above. It is equally important to make those results visible, which is a function of management follow-up systems and KPIs. What leaders emphasize, ask about, reward, discuss, and distribute knowledge about in the rest of the organization and/or outside of the organization are also important elements.

Let us return for a moment to the leadership style issue from the introduction of this section. Leadership is often considered contextually. The style that fits well into one specific setting may not fit equally as well in another. The idea of leadership style may be worth reflecting on in relation to the change from product to solution-based business. Could it be that the orientation toward solution-based business is such a change that it may — or should — influence the relative importance of various leadership styles? To simplify, one could distinguish two kinds of leadership styles, as in Table 1.1.

These two leadership styles emphasize different kinds of skills and characteristics. In several upcoming chapters, instead of examining how important various ingredients of both styles may be, there will be illustrations of how solutions-based business tends to call for a stronger voice from the right-hand column.

Table 1.1. Two Diverging Leadership Styles.

Transactional, Efficiency-oriented Leadership	Relational, Effectiveness and Change-oriented Leadership
Focus on well-defined and "narrow" goals	Focus on driving and managing change
Explicit governance regarding expectations of staff performance	Experimenting stimulate learning through testing of new initiatives
Control and feedback to stay on track. Punishing failures	Visionary trying to achieve challenging goals. Expecting some failures as learning experience
Aiming for standardizing, formalizing efficiency, and gradual fine-tuning	The human being in focus. Strive to leverage the organization by motivated co-workers

Source: Own construction based on literature on change leaders notably Burns, 1978.

Conclusions and Connections to Upcoming Chapters

All four pillars have now been briefly addressed. All-in-all the discussion demonstrates quite a rich agenda of issues that matter when companies aim for increased efficiency and effectiveness in their sales and marketing operations. It is not primarily about a sales process in seven or so steps, or sales techniques, or frequency of visits to customers. These aspects still matter, but there is so much more to it.

Each individual firm will have to make sure it understands what many of their customers' value and how to create and deliver that value in a way that is profitable. It will have to decide on and act according to strategy, deliberate or emergent, conscious and explicit or not. We have pointed to the process of moving away from merely product business and toward services and, foremost, integrated solutions. This is frequently considered an opportunity to offer more value to customers and to distinguish the company's operations from its competition.

Regardless of what moves a firm makes in terms of value disciplines, it will have to apply a holistic view and take into consideration contextual factors that may vary considerably with the kind of business and markets the firm operates. This is evident also from our illustrations. We saw the example of Alfa Laval's design of sales organization, which showed both similarities and differences. Should it, for example, have been possible for Alfa Laval to introduce the kind of VARs the way Cisco did? It is not very likely. Cisco demanded a lot in terms of investments from their VARs. There needed to be a strong upside for the resellers to be willing to do that. Tacton and Thermo-Calc introduced the increased utilization of IT in their operations with a lot of similarity and also with some significant differences. Tacton manages to create global presence and reduce perceived distances to suppliers by

smart use of information technologies. Calc tries to reduce costs and increase desired effects by means of automation tools to reach "ready-to-buy" customers in a less resource demanding way. Their aim is to utilize social media to perform much of their marketing job, to make their customers knowledgeable of what Calc could contribute based on customers' consumption of content provision through various knowledge agglomerations in the virtual world.

The prerequisites for efficient and effective marketing and sales organizing have changed. Continued internationalization and richer access to information has meant that customer firms as well as suppliers cover greater geographical space and by increased experiences, they have generally become more coordinated and sophisticated. Increased competence and maturity among customer firms have likewise changed the interplay with suppliers. The knowledgeable customer firm has less need of (and less patience to spend time with!) salespeople. Only when customers do not know what may solve their problems will they be interested in extended dialogue. This means that suppliers need to reconsider what are efficient and effective sales and marketing activities.

Later on in the book, we will address a great number of themes related to this development. We will continue this introductory part, Part I, with two further chapters. In Chapter 2, we will get into the operations of one particular firm — ABB Robotics — to experience in detail the kind of challenges a multinational and multiproduct firm may have to address and how difficult and intricate it can be. In Chapter 3, we will take an opposite view from the case in Chapter 2, with its entirely empirical descriptions, to look at theory. We will look into what theory conveys in regard to contemporary organizing of marketing and sales.

In Part II of the book, we use three chapters to address the theme "Sales Management and Organization Revisited." In Chapter 4, we look into the value-based sales which attracts evermore attention in a service-dominant era. In Chapter 5, we return to a primarily empirical study of the process of organizing sales and marketing during a process when a firm has made a major turn around and moved from product- to solution-oriented sales. Chapter 6 takes on this idea and explores the principal challenges that a changed value logic brings to the managing of the sales process. In Chapter 7, this is then connected to principal organizational challenges, in particular to the delicate balance between structure and people.

In Part III, "Organizing Interactions with Customers," we first of all, in Chapter 8, look into contemporary developments in purchasing organization. In Chapter 9, we continue and address the importance of shaping relevant interfaces between suppliers and customers and also how such small units as single relationships connect, as to the overall organizational principles underlying a firm's operations. This part has a slight bias toward organizing from a buyer's perspective. In Chapter 10, we look deeper into how CRM systems create possibilities for more efficient managing of individual customer relationships as well as the impact they may have on the efficiency of sales operations at large. The following chapter, Chapter 11, addresses some limitations of CRM systems, most of all related to effectiveness, i.e., the creation of new businesses and/or more innovative solutions to customer problems. We also address ways to overcome such shortcomings.

In Part IV, we address more complementary themes. We call this "Organizing for Business Development and Extended Customer Offerings." In Chapter 12, we address technology transfer and the implications on changes in interaction parties and interaction patterns that seem to come along with such changes. This is an in-depth case study. Chapter 13 addresses barriers and enablers to creating business solutions. This includes the barriers due to different levels of purchasing maturity in the customer. In Chapter 14, we look into the specific problems for a supplier in combining two or more significantly differing business logics, the so-called ambidexterity challenge.

Part V is the final part. In this part, we address "New Perspectives on Marketing Organizing Processes." In Chapter 15, we connect both to technology in marketing organizations and to the ambidexterity problems. It is an essay on omni-channel retailing and post-human marketers, i.e., the notion of implications of the phenomenon discussed under the label of "the Internet of things." In Chapter 16, we return to factors influencing interactions processes and strategies relative to specific segments. We emphasize the role of the market system surrounding each business segment. In Chapter 17, we present a typological perspective on the role of marketing and sales which introduces a sense-making perspective in which brand orientation is put forward as a method to inspire, change culture, and lead the implementation of solutions-based business. Chapter 18, finally, is our epilogue where we point to areas for future research. The idea behind this introductory chapter has been to illustrate the overall themes of the book and serve as an appetizer.