Aalto University
School of Economics

The rationalization of expert organization s marketing and sales (M&S) process in B2B context: Case PR-Logisticar Oy

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Master's thesis

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ABSTRACT

Internal operations and *processes* are seen as primary means to answer organizational challenges as saturated markets have limited the external expansion strategies. Yet, today, ever increasing need to tighten up on investments and reconsider operational activities has brought the scope from running processes toward efficiency thinking and rationalization of these internal practices. In marketing and sales (M&S) context, these considerations have obtained even greater attention since organizations and their marketing functions are forced to cut down on their considerable investments and realize new process improvement strategies to create savings.

The foremost purpose of this paper is to design a process framework that acknowledges process rationalization and improvement practices and yet establishes these considerations in case organization – PR-Logisticar Oy – specific M&S context. The extant process management and marketing literature provides different useful process models for internal operations; however, author has not discovered any comprehensive process framework that would suit case organizational needs. For instance, process implementation and assessment stages are not separated in plethora of process models and this results in the need for more multifaceted process framework. In this sense, 3-phase process framework comprising *planning and design, implementation, and assessment* stages has been established to cover particular case organizational and wider company and industry independent needs.

This study has been carried out as a case study where solution sales and B2B context along with M&S operations are further examined for framework creation. Interviews (conducted 01.03. – 31.05.2010), direct observations, participant-observation and numerical analyses provided relevant information on case organization's current objective setting and indicated process related inefficiency areas. Rationalization practices, and calculated possible cost and time savings underlying current M&S process were established to offer information on achievable process improvement results. Small adjustments to current M&S process indicated remarkable cost savings as much as approx. 20.800 € or 31.200 € for year-end objectives for 10 business analyses (BAs) or 3 business projects, respectively. Similarly, time savings accounted for 370 or 554 working hours depending on objective setting, respectively.

Designed framework was further modified and applied to case company, and implemented as a steering tool. Empirical evidence showed rather encouraging results of the applicability of this (M&S) process framework as it streamlined the original M&S process and provided some visible assistance for process lead-through. Framework as such provides organization a possibility to better utilize and allocate resources and enables managers to behold through initially complicated process. However, actual savings resulting from implementing such a model are difficult to calculate and are identified only afterwards. Besides, organization wide framework utilization demands managerial support and example of using such a process framework.

Keywords: marketing and sales, M&S, process, solution sales, improvement, rationalization, B2B
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Asiantuntijaorganisaation markkinointi- ja myyntiprosessin tehostaminen B2B-kontekstissa: Case PR-Logisticar Oy

TIIVISTELMÄ

Sisäiset toiminnot ja *prosessit* nähdään yhä enenevissä määrin tärkeimpinä yksittäisinä keinoina vastata yrityksen haasteisiin, kun kyllästetyt markkinat eivät tarjoa mahdollisuutta ulkoisille laajenemisstrategioille. Lisäksi tänä päivänä vaatimukset investointien kiristämiseksi sekä operatiivisten toimintojen uudelleenarvioimiseksi ovat siirtäneet yritysfokuksen aina prosessien pyörittämisestä kohti tehokkuusajattelua ja sisäisten toimintojen rationalisointia. Markkinoinnin ja myynnin (M&M) yhteydessä nämä näkökohdat ovat saaneet osakseen vielä suurempaa huomiota, sillä yritykset ja niiden markkinointifunktiot on pakotettu leikkaamaan ylisuuria menojaan ja ymmärtämään uusien prosessitehostamistoimenpiteiden roolia säästöjen luomisessa.

Tämän tutkimustyön tärkeimpänä tavoitteena on suunnitella prosessiviitekehys, joka sisäistää prosessien rationalisoinnin ja parantamisen perusidean, ja rakentuu case-yrityksen – PR-Logisticar Oy:n – erityisessä M&M:n ympäristössä. Olemassa oleva prosessi- sekä markkinointikirjallisuus tarjoaa useita hyödyllisiä prosessimalleja yrityksen sisäisille toiminnoille, mutta tutkija itse ei valitettavasti ole löytänyt yhtään tällaista mallia, joka soveltuisi edelleen case-yrityksen tarpeisiin. Prosessien toteutus- ja arviointivaiheita ei esimerkiksi olla erotettu toisistaan useissa prosessimalleissa, mikä vastaavasti asettaa tarpeen monipuolisemmille prosessiviitekehyksille. Tämän seurauksena 3:n vaiheen prosessiviitekehys käsittäen *suunnittelu- ja 'muotoilu'-, toteutus- sekä arviointivaiheet* on muodostettu erityisiin niin case-yrityksen kuin tästä riippumattomiinkin, toimialarajat ylittäviin tarpeisiin.

Tämä tutkimus on toteutettu case-tutkimuksena, jossa ratkaisumyynti- sekä B2B-konteksti M&M:n toimintojen ohella ovat olleet tarkastelun kohteena viitekehyksen luomisessa. Haastattelut (01.03. – 31.05.2010), suorat havainnot, osallistuva havainnoiminen sekä numeeriset analyysit ovat tuottaneet tärkeää informaatiota case-yrityksen tavoiteasetantaan liittyen ja avanneet nykyiseen M&M-prosessiin liittyviä epäkohtia. Vastaavasti esitetyt rationalisointitoimet sekä lasketut, oletetut kustannus- ja aikasäästöt on tuotu tutkimuksessa esiin havainnollistamaan mahdollisia saavutettavissa olevia hyötyjä. Esimerkiksi pienet muutokset nykyiseen prosessiin mahdollistavat n. 20.800 €:n (10 yritysanalyysiä=YA) tai 31.200 €:n (3 projektikauppaa) säästöt loppuvuodelle tavoiteasetannasta riippuen. Samanaikaisesti aikasäästöt vastaavalle ajankohdalle ovat 370 (10 YA) tai 554 (3 projektikauppaa) työtuntia loppuvuoden eri tavoitteille.

Luotu viitekehys muokattiin tutkimuksessa vielä erikseen case-yrityksen tarpeita vastaavaksi ja sitä käytettiin johdon ohjaustyökaluna. Käytännön havainnot osoittivat M&M-prosessiviitekehyksen hyödylliseksi, sillä sen käyttöönotto suoraviivaisti alkuperäistä prosessia ja tarjosi näkyvää apua M&M-prosessin läpivientiin: tästä esimerkkinä parempi resurssien allokointikyky sekä monimutkaisen prosessin 'läpinäkeminen' viitekehyksen avulla. Silti, todellisten säästöjen laskeminen kyseisen viitekehyksen avulla on vaikeaa, ja onnistuu periaatteessa vasta jälkikäteen arvioitaessa prosessia. Lisäksi viitekehyksen soveltaminen koko yrityksen laajuisesti saattaa olla hankalaa, mikäli johdon työkalu ei saa edes ylimmältä johdolta tukea.

Avainsanat: markkinointi ja myynti, prosessi, ratkaisumyynti, parantaminen, järkeistäminen, B2B
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Abbreviations

B2B	Business-to-business
B2C	Business-to-consumer
BA	Business analysis
BP	Business project
CQI	Continuous quality improvement
CSF	Critical success factor
EEMA	Experience, Expertise, Managerial cognition & practices and Awareness of industry recipes
EI	Employee involvement
EKO	Effective knowledge organization
ERRC	Eliminate, Reduce, Raise, Create
KBO	Knowledge-based organization
KIBS	Knowledge-intensive business service
KIF	Knowledge-intensive firm
KMS	Knowledge management system
M&S	Marketing and sales
MKBO	Marketing knowledge-based organization
P&D	Planning and design
SCM	Supply chain management
SOR	Salesperson opportunity recognition

1 Introduction

Lately, in emergence of increasing competition and yet narrower industry boundaries, the focus within organizations has shifted from external practices to include internal considerations, as well (e.g. Sakki, 2009). No longer, operational activities targeted to external procedures and stakeholders purely underlie competitiveness. While markets in overall have reached their potential and provide limitations for further growth strategies, efficiency thinking and rationalization of internal practices have become the foremost sources of continuous and sustainable developmental activities. In current economic situation where profit margins have thinned out most managers have realized that internal operations, before all, and especially managing them well enough can contribute to organizational success over the long haul.

Likewise, Sakki (2009) recognizes the similar need for doing more with less to compete more profitably and secure pre-requisites for successful future operations. In his findings, without processes it is impossible to run business effectively over the long term if certain organization lacks the ability to manage basic tasks repeatedly and well enough (Sakki, 2009, p. 14). More important, what one should realize is that, in fact, majority of rationalization and improvement practices derive from process related issues. For instance, lay-offs, recruitments, further investments and many other things follow process requirements which in turn comply with overall strategic decisions.

Moreover, e.g. Evans and Lindsay (2005) identify considerable challenges underlying process management related issues. Companies that satisfy specific customer needs – for example solution providers – face several problems if critical markets are already saturated or otherwise quiet. Financial objectives have to be met regardless of particular market conditions and in the end stable cash flows stem only from well organized organizational internal practices. If managers behold only consequences and end results but do not recognize root causes – in many cases problems in processes – problems are not fully understood and identified. In this respect, several process related considerations should be examined before managers are fully aware of how to manage and balance between process steps, sub-steps and individual process components.

1.1 Motivation

Though, organizations in general behold only core activities in their processes and rarely go into real problem sources, it is vital to understand that in many occasions true inefficiencies are not seen if individual problem areas are not separately reviewed. As this study will subsequently show, even only understanding the very nature of small incremental improvements can bring out fundamental changes in people's attitudes towards organization's internal business environment. According to Kasturi (2003) internal processes along with communication form a combined set of activities by which organizations empower, support and enable frontline employees to build and maintain relationships, especially with customers. Hence, despite the fact processes are seemingly complex; it is still relevant to simplify them to 'create order in chaos'. Managers must comprehend the rationale behind process management or otherwise cost savings and other efficiency objectives (i.e. time savings) cannot be achieved.

Before any organization or manager can initiate rationalization practices it is worthwhile to establish certain framework or guidance for upcoming improvement measures. So far, although process management literature provides useful assistance in structuring certain process parts (e.g. Kiiskinen et al., 2002; Eades, 2004; Wysocki, 2004; and Evans and Lindsay, 2005), there have not been available any comprehensive process or developmental models that would fit case organizational context. Mostly, these process models are inadequate to serve individual requirements, and as author has discovered it so far, this is the issue with case company, as well. Still, one should not abandon these models, since some of them leave space for organization-specific adjustments. Nonetheless, it is still relevant to understand that processes themselves are not so dissimilar across organizations. They all start from certain point, are implemented by certain actors and finally – at least this should be the case – are reviewed by managers and others.

In certain occasions (e.g. Zunich and Stone, 2005) researchers have not separated properly between process implementation and assessment stages, and review these primary stages as interlinked activities. If in some cases certain evaluation tools were identified, still too little emphasis was put on assessment process itself. However, several contemporary examples from business world have shown that if specific evaluation tools are ignored, process related challenges and problems can hamper further conditions for successful business practices. Identifying aforementioned challenges and recognizing the need for a framework for process management and improvement practices

author has come up with a 3-phase process framework. This framework is further analyzed and covered in designated chapter (Chapter 5). More important, as solution sales and marketing environment are added to analysis, following elements – *marketing and sales (M&S) process planning & design, M&S process implementation* and *M&S process assessment* – are identified as primary process sub-stages forming process framework in marketing and sales context.

Still, other challenges remain concerning this particular paper. Case company – PR-Logisticar Oy – provides its own specific considerations for structuring both the framework and the entire study. Marketing and sales process along with solution sales business approach need special attention, and additional questions concerning case company context should be asked. Market demand and, specifically customers, inform on their needs and requirements, which again should shape case company's strategic objectives and goal setting. In this study, strategic objectives are commonly known; however, internal processes do not keep up with these goals. PR-Logisticar Oy struggles with efficiency problems and largest challenges concern uncontrollable generation of costs related to process steps and inadequate utilization of time resources that objectives could be met within accepted time frame.

Business-to-business (B2B) context is similarly relevant to case organization's operations. In solution sales business, majority of transactions occurs between business customers – that is, organizations and other companies – which creates particular rules for business relationships. Case company itself specializes only in certain transactions and businesses (an expert organization). How certain businesses are treated depends on organizational approach. Regardless, what is really surprising is the finding that in marketing literature, B2B context is understudied compared to business-to-consumer (B2C) research (Sharma, 2007), even though business markets grow continuously. If B2B markets are narrowly investigated, B2B solution sales marketing literature is even lesser studied, if at all.

This research gap provides fruitful soil for examining specific considerations underlying B2B solution sales marketing activities. Exploring these special considerations provides also necessary insights into case organization's processes and pre-conditions relevant in serving business customers. Since there is not enough research available on aforementioned topic, PR-Logisticar Oy provides valuable on-hand information on specific B2B solution sales practices which are typical

for B2B companies and KBOs (knowledge-based organizations).

1.2 Research problem and objectives

Although, rationalization of processes brings in several concrete benefits on paper, no manager can be sure whether these advantages are to be realized in the future. Rapidly changing market conditions, a high turnover of workers and other changing organizational structures can affect improvement plans in a way that has detrimental effect on rationalization objectives. If internal processes follow external requirements it is essential to change in-company processes to best serve these new external requirements. More easily, if organization does not base its operations on certain pre-defined model or process structure it finds itself quickly in unfavorable situation.

In constructing a process framework several perspectives should be included to actual model. To start with, it is desirable to understand why such a framework is created. In many occasions organizations lose considerable amount of both monetary and time resources and effort when people within organizations try to solve process related inefficiencies by their own. If process provides a mess it is impossible to trace primary problem sources. Moreover, one important question underlies process structure related decisions: How much monetary resources it is desirable to invest in planning, design and maintenance activities to generate overall cost savings out from efficient processes? This question remains unsolved since nobody can predict precisely what the end savings will be. In adapting process framework, separate processes should be also treated distinctly. As Kiiskinen et al. (2002, p. 30) state, process management and re-engineering practices concern mostly customer-value-added processes – i.e. core processes. It is irrelevant to direct resources and apply process frameworks to secondary processes that do not contribute to operational cash flows.

It is also important that process framework is widely applicable. It is in author's best interests to construct a framework that is comprehensive enough to serve a wide variety of different industries and businesses, but nonetheless, recognizes the common features of case company specific processes. Consequently, process framework builds on PR-Logisticar Oy's M&S process and simultaneously extends beyond certain specific process sub-stages.

Besides, present study focuses on introducing B2B practices common for expert organizations

(read: KBOs), especially in solution sales business. Similarly, author tries to identify rationale behind case company related decisions reviewing concrete literature. In this respect, M&S process and M&S function as a whole are examined from perspectives of this study.

In overall, research problem concerns rationalization practices underlying both PR-Logisticar Oy specific process and processes generally. It is critical to *design* right process structure and model that primarily facilitate these process improvement practices. Secondary problem relates to cost and time resources savings which to certain point follows the success of actual rationalization practices. These two problems result in following research objectives:

1. To review relevant M&S and process management literature in order to identify and evaluate case company's current process and operational activities from theoretical point of view.

2. **To design** a generic process framework (a 3-phase process framework) to facilitate process rationalization and improvement practices, especially in marketing and sales context.

3. To derive a company specific framework from generic model and apply it to PR-Logisticar Oy's current M&S process and analyze this process through designed framework.

Another secondary objective is as well incorporated into this study. Initially, before author started to construct a 3-phase process framework one of the case company specific objectives was to illustrate current M&S process. Since contemporary M&S process was depicted it provided some evidence on problem areas and improvement possibilities. Furthermore, actual process framework bases on current operations and inefficiencies.

1.3 Research approach and restrictions

The primary approach of this study is to examine problems and inefficiencies related to PR-Logisticar Oy's M&S process. In overall, case company identifies the need for rationalization measures. However, internal processes seem to be apparently rigid and inflexible so that corrective actions could be performed quickly enough. Yet, this is not an individual problem particular only to case organization. Many marketing organizations struggle with their rationalization measures, and

in many situations the largest problem relates to how to get things started.

In this research work along with case company specific objectives the focus is dragged into marketing and sales environment which similarly presents the context where PR-Logisticar Oy currently operates. Generally speaking, process management literature recognizes internal processes rather comprehensively and assumes certain similarities in running these processes. However, it is another thing how these generalizations work in different contexts. Certain internal process requirements remain the same despite the industry context but some other process considerations can vary largely within different industry players.

This piece of research fairly pays attention to a special case of processes – marketing and sales process. Though, this process is viewed from internal perspective one should understand that certain process steps require the involvement of external actors. A 3-phase process framework is still constructed to serve as an internal steering tool which embraces important process related issues that should be considered internally. External considerations are generally excluded from designed framework regarded as not increasing internal efficiency in terms of rationalization procedures.

In this study marketing and sales are considered same function, even though in larger organizations they present separate units. PR-Logisticar Oy is a rather small company by its size, so marketing and sales functions are under same department. However, while in larger companies the interface between marketing and sales has received more attention than traditionally, much of research work on marketing organization has not distinguished between marketing and sales units (Homburg et al., 2008). This can result in even more volatile M&S process management practices, since in some situations marketing and sales can have their own specific requirements.

Terms *project* and *solution* are used interchangeably throughout this work. Even though projects have some peculiar to them features in comparison with solutions, it is not misleading to use them mixed. As projects, solutions have finite maturity, since no solution or project is permanent. For example, in case company it is familiar to use term project when organization refers to solution sales business transaction.

It is also relevant to comprehend that in this study case company specific processes are evaluated and criticized on the basis of 3-phase process framework which in turn is actually structured

according to empirical evidence obtained from case organizational processes. Anyhow, this is not controversial, since though rationalization practices are needed to increase sales and generate cost and time savings PR-Logisticar Oy is not performing badly. On the contrary, organization still makes profit. Although designed framework has been structured partly for case organization it has been in author's best interest to develop a process framework that on average can serve most of the organizations. In this respect, M&S process framework is applicable to other organizations as well, regardless of industry context.

The empirical part of this study contains both qualitative and quantitative analyses. As Yin (2003, pp. 85-86) suggests it is critical to use as many sources of evidence as possible to guarantee the high level of case study. In this sense; interviews, direct observations and participant-observation present the qualitative part of this study and unraveling documented material and archival records (Yin, 2003, p. 86) open up the quantitative part of this piece of research. By following Yin's (2003; pp. 40, 42-43, 45) conceptual categorization between different case studies this underlying study can be viewed as *holistic* case study where the focus is only on case organization's specific marketing and sales operations (single-unit of analysis). Similarly, this study does not try to theoretically establish anything new. M&S process approach recognizes the need for reviewing strategic and explorative management literature as the starting point for framework design; and process design and process prototyping science type of literature (e.g. Voss et al., 2002; Colpaert, 2004; Karlsson, 2002) are used for empirical considerations. To identify possible future cost and time savings author has ended up with using scenario analysis (Scholz and Tietje, 2002, pp. 79-116) embedded with quantitative part of this study and calculations concerning *efficiency* related findings. Still, one should understand that scenario analysis provides only speculative discoveries.

For qualitative part author carried out several interview rounds including both individual and group interview sessions. Individual interviews were built up to be semi-structured interviews where problem and improvement areas were discussed. Respectively, group interviews were conducted along with meetings and other assemblies, and they were planned to be partly open brainstorming sessions. These interviews were held 01.03. – 31.05.2010 and were targeted to every full-time worker in an organization. Results are widely discussed in Chapter 6 in empirical part of this study.

1.4 Structure of the research

This study starts from literature review and proceeds to empirical findings and recommendations. Finally, author sums up most critical observations and defines both practical and theoretical implications, and research limitations. Chapter 2 deals with commonalities specific for managerial practices within knowledge-based organizations and other expert organizations. Specific marketing and sales organization considerations are also reviewed during this chapter. Chapter 3 examines processes in general and in M&S environment. Process design and process architecture related issues are further discussed and individual special case of processes – solution selling sales process – is firstly introduced. Chapter 4 is specifically devoted to solution selling concept, and B2B context is reviewed along with special solution sales business considerations. Respectively, Chapter 5 introduces author's 3-phase process framework for M&S process rationalization measures. Underlying designed framework is observed comprehensively covering every process framework stage in great detail. Chapter 6 concentrates on case company PR-Logisticar Oy and its M&S process. Empirical case study comprises also adapting designed framework to case organization's process and highlighting corrective actions needed for improvement activities. This chapter finishes with numerical analysis targeted to presenting achievable cost and time savings for current M&S process. Chapter 7 defines central findings, theoretical and practical implications, limitations of this study and avenues for further research.

2 Management of knowledge-based organizations (KBOs)

This chapter introduces knowledge-based organizations (KBOs) and other expert organizations in more detail and tries to elaborate commonalities specific for intelligent mechanisms and more specific systems as marketing knowledge-based organizations (MKBOs) are. Firstly, KBOs are defined and pre-requisites for successful managerial practices and expertise are introduced. Thereafter, leadership in KBOs is further reviewed and challenges concerning general management of these organizations are studied. Lastly, the emphasis is put on special case of knowledge-based organizations – MKBOs – and special considerations of these marketing organizations are largely uncovered. This sub-chapter is structured to provide information on relevant considerations that should be examined during marketing and sales process rationalization and improvement measures.

2.1 Definition of KBOs

Today, specific increasing focus on knowledge and knowledge related issues has initiated the growth and development of knowledge-based organizations [KBOs] (e.g. Zack, 2003), knowledge-intensive business service [KIBS] firms (e.g. Huggins and Weir, 2009), knowledge-intensive firms [KIFs] (e.g. Swart and Kinnie, 2003; Donaldson, 2001), professional service firms (e.g. Von Nordenflycht, 2010) and expert organizations (e.g. Ropo and Parviainen, 2001). Even though, underlying marketing literature discovers at least above mentioned explanations for knowledge organizations, the common denominator and critical source of competitive advantage in these organizations is simply *knowledge*. Nonetheless, what is strange is the fact that no one can tell how experts and professionals and their organizations have established their presence.

Nowadays, many organizations have recognized that to succeed and operate effectively, it is necessary to become a knowledge-based organization (Zack, 2003). Still, being a KBO sets tremendous challenges, and one cannot overemphasize what it demands to manage such an organization. In their managerial studies Ropo and Parviainen (2001) define KBOs as organizations that employ people with particular professional knowledge and expertise, organizations where the work and tasks are labor-intensive and directed towards complex problem solving and where organizational forms take the approach toward hierarchies, teams, networks and individual effort all these to work simultaneously. Respectively, knowledge organizations can be thought as value

deliverers where every piece of knowledge is new asset that affects organizations' market value (Chaston, 2004, p. 1). Den Hertog and Huizenga (2000, p. 17) deal this issue from rather different perspective. They state that certain knowledge organizations have emerged through situational fluency, that is, the ability and capacity to read different situations and conditions to identify problems. Swart and Kinnie (2003) grant even more credit for the human and social capital in creation of competitive advantage within newly born and successful KIFs. In their definition, human capital comprises both tacit (in-worker-knowledge) and explicit (generally stated) knowledge.

According to Sveiby (1990, pp. 36-37) expert organization survives only if it sells certain specific know-how that customers appreciate. In this sense, expert organization is similar to other non-goods producing organizations, companies that we nowadays call service companies or service providers. Still, as Sveiby (1990, pp. 36-37) concludes, KBOs are quite heterogeneous. In some cases it is difficult to define the differences between expert organizations and average service companies, which can easily lead to a situation where organization sticks in the middle and does not stand out as either expert organization or traditional service company.

Nonetheless, following describes well enough different starting points KBOs and traditional service providers are having. Where average service companies have basically emerged around certain product offerings – once started as product companies and gradually moved towards company selling services (Dhar and Glazer, 2003; Dhar et al., 2004) – KBOs have emerged to utilize professional bodies of knowledge to provide specialized consultancy (Robertson et al., 2003). Accordingly, KBOs are more of solution sales providers (Eades, 2004; Bosworth and Holland, 2003) or other professional service firms (Robertson et al., 2003) that aim at recognizing customer needs and simultaneously providing certain solutions or offerings that can solve customer's problems.

Maunula (1997, p. 12) defines several common characteristics that belong to the nature of expert organizations. In his clarification, decentralized decision making, sensitive reaction to environmental changes, customer-centricity and open flow of information shape these organizations. Similarly, expert organizations value dissimilarities, openness, ability to change, involvement and development of intellectual properties among experts and other workers.

2.2 Pre-requisites for successful expertise

According to Chaston (2004, p. 63) success is derived from the specific understanding of the supply chains and market systems where company in question operates. This means that professional body of knowledge concerns company itself because to serve customers expert organization has to manage its own internal processes cognitively. Internal competence derives from approaches and measures taken by expert organization in order to build company's core competence and structure market and customer awareness. This in mind Goddard (1997) draws attention to seven (7) critical properties that distinguishes high-fliers from average KBOs:

1. KBOs have within their processes experiential and tacit knowledge that is impossible to replicate by competitors.

2. Core competencies are well defined and it is evident what a certain company does better – or differently – from other companies.

3. Core competencies are embedded in every corner of organization's processes and the organization's modus operandi (every day practices).

4. Internal competence reflects specific competence and superiority related to few activities within the value chain; that is, KBO specializes in certain value chain activities which it manages comprehensively.

5. KBOs are able to deliver unique value that customers do appreciate.

6. Core competencies – even unambiguous – are extensive enough to reach several business functions.

7. KBOs are uniquely equipped with cognitive resources to exploit various market opportunities.

These seven properties are paramount and after implementing these issues it is only possible to direct intellectual capital and human resources to external customer needs. But before a single expert organization can successfully utilize its expertise and professionally answer customer challenges one has to become fully a knowledge organization (!) and this requires more than just looking at and developing internal competences.

Zack (2003) has gathered several key actions that take company toward a successful and competitive expert organization. These steps are as follows:

- Define the organization's mission and purpose in terms of knowledge.
- Define the organization's industry and position within it in terms of knowledge.
- Formulate strategy knowledge in mind.
- Implement knowledge-management processes and structures that directly support the company's strategic knowledge requirements.
- Transform the company into a strategic learning organization.
- Segment the company's customers and markets not only on the basis of products and services but also according to how much can be learned from them.
- Treat the cost of learning as an investment, not an expense.
- Rethink the business model.
- Take human resource management (HRM) seriously.
- Reinforce the organization's mission via coordinated internal and external communication.

Like Zack (2003) concludes these are not ready-to-use practices that should be put into practice without clear understanding what underlies them. Managers who are responsible for implementation practices should use their own imagination with common sense and effort to make their organizations real KBOs. Yet, managerial cognition (e.g. Tikkanen et al., 2005) alone is not sufficient to drive organization toward being KBO. Typically, knowledge management systems [KMSs] (Thierauf, 1999, pp. 141-176) are needed with managerial intellectual capital to construct company-wide fundament for the short to long term competitive advantage. Similarly, well implemented KMSs and their environment bring together the application of technology, people and work processes[1] (Thierauf, 1999, p. 176). As a result, if intellectual resources of a company's people are mobilized it is quite likely that KMS creates sustainable intelligence for efficient operations.

Likewise, King (2003) has discovered following components of the effective knowledge

[1] In this underlying study these processes can be referred to marketing and sales processes which are further examined later on in this work (3.3)

organization (EKO). *An individual learning* component focuses on developing human intellectual capital through such mechanisms as class work and mentoring. *An organizational development* component utilizes adaptive learning to create social capital through teamwork and other collaborative working mechanisms. *An intellectual property management* component handles already-converted-to-explicit-knowledge intellectual properties to generate even greater revenues through additional licensing and other knowledge-related offerings. *An innovation* component concentrates on creating new products, services and processes through encouraging for creative thinking. *A knowledge management* component tries to convert the tacit knowledge of an organization's participants into explicit, storable and generally available information. Finally, *an information/communication system infrastructure* aims at enabling aforementioned components to be integrated into an overall supporting structure for the effective knowledge organization.

2.3 Leadership in KBOs and challenges surrounding it

What is fundamentally important to comprehend in managerial practices concerning leadership activities and management of organization's intellectual capital is the fact that also manager is a cognitive being. This, respectively, sets challenges for managers, since their individual cognitive decisions ultimately affect end results. In his findings Read (1996) defines successful manager as an individual who is capable of reaching two goals. Firstly, individual manager is capable of building and managing firm's strategic knowledge resources and secondly, he or she is able to maintain and develop post-industrial knowledge-based processes through information and communications technologies. However, as Read (1996) notes these two goals are only achievable if manager applies following five (5) principles:

(1) He or she conceptualizes the business in a way that generates initiative and builds trust.

(2) He or she is capable of creating high-value know-how for competitive advantage.

(3) He or she is capable of organizing (or reorganizing) the business around the flow of information.

(4) He or she learns to manage subordinates and other knowledge workers to be more productive and efficient.

(5) He or she is capable of transforming work processes and procedures using information technology (IT).

Additionally, Buckman (2004, p. 45) emphasizes managers' role in top-down deployment of cognitive processes, especially, if it comes to the benefits of knowledge sharing. It is not sufficient to only provide resources and define procedures that knowledge workers should implement, but in many cases management-by-example would get people involved in knowledge processes and create beneficial atmosphere during reorganization activities. By giving active entrepreneurial support from the top of the organization and by providing examples how to act in certain situations knowledge manager can activate knowledge workers so that the organization as a whole becomes more viable and creative: problem solving ability increases as scope concerning problem areas and possible customer solutions extends. Huuhka (2010, p. 89) also adds that the flexible intelligence of creative expert organization is emphasized in situations where harsh competition prevails within certain industry, and aims for efficiency, continuous growth and maximum profitability are primary operational drivers.

Huuhka (2010, p. 72) on her part has also studied what good and successful leadership demands from expert manager. In following (Figure 2-1), good and successful leadership is decomposed into several components and sub-components.

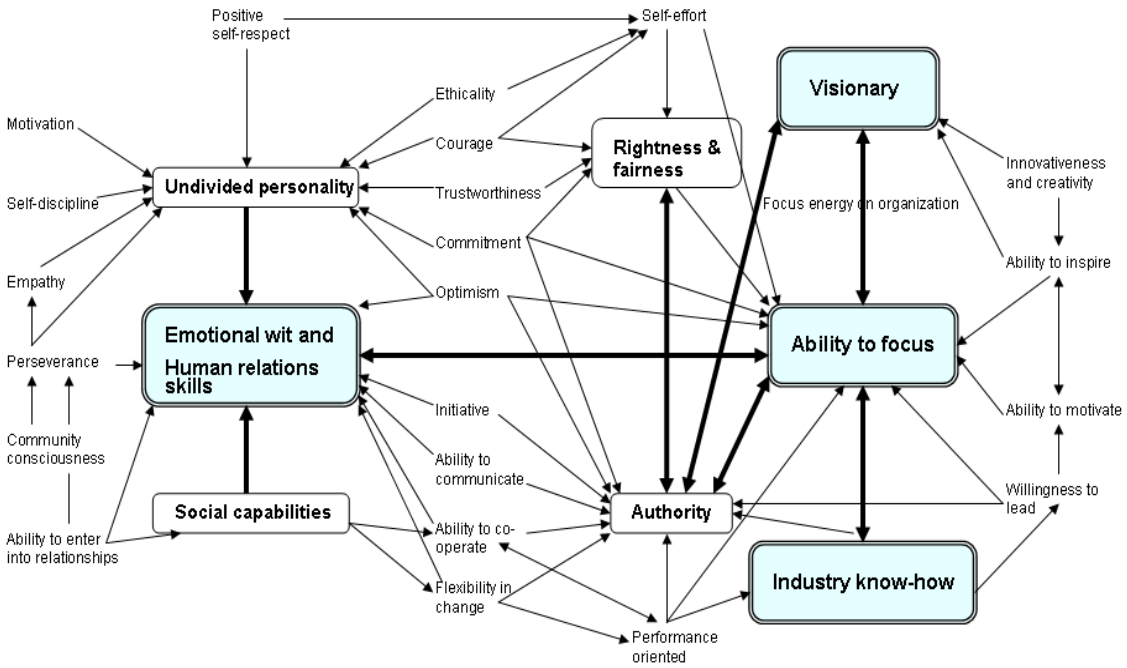

Figure 2-1: Good leadership (Huuhka, 2010, p.72)

Good leadership builds upon practices, procedures and techniques that best serve both internal and

external environment and challenges within these underlying contexts. Turquoise blocks present main properties that every manager in every KBO should have to successfully run an expert organization. Respectively, features in turquoise blocks are mostly situation-independent and overall capabilities that are essential in fulfilling long-term objectives and maintaining the status of KBO.

Den Hertog and Huizenga (2000, p. 278) discover that knowledge enterprise is the outcome of a continuously learning organization which learns by trial and error. Concept of *learning expert organization* (Kirjonen et al., 1997, p. 132) follows the same perspective, since learning expert organizations are considered gradually evolving cognitive mechanisms which rebuild and restructure knowledge into KBOs. Since knowledge – both explicit and tacit – plays such an important role in learning expert organization's developmental processes it is vital that expert managers can strategically manage their organization's intellectual assets and human capital. This is perhaps the only way to minimize the amount of errors that occur when a certain organization learns from time to time.

Huggins and Weir (2009) in turn classify *intellectual assets* into three categories – organizational capital, network capital and intellectual property – which in turn are analyzed and measured based on their relative strategic importance, resource and value creation within firms. In their context, intellectual assets are described as recordable intangible corporate assets, including assets such as the company name, reputation and goodwill to the company, as well as company brands, trade secrets, business processes and know-how. All these are of great importance to companies; however, **business processes** and **know-how** ultimately create the largest value to customers. Expert managers need to manage those features and characteristics of good leadership provided by Huuhka (Figure 2-1) to comprehensively understand the very nature of every business transaction.

Another challenge that concerns expert management practices is motivation and retention of knowledge workers (Horwitz et al., 2003). According to Huuhka (2010, p. 144) creative expert organization operates mainly on the basis of its workers' know-how, and motivation and commitment play essential role as operational success factors. KBO can only excel if knowledge workers support organizational objectives and in this case, marketing and sales operations. Management literature (e.g. Huuhka, 2010, pp. 186-187) has also approached this issue to emphasize the role of leadership in increasing retention rates and task-related commitment. Job

satisfaction is also under research dilemmas (e.g. Horwitz et al., 2003) and generally public discussion has been directed toward worker valuation. For some reason, practice has shown to be different. Instead of management-by-examples the concept of management-by-fear (Karjalainen, 2009) has come up to reign managerial practices and this has partly smothered the emergence of promising knowledge workers. These practices affect negatively KBOs and there exists already some evidence that, for example, fear among knowledge workers blocks collaboration and creativity.

Challenges concerning small KBOs

Huggins and Weir (2009) point out that certain knowledge-related challenges are only – or at least mainly – small KBO specific. The main challenge concerning small KBOs lies actually in intellectual asset bases. As Huggins and Weir (2009) state the smaller the firm is the larger is possibility that limited cognitive resources set constraints for development of intellectual assets which again restricts the growth and competitiveness of the small KBO. Additionally, their study shows that there exists a clear correlation between firm size and innovation processes. In small-KBO context this means that small firms and innovation practices have negative correlation since new product development systems suppose that large KBOs have better pre-conditions and larger pool of knowledge resources to produce new innovations. Wiklund and Shepherd (2003) and Thorpe et al. (2005) provide similar-type of findings in their research work, as well: small firm size acts as a constraining factor for creative innovations. However, entrepreneurial orientation (EO) can moderate the relationship between knowledge-based resources – adaptable to opportunity discovery and exploitation – and company performance in small firms (Wiklund and Shepherd, 2003). Expert managers in small KBOs are in position where certain risk taking practices should be implemented to compete against larger KBOs. Still, challenges underlie every decision making situation individual expert managers in small expert organizations encounter.

2.4 Marketing knowledge-based organizations (MKBOs)

As Chaston (2004, p. 22) summarizes it marketing is in a way a managerial philosophy which has emerged after the Second World War and is concerned with the use of knowledge to understand and satisfy customer needs. This description underlies the most essential requirements for the marketing function to satisfy different market areas. Traditional perception that marketing is nothing but selling is largely distorted and nowadays marketing within other functions has to specify different

separate customer needs and problems which customers address, for instance, to service and solution providers. In proportion, the challenge for KBOs is much more comprehensive. As one can notice during following sub-chapters marketing knowledge-based organizations (later MKBOs) are faced with even more sophisticated market place with variety of customer specifications and problems where traditional managerial approaches are insufficient.

2.4.1 Marketing professional and expert services

According to Forsyth (2004, p. 13) marketing function can only survive within organizations where marketing itself is highly rated: fortunately, this is inherent in most professional service firms. Though, KBOs have traditionally recognized the essential role of marketing activities in attracting especially business customers, only today top marketing people are widely requested in professional service business. This is because customer needs have reached totally new level of requirements in forms of solutions (Chapter 4 deals with solution selling to greater extent) and other product-service combinations. As Kirjonen et al. (1997, p. 137) discover it, expert organizations have moved from problem solving organizations to problem defining organizations to answer customer challenges. This applies more than well to MKBOs some of which were born to serve specific niches and customer segments. Nowadays, the common approach within MKBOs is to define certain problem areas within prospects, contact these prospects by marketing means and inform on these problem areas, and finally decide on possible future procedures to fix these problems. In other words, marketing function has become more proactive what comes to problem identification.

Another aspect in marketing professional services acknowledges that MKBOs have to stay ahead with their knowledge resources and that these expert organizations have to apply appropriate marketing style in order to approach customers (Chaston, 2004; pp. 25, 35-39). Firstly, if organization is willing to outperform competition it is relevant to know what direction the market is going and what are the following requirements for knowledge usage. Marketing style is obviously much more comprehensive concept. In expert service business *transactional marketing* approach (e.g. Li and Nicholls, 2000) is also important, since to understand the most profound nature of buyer needs MKBOs have to collaborate closely with their customers to create win-win situations. In services and project business MKBOs cannot afford to lose prospects without a reason.

Following conceptual model of service quality by Parasuraman et al. (1985) fits perfectly

underlying context if we consider customer expectations and perceptions of their needs, and professional services delivery in marketing environment. In Figure 2-2 one can see primary gaps and inefficiencies concerning above mentioned factors. What is important to understand is that considering large-scale professional services each gap results in considerable expenses for MKBOs.

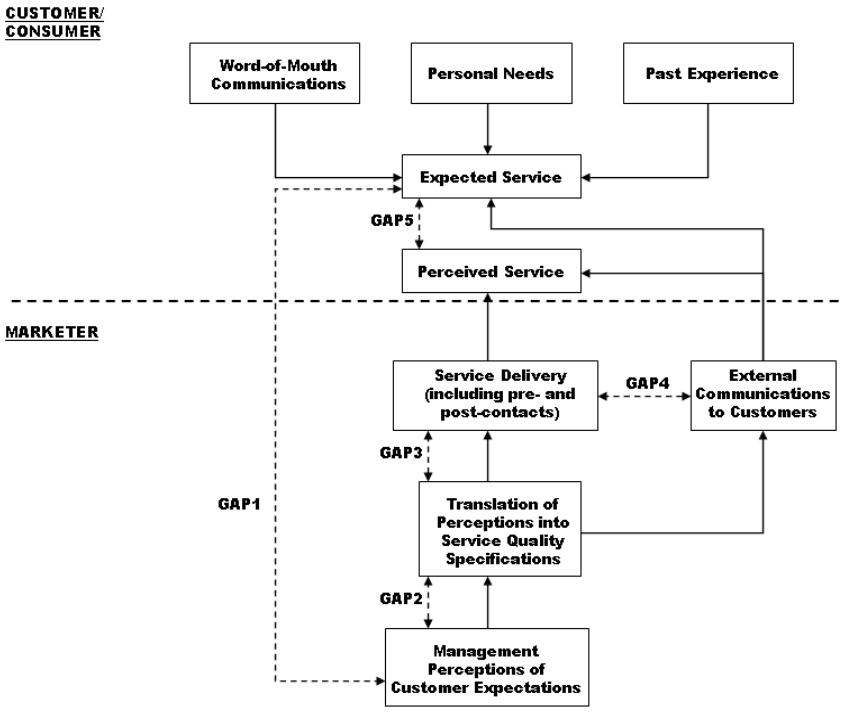

Figure 2-2: Service Quality Model (Parasuraman et al., 1985)

These five (5) gaps – 1. gap between expected service and management perceptions of what customers do expect, 2. gap between management perceptions of customer expectations and translation of these perceptions into service quality specifications, 3. gap between translation of perceptions into service quality specifications and final service delivery, 4. gap between service delivery and the message customers receive from the company and 5. gap between perceived service and initial expected service – serve as conceptual definitions of possible inefficiencies in marketer/service provider-customer/consumer transactions throughout relationship. Every gap associates with inconsistencies and deviations from standard marketing activities. As we can see in next sub-chapter, managerial role is considerable in filling these gaps and securing flawless delivery of professional and expert services.

2.4.2 Management of MKBOs

The main challenge underlying managerial practices concerns organizational commitment to marketing (Forsyth, 2004, p. 13). Even though, we talk about service and expert organizations selling goods, services and solutions, ultimately, individual salespeople and marketers interact and deal with customers. Grass-root level contacts occur in personal level and individual marketers are responsible for few customer cases. Accordingly, the greatest challenge that individual manager encounters is how to lead and motivate marketers who in the end decide whether certain MKBO succeeds or fails. As Forsyth (2004, pp. 10-11) states it is also necessary to guarantee sufficient authority for decision making so that marketers can initiate actions when the market and prospects really demand them. In solution and project business where situation-specific factors dictate transactional practices rapid environmental changes can insist quick decision making processes to cope with new conditions.

In addition, managers should be aware of that knowledge-based resources are only temporally superior to the resources of the other actors competing for the same business. In professional service business, services and solutions become rapidly obsolete since according to Forsyth (2004, p. 41) they tend to exhibit lifecycles that have shortened over time reflecting swiftly changing customer preferences. To overcome these challenges managers must actively encourage marketers to self-study and examine changing requirements for certain knowledge bases.

2.4.3 Expert systems in the marketing organizations

Another way to observe knowledge-related issues in marketing organizations is to study the impacts of using knowledge management systems (KMSs) to gain competitive advantage over fellow competitors (Thierauf, 1999, p. 222). As Thierauf (1999, pp. 223-227) notes, in these systems marketing principles should be based on knowledge on customers and knowledge, in turn, should be built as a part of customer focus. This way only, end users – managers and main users in customer organizations – can benefit from such a program.

So, what are *expert systems*? Already 16 years ago Stone and Good (1995) wrote about computer systems or programs that actively interact with their users. In these systems computer software was designed so that human thought processes of an expert were simulated through computer systems and this allowed users to act in specific marketing situations as experts themselves would have

acted. In marketing and sales context this means that M&S processes are partly designed through computer programs and these systems are mainly used to facilitate standard marketing activities and processes. For example, computer software is built to rationalize decision making processes within customer organizations to intensify the management of information, material and cash flows. These programs also provide contextual and temporal recommendations to steer customers toward right choices. Competitive advantage within customer organizations stems from ability to utilize this underlying software in best possible way.

Similarly, as Stone and Good (1995) conclude, expert systems improve the market function. Marketers or other end users can improve their market position by ameliorating methods to surpass competition – e.g. new systems can help to release working capital for investments – or generating new opportunities – e.g. new software allows building totally new processes around it – which can question contemporary processes in whole market place. In marketing, these systems can create tremendous benefits regardless of what the initial approach toward the system is. If certain expert system can streamline M&S process by adding transparency in decision making process, it also generates monetary savings, since effective utilization of inputs and other resources saves additional money. However, one cannot underestimate service provider's role in inspecting customer needs before offering specific expert system. If objectives are in contradiction, final implementation does not bring any benefits for user organizations.

3 Processes in marketing and sales (M&S) environment

In this chapter marketing and sales processes are examined widely in order to provide specific process related approaches and practices. Herein, process is defined and general managerial practices concerning process management are introduced. Respectively, considering process rationalization practices process design and process architecture are added to this chapter. Finally and most important, the focus of this chapter moves to specific cases of marketing and sales process in order to comprehend rationale behind process improvement strategies. The solution selling sales process is included to this chapter as a special case of marketing and sales process and it is introduced to provide a smooth transition to next Chapter 4 which covers solution selling literature.

3.1 Process definition and process management

Processes themselves are defined as sequentially implemented measures or procedures (Sakki, 2009, p. 15). Business requires the ability to repeat basic functions and function chains consisted of different phases of basic functions so that whole business proceeds smoothly and reliably. Accordingly, it is not possible to run business effectively over the long haul if certain company cannot have the ability to manage basic tasks repeatedly and well enough (Sakki, 2009, p. 14). In other words, if company cannot include consistency and repetitiveness to its operational activities it is hard to carry out processes successfully.

Respectively, process is a series of occurring and executable procedures which bring in a certain result or outcome. In addition, as Sakki (2009, p. 15) notes, using the word *process* reflects that occurrences and measures 'behave' similarly from time to time. If one considers day-to-day activities it is obvious that processes should embody procedures that are similar regardless of day or situation to maintain consistency. One cannot deviate from standard practices and develop own tasks if there are not any commonly defined procedures that dictate one's work. Applied to wider context, this same touches entire industries, individual companies and functions within companies.

Kiiskinen et al. (2002, pp. 28-29) also distinguish between *core processes* and *support processes.* Core processes are primary processes that bring value to customers and often break organizational boundaries to variedly answer customer challenges. For instance, marketing and sales present core process. Support processes, in turn, are secondary processes in value chain and only support core

activities. Several support functions as for instance, administration, can be thought to be valuable support processes that facilitate other core practices.

Process management on its own part creates versatile challenges for managerial practices in all companies, especially in those regarded as suppliers, service providers or solution providers: these are the companies that satisfy specific customer needs. Similarly, according to Evans and Lindsay (2005; pp. 25, 314) process management involves the design of processes to develop and deliver products and services that meet customer needs. Additionally, they reason out that process management practices include control over specific processes that these processes behave as required. Kiiskinen et al. (2002, p. 30) also state that process management and process re-engineering practices concern mostly comprehensive and customer-value-added processes – above mentioned core processes. Evans and Lindsay (2005, p. 25) conclude that process management activities place a strong emphasis on prevention and organizational level learning – i.e. process planning activities – since the costs of preventing problems at the design and planning stage are only minimal of the costs that occur when final customer or other actors in downstream observe deficiencies in value delivery.

In this sense, it is reasonable to examine process design practices and process architecture related issues to find out premises for successful process management practices. Following sub-chapter treats this underlying theme.

3.2 Process design and process architecture

In order to develop and update processes it is essential to comprehend rationale behind such practices. If we look at the whole picture one should understand that design specifications follow both internal and external customer requirements (Evans and Lindsay, 2005, p. 332). These requirements again are consistent with changing customer needs or generated problems. However, to develop an efficient procedure to satisfy customer needs there is always room for improvement practices even though customers do not address their needs explicitly. Wysocki (2004, p. 2) recognizes these underlying issues as he talks about the importance of continuous process improvement practices to keep up with new technology and new ways of doing business. Respectively, the main issue is not the amount of effort put into the design of a process at a certain point of time but successful process design practices include how well organizations do understand

specific situations and requirements for these situations.

As Wysocki (2004, pp. 13-14) clarifies, process maturity levels and process maturity goals define how well individual company is currently positioned within certain markets with respect to the baseline (an approved target maturity level). Accordingly, maturity levels and goals reflect progress measures certain processes have in relation to baseline – be it standard, benchmarked processes. It is critical to compare own processes with main competitors' respective ones to identify position organization has within industry. In consultancy business challenges related to process improvement practices are even more transparent than in traditional marketing and sales business. Consultancy firms work in a short-cycle business where especially rapid technological changes concerning solution provider's systems and client's implemented solutions challenge constantly contemporary processes.

In following Figure 3-1 Wysocki (2004, p. 13) depicts rationalization practices and the process improvement life cycle to provide an alternative approach to process design.

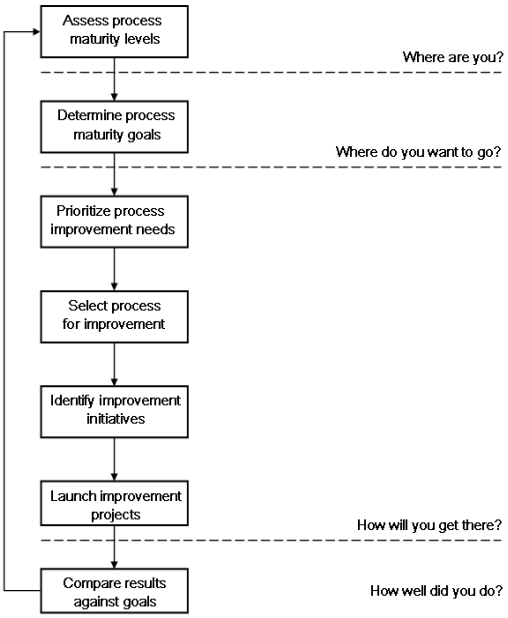

Figure 3-1: The process improvement life cycle (Wysocki, 2004, p.13)

Wysocki (2004, p. 13) starts his process improvement life cycle from assessing organization's current state (Where are you?). Thereafter, internal assessment reflecting strategic objectives and external evaluation targeted to reviewing best practices in industry allow organization to decide on

process design related issues – this is, future state of operations (Where do you want to go?). According to Wysocki (2004, p. 14) next stage relates to realizing right means for achieving desired process state (How will you get there?). These tools acknowledge relevant process improvement needs, specific processes for improvement activities, actual process improvement initiatives and comprehensive improvement projects. Finally, the process improvement life cycle ends up with assessing results against set objectives or initially developed baseline for process improvement measures (How well did you do?). Moreover, one should understand that the process improvement life cycle repeats itself continuously (Wysocki, 2004, p. 14) and every new situation sets unique challenges for process rationalization activities.

Evans and Lindsay (2005, p. 332) take a 6-step approach to process design following process design practices implemented by Motorola. These suggested six steps are as follows:

1. *Identify the product or service:* What work do I do?
2. *Identify the customer:* Who is the work for?
3. *Identify the supplier:* What do I need and from whom do I get it?
4. *Identify the **process**:* What steps or tasks are performed? What are the inputs and outputs for each step?
5. *Mistake-proof the process:* How can I eliminate or simplify tasks? How should processes be structured so that human error element is completely removed from them?
6. *Develop measurements and controls, and improvement goals:* How do I evaluate the process? How can I improve it further?

Albeit these two approaches to process design are a bit different from each other, the main content remains the same. Wysocki (2004) and Evans and Lindsay (2005) both recognize the importance of identification of right processes to identify and select improvement practices and procedures allowing to change current status quo. It is also important to develop right follow-up measures to evaluate and control process improvement practices and define possible corrective actions to be implemented in processes. In addition, as Wysocki (2004, p. 14) points out, in every process improvement practice results should be compared against initial objectives set for processes. This way, processes can be evaluated continuously.

If we consider specific objectives of this study it is also relevant to examine special considerations

which concern service process design. Evans and Lindsay (2005, pp. 332-334) recognize several fundamental characteristics that are peculiar to service process design. First off, it is essential to understand that service processes mainly involve both internal and external activities and actors, which largely complicates quality design. Direct customer interaction means that processes should be also designed around customer preferences, not only following certain service or solution provider specific objectives. Second, processes should be as straightforward as possible since minimizing complexities and answering customer problems immediately insists that processes could bring customers close to the companies rapidly enough. Yet, in service process design it is important to recognize that services differ in the degree of customer contact and interaction, the degree of labor intensity, and the degree of customization. Hence, even if processes should be partly standardized to provide consistency and create ability to rapidly react, they should be flexible enough to have freedom of action.

According to Sanchez (1999) *process architecture* decomposes the designs of an organization's processes into certain specific activities and 'function blocks' and specifies the ways in which those activities and functions interact with each other in single process implementation. In service process design, organization's overall process architecture contains activities which create, realize and maintain customer value and interactions of these activities in organization's marketing and sales process. If we consider individual customer transactions we should look at these relationships as consisted of several process modules that are tailored to specific customer requirements. So, to have an established pool of modules service provider should partly standardize its processes or process parts so that it is possible to customize certain transaction and processes following specific customer needs. Moreover, as Sanchez (1999) reminds it is inappropriate to concentrate only on process architecture as a separate function in creating successful customer relationships. On the other hand, process design should interact with product – in this case service – and knowledge architectures to establish interconnected pool of function blocks that together generate competitive advantage. Still, process architecture has the central role in this trinity, since other two architectures are designed only after process in question is specified.

3.3 Marketing and sales process

Even though, the interface between marketing and sales units is receiving much more attention than previously, much of empirical work on marketing organization has not distinguished between

marketing and sales units (Homburg et al., 2008). Traditionally, marketing and sales have not been considered separate functions in managerial practices which has resulted in that both departments have been subsumed under the term 'marketing function/organization'. In this sense, it is reasonable to follow traditional practices in underlying literature viewing marketing and sales processes as one single process.

The foremost role marketing and sales (M&S from now on) processes have is to offer people involved in M&S activities a road map of what to do next to lead people and organization to a higher probability of success (Eades, 2004, p. 31). According to Mullins et al. (2008, p. 6) in this context marketing acts as a social process covering several activities necessary to enable individuals and organizations to obtain what they need and want through exchanges with others. In similar fashion, Eades (2004, pp. 32-35) recognizes five sales process elements that should be considered in successful process implementation practices in M&S context. Following pyramid (Figure 3-2) depicts these five elements.

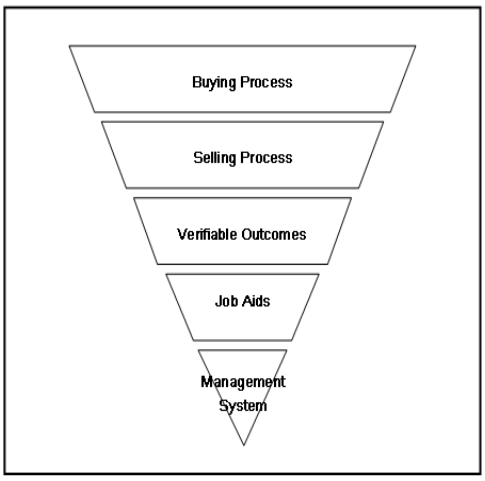

Figure 3-2: Sales process elements (Eades, 2004, p.33)

Good sales process starts from understanding customers' buying processes to comprehend rationale behind buyers' buying behavior. It is essential to realize how buyers buy before deciding on specific sales process practices. Accordingly, selling process steps should align with buyers' buying process steps. Largest reason for failures in sales transactions is the fact that selling organization does not know or follow buying needs. Respectively, each step in sales process should be measured and should have verifiable outcomes. Measurement practices should be standardized to equally

evaluate several sellers against specific standards. Usually, buyer action reflects either positive or negative deviation from these standards. Job aids provide assistance for sellers in order to facilitate the sales step if customer's or prospect's buying behavior is well known. Generally, job aids or sales tools provide some specialized knowledge or skill to support sales reps in selling situations. Sales management systems on their part provide efficiency to the sales process. It is critical that effective management practices are in place to supervise, manage and maintain the integrity of the sales process.

Another more comprehensive way to examine M&S processes is the sales process description by Futrell (1998, pp. 430-444). Figure 3-3 (Futrell, 1998, p. 430) delineates primary stages concerning the sales process ranging from prospecting customers all the way down to follow-up and service practices.

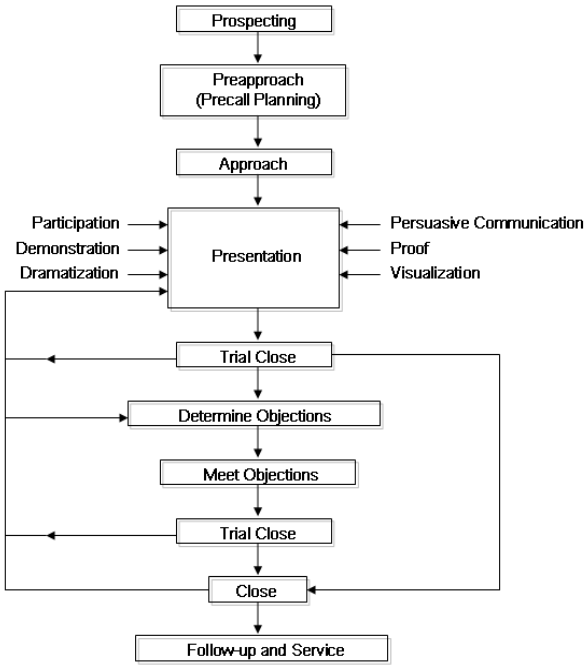

Figure 3-3: The sales process (Futrell, 1998, p.430)

The following sales process description is quite authentic to real life M&S practices, especially in solution and expert sales business where certain realized customer relationships start from prospecting clients and proceed to introduction and presentation stages. In this regard, it is relevant to go through these stages described above one by one.

Prospecting is almost the most important step in the sales process. In this stage marketing organizations screen out for prospects – people or businesses that are verifiably in a need of certain products, services or solutions and are able to buy them. It is vital to search for prospects according to organization specific criteria that shape the pool of appropriate candidate organizations. **Preapproach** is similarly important step in the sales process. In this stage, salespeople investigate the prospect in greater detail and depth, and plan the sales call. Though, this step seems to be seemingly straightforward, it still contains many challenges in planning practices: firstly, sales person has to decide on call objectives; secondly, customer profile should be accurately defined; thirdly, customer benefits, i.e. what is in it for prospects, should be determined; and finally, sales person should be prepared to plan the sales presentation to successfully convince specific customers. Respectively, **approach** is practically the first major part in the sales presentation. As a sales opener, by successfully implemented it increases sales person's chance of making the sale. However, one cannot underestimate the critical role of the *first impression*. To get the possibility to present service or solution provider's offerings approach technique should be used to soften receiver's prejudices against sales people.

The presentation itself is basically a continuation of the approach. With help of the sales presentation mix – participation, demonstration, dramatization, persuasive communication, proof and visualization – sales people attempt to offer knowledge about features, advantages and benefits of their underlying offering. Especially in solution and expert sales business, it is critical to comprehend that prospects do not want to know how superior certain offerings are to competitors but buyers want to see how sales organization can answer their specific needs and requirements. **The trial close** is an attempt to check prospect's attitude toward the sales presentation. Anyhow, as Futrell (1998, p. 440) emphasizes, it is extremely useful method in the sales process in three situations – 1. after sales person makes a strong selling point, 2. after sales person overcomes an objection or 3. once the presentation is fully complete. **Determination of objections** highlights sales person's stake in the selling process. An objection – opposition or resistance to information or a request – reflects prospect's attitude toward offering. However, it should not be thought as negative approach toward certain service or solution. In many cases, if objections can be answered to the satisfaction of the prospect, the sale has large possibility to be done. Hence, **meeting objections** presents the ability to uncover and answer objections to convince customers of superiority of certain service or solution.

Closing is the primary method in transforming the tentative relationship into real time transaction practices and in this sense, helps prospects to make a beneficial decision. Respectively, in this stage of selling process, closing brings the sale to a conclusion. According to Futrell (1998, p. 442), if all goes well, the conclusion will be positive, still, it can be also negative. **Follow-up** and **service** step considers the quality aspect of processes between sales people and customer organizations. As we can remember from sub-chapter 2.4.1 and Figure 2-2, service quality, particularly, can generate goodwill between above mentioned parties if there are not any gaps in service or solution delivery.

Marketing plan and sales planning process

Establishing marketing plan is not within the most critical issues in M&S organizations – especially in smaller ones – nevertheless it still brings transparency to internal and external M&S process. As Clow and Baack (2010) describe marketing plan, it is a part of M&S process where theory and knowledge meet application. Similarly, they specify marketing plan as consisted of current situation analysis, SWOT analysis, setting marketing objectives, targeting market customers, creating marketing strategy and marketing tactics, following implementation practices and evaluation and control procedures. Futrell (1998, p. 434), respectively, incorporates marketing plan in his sales process description. He allocates marketing plan as a part of pre-approach (pre-call) step.

Jobber and Lancaster (2006, p. 43) recognize marketing plan as an important part of sales planning process. They also state that there is not any universal way to establish an ideal marketing plan and neither it is easy to handle sales planning processes since every planning situation varies. Still, they outline the sales planning process in a general level composing of six components – setting objectives, determining operations necessary for meeting these objectives, organizing for action, implementing, measuring results against standards, and re-evaluation and control.

3.4 The solution selling sales process

In this sub-chapter it is reasonable only to examine starting points for solution selling process, since main concern deals with approaches to start such a process. Although, solution selling[2] is a form of sales process some differences remain when traditional marketing and sales processes are compared

[2] The terms solution selling, solution provider, generalities concerning solution selling concept and practices, and etc. are more comprehensively introduced and studied in next Chapter 4 (Solution selling in business-to-business [B2B] context).

to solution sales business transactions.

There are primarily two distinct approaches to start solution selling process – whether solution provider scans prospects by approaching potential buyers itself or these prospects contact themselves to approach solution providers. In his *solution selling sales process* approach Eades (2004, pp. 38-41) has described underlying process in similar fashion. He divides in his Solution Selling Sales Process Flow Chart Model (2004, p. 39) prospect identification into two starting points: **latent** opportunities (people not looking to buy anything from certain specific solution provider) and **active** opportunities (people who are already looking to buy and most likely have a vision of what they need). Subsequently, Figure 3-4 illustrates this process flow chart model by Eades and makes the difference between two distinct approaches.

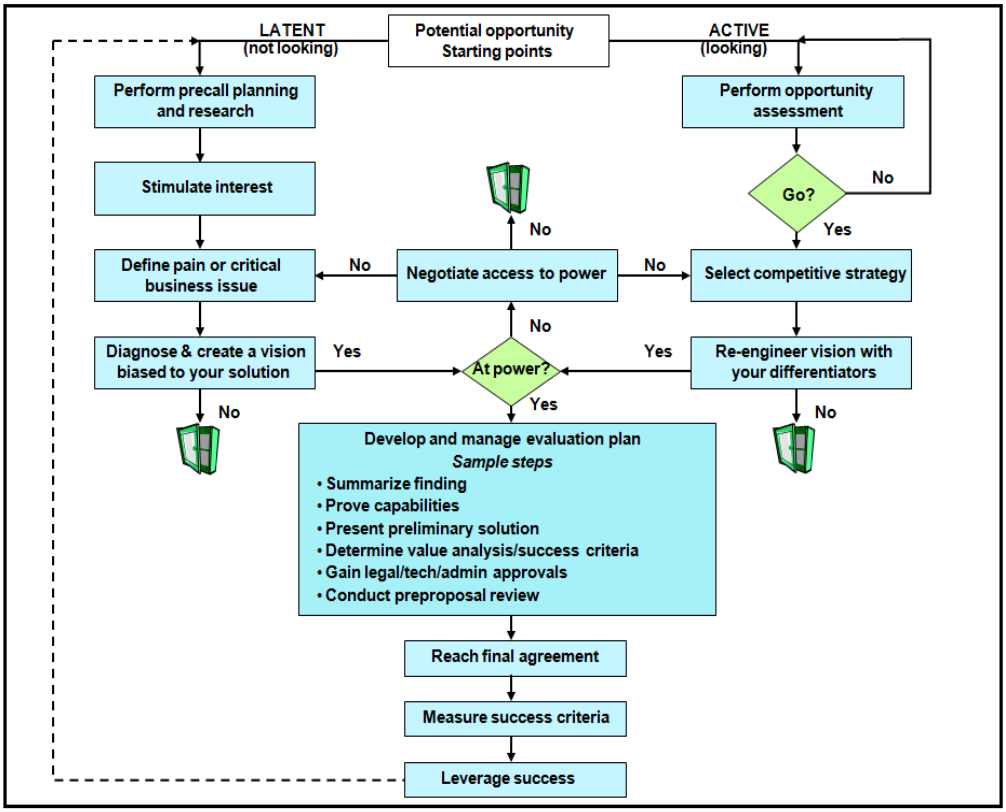

Figure 3-4: Solution Selling Sales Process Flow Chart Model (Eades, 2004, p.39)

With *latent* opportunities the most relevant single aspect in contacting potential customers is the decision concerning how to approach these prospects. Letters and brochures are a means to try to generate some interest toward solution provider; however, phone calls are more appropriate since in

most cases customers are better reached through them. After solution provider has managed to attract buyer it is reasonable to address problem areas solution provider has discovered in customer's processes during customer identification (aggregate evaluation of prospect's business). In this stage you whether succeed or fail: it is not enough to state only problem areas customer is having, but the prospect has to see solution provider's distinct and unique services that solve one's problems. Besides, it is not sufficient that the prospect is interested in offering, if one does not have ultimate power to bargain. That is why, it is extremely critical to find real decision-makers in early stage (see Exhibit "1": Reframed concept of selling: 1st concept – You get delegated to the people you sound like.).

If, however, buyer has the right to decide on buying issues, the next step is an evaluation plan. As Eades concludes (2004, p. 40), this underlying plan allows both parties – solution provider and buyer – "to move in a structured way to a mutual decision to move forward and reach an agreement to do business together". It should be clear that in this situation good project management techniques and practices (e.g. Knutson, 2001, pp. 33-48; Lock, 2007, pp. 17-28; Turner, 2008, pp. 111-126) should take place to build trust and credibility with buyers and increase the probability of successful sales close. After final agreement is reached solution provider should be measured against an agreed-upon list of criteria (Success Criteria) to compare solution provider's performance with customer's business outcomes.

Active opportunities are respectively chances that solution provider does not create by his own. In these kind of situations prospect screens actively different opportunities and contacts several solution providers, for instance, to discover differences between certain provisions. Albeit, active opportunities save time, money and effort it is not justified to get involved in every inquiry. Every contacting customer is not always the most promising one, and in some cases solution provider has to turn down budding relationships. Through opportunity assessment solution providers decide whether to make a go or no-go decision related to certain inquiry. As Eades (2004, p. 41) verifies no-go decisions can be sometimes rather challenging. Consider a situation where your company trails the budget and you still have to turn down a promising inquiry. Finally, if company decides to get involved it has to select a proper competitive strategy and re-engineer buyer's existing vision simultaneously gaining access to power, exerting control over the buying process and establishing the value for specific offering. Last process steps are similar to steps with latent opportunities.

4 Solution selling in business-to-business (B2B) context

This chapter reflects several – mostly typical for the underlying topic – solution selling specific themes, especially in business-to-business (B2B) context. From theoretical point of view examining mainly B2B context is rather justified, since in solution selling business plethora of transactions occurs in B2B context due to considerable economic value of transactions. Initially, solution selling concept is introduced to provide an understanding of main topic area. Thereafter, mechanisms behind solution selling approaches are widely discussed to offer smooth transition to new solution sales specific business practices. Finally, in last sections of this chapter, B2B environment is included to analysis more specifically to examine concrete solution selling practices by B2B actors. Moreover, numerous examples are used in this chapter to demonstrate yet increasing relevance of solution selling compared to traditional goods selling.

4.1 From goods dominant logic to service (solutions) dominant logic

Nowadays, constantly changing customer preferences and needs set new challenges for companies, since previous offerings and ways to serve customers have become old-fashioned. As both Bosworth and Holland (e.g. 2003, pp. 5-6) and Lusch et al. (2006) state product usage itself and product characteristics are not sufficient anymore in meeting customer needs. Lusch et al. (2006) also add that those companies with greater understanding of customer usage experience can create comprehensive offerings with greater value-in-use than their closest competitors. Still, generally speaking, companies have realized the full potential behind moving toward service dominant logic. Lusch et al. (2006) and Vargo and Lusch (2004) mention about yet increasing awareness across companies that today tangible or mineral rights are no longer the key to long-term success. Meanwhile, it is obvious that service elements and intangible resources like information, knowledge and ideas should be added to company offerings to generate revenues and profits (Lusch et al., 2006). There are many different figures available to depict choices companies make in goods-service continuum concerning their offerings; however, following graph catches the essential of the main idea behind different supply options (Figure 4-1):

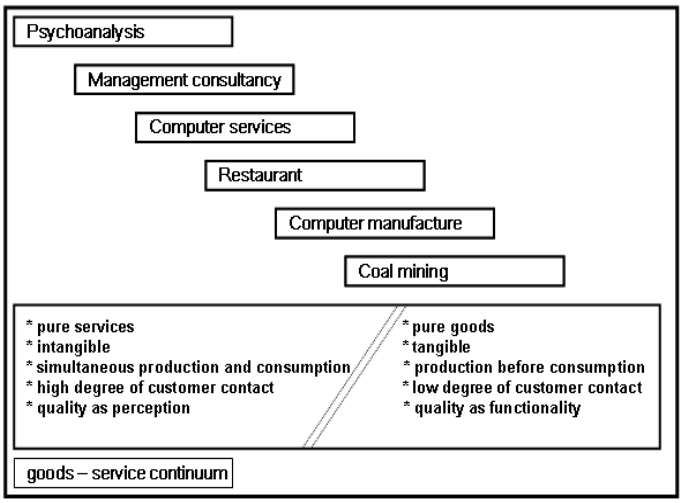

Figure 4-1: Goods-service continuum (http://www.auhy69.dsl.pipex.com/images/b202/goods-service_continuum.jpg)

The graph shows clearly that both ends are *pure* in their own way: psychoanalysis is **pure service** and respectively, coal mining represents **pure goods** alternative. Underlying graph also describes common characteristics for both pure services and pure goods alternatives. If company is located down on the right-hand side on six-step echelon it can move upwards toward upper left-hand side corner by adding some service features to its offering. However, it is rather rare that companies locating up would move down on echelon if they have already secured their position as service companies. In some cases, still, this is possible. For example, if company faces a financial crisis or it has to downsize its business due to unfavorable economic situation it can be forced to reduce some service features, even though these features are important to customers. Solution providers or solution selling firms are mainly located on upper left-hand side corner. Again, it is uncommon that solution provider is pure service company; since generally solutions include also goods characteristics due to fact many solution selling firms have established their solution sales business around their core product (Dhar et al., 2004). For visual aid Figure 4-2 depicts aforementioned goods-service continuum with solution selling aspect.

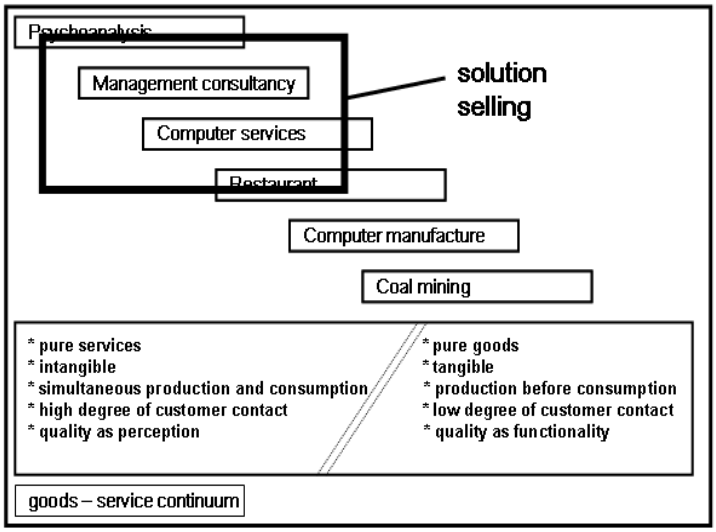

Figure 4-2: Goods-service continuum with solution selling aspect (Adapted from http://www.auhy69.dsl.pipex.com/images/b202/goods-service_continuum.jpg)

Bosworth and Holland (2003, p. 2) have found several differences in selling behavior concerning traditional and solution selling practices (Table 4-1). In this table traditional selling reflects goods selling and customer-centric selling describes selling practices familiar to organizations locating on upper left-hand side corner in goods-service continuum. It is reasonable to remember that following table is only one way to distinguish between these two approaches.

Table 4-1: Selling behavior (Adapted from Bosworth and Holland, 2003, p. 2)

Traditional selling	Customer-Centric (Solution Selling)
Make presentations	Converse situationally
Offer opinions	Ask relevant questions
Focus on relationship	Focus on solution
Gravitate toward users	Target business people
Rely on product	Relate product usage (if there is/are any)
Need to be managed	Manage their managers
Attempt to sell by	Empower buyers to
• Convincing/persuading • Handling objections • Overcoming resistance	• Achieve goals • Solve problems • Satisfy needs

It can be identified that traditional selling approach aims more at selling products while solution selling mechanism is mostly proactive. In proportion, problem solving approach is largely the initial

step for comprehensive solution selling behavior. If organization provides offerings that have more service elements than goods features customer should be the focal point for selling activities.

So, what is service-dominant logic? According to Vargo and Lusch (2004) and Cova and Salle (e.g. 2008) over last decades marketing theory and marketing companies have changed their scope and concentration from the exchange of goods to a revised logic of focusing mainly on intangible resources, the co-creation of value and relationships. This new dominant logic of marketing emphasizes service provision over goods, which is nowadays fundamental to economic exchange activities. However, service-dominant logic (S-D logic) rejects traditional distinction between goods and services (i.e. alternative forms of products) but rather considers these two as linked components (Lusch et al., 2006). This is partly because several companies have moved away from traditional product-centric approach randomly (Dhar et al., 2004). In the beginning, companies have developed core products around some functionality that has been valued by customers and consumers (Dhar and Glazer, 2003). However, gradually they were willing to protect their core products from competitors and imitation by augmenting core products with service features or other differentiators. Surprisingly, these augmentations (e.g. maintenance, help desk or after-sale services) began to be of more critical value to customers and started to be main differentiators while selecting between different organizations (Dhar et al., 2004). As a consequence, new service features have appeared since companies are trying to stand out from competition to survive in heavily competed markets (Kim and Mauborgne, 2005). This can be hazardous since in some situations it is impossible to evaluate beforehand whether certain service feature has pricing power or not: that is why; S-D logic emphasizes the co-creation of value.

4.2 Concept of solution, solution hierarchy and solution selling concept

There is no any single and comprehensive way to understand the concept of *solution*, since already by its nature 'solution' is rather ambiguous concept. Tuli et al. (2007), Bonney and Williams (2009), and Cova and Salle (2007) define solutions as *customized bundles of goods, services and intellectual property.* Moreover, Cova and Salle (2007) state in their project marketing research setting that solution sales business should be observed from two distinct perspectives. First, product orientation views the content of the offer and the interdependence of different components. Secondly, customer aspect deals with the role of value in the creation of a durable competitive advantage and the perpetuation of relations with customers. Tuli et al. (2007) have also gathered

several extant views on the concept of solution. Next, few of them are mentioned:

> "*In all sorts of industries, companies that traditionally have made and sold standalone products are changing their strategies. They are creating high-value solutions by integrating various products and services."*
>
> Foote et al. (2001)

> *"A solution is customized, integrated combination of products, services and information that solves a customer's problem."*
>
> Sawhney et al. (2006)

Next conceptualization fits well into B2B context:

> A solution *"involves the provision of tailored combinations of products and services as high-value 'integrated solutions' that address the specific needs of large* ***business*** *and government* ***customers****."*
>
> Davies et al. (2006)

In these definitions solution is seen way beyond traditional goods versus services thinking since in some cases solution can include features that would not be present if goods and services would be sold separately. Thus, in solution type of offering the outcome can easily be more than the sum of individual components. In project business benefits from solution offerings are more transparent. Let us consider a typical project case. As Kujala et al. (2010) conclude, in project business solution typically refers to an offering which has a project component and an after-delivery service component (e.g. software maintenance). It is quite obvious that separately these components do not interact in an appropriate way, unless same people take care of both components. However, in solution sales business, one company is mainly responsible for all the features an offering contains.

Solution hierarchy

Solutions are quite unique due to their problem solving ability and single customer focused approach; basically, solutions are tailored to every problem solving situation separately. The reason for that is the fact that customers dictate specifications and frameworks for solutions according to their contemporary business situation and business requirements (B2B context). Since companies are different from each other and every business situation demands different actions, every solution is unique and tailor-made to specific context.

In project marketing term *milieu* has emerged to describe uniqueness of transaction situations, especially within project[3] and solution sales business context (e.g. Skaates et al., 2003; Welch, 2005). Thus, it is almost impossible to generalize and conceptualize term solution to create comprehensive concept. Still, it is possible to classify solution types in hierarchical order according to their significance and relevance in customer's processes. Following categorization by Dhar et al. (2004, Figure 4-3) provides insight to solution hierarchy and customer ambiguity in different solutions.

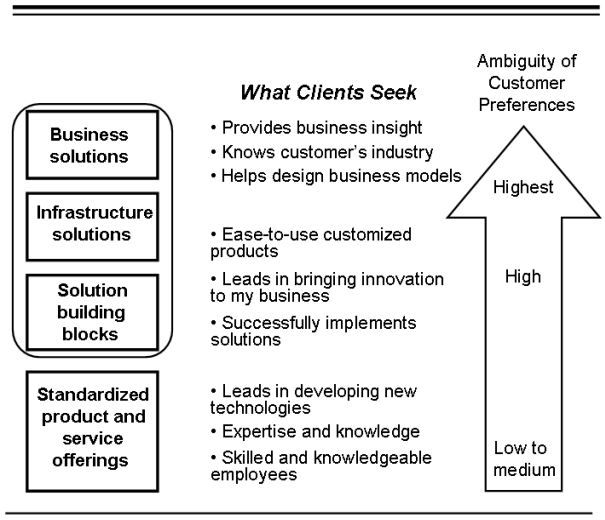

Figure 4-3: Solution hierarchy and customer ambiguity (Dhar et al., 2004)

As we can see from the graph, customer perceptions (*What Clients Seek*) affect the solution type. In lower-to-medium levels of ambiguity underlying customer preferences, available offerings are sufficient to satisfy customer needs. Next stage is more complicated concerning the ambiguity of problem specifications. In this phase clients insist solution-type practices in answering their problems, yet, customer preferences are not multi-dimensional and modular-type solution approaches (solution building blocks) can be implemented. This is, certain solution components are already available for clients to pick up from. These components can comprise, for example, certain coaching and training elements concerning final solution, but these practices are rather similar from

[3] Terms *project* and *solution* are used interchangeably throughout this work. Even though projects have some peculiar to them features compared to solutions, it is not misleading to use them mixed. As projects so as well solutions have finite maturity, since no single solution is permanent. Practices and approaches are often evaluated and new solutions replace old ones.

time to time. These solutions are not specifically tailored to certain purposes and content deals with solution provider specific elements.

Respectively, infrastructure solutions and especially, business solutions, represent the highest (high) ambiguity of customer preferences. In this solution category customer solutions are tailored directly to customer specifications: For example, customer specific considerations are included to solution provider's systems which means that customer data flow through solution provider's IT systems and these measures offer special, client specific information.

Business solutions are of highest ambiguity and in many cases are not self-evident even for clients. These solution types set challenges for solution providers, since now solution providers should be aware of customer's internal business processes and the whole industry generally. Similarly, some business solutions call for huge sacrifices from service provider's operations, so in every situation it is not even possible to initiate collaboration with certain client. Provocation-based selling (4.4 Solution selling vs. provocation-based selling) is another way to approach this issue, since in some business situations clients do not even know what they seek, and service providers have to provoke to attract potential customers (Lay et al., 2009). In most challenging cases – such as business turnaround projects – business solutions are implemented widely.

Solution selling concept

According to Eades (2004, p. 5) solution selling is a sales process. In this sense, it can be thought as a special approach to sales where a customer is a focal point (e.g. Eades, 2004, p. 5; Bosworth and Holland, 2003). Thereby, customer-centric selling behavior and solution selling approaches are totally different from actions taken by traditional salespeople. As Eades (2004, p. 10) emphasizes, in solution sales business buyers want to do business with salespeople who truly understand them, their jobs and – especially, their problems. In other words, buyers want to do business with people who have *situational fluency*. In solution sales business buyers want a consultant who adds value to their situations and is not only interested in selling company's goods and/or services. Moreover, a solution seller has to have good selling skills and people skills to convince buyer about solution and create a fruitful relationship from very beginning. In order to emphasize variety of competences needed in solution selling Eades (2004, p. 11) has summed up relevant knowledge and skill levels to depict the most important elements in generating situational fluency (Figure 4-4). One can see

that successful solution selling transaction is not possible without seller having both **situational** and **capability knowledge**, and **people** and **selling skills**.

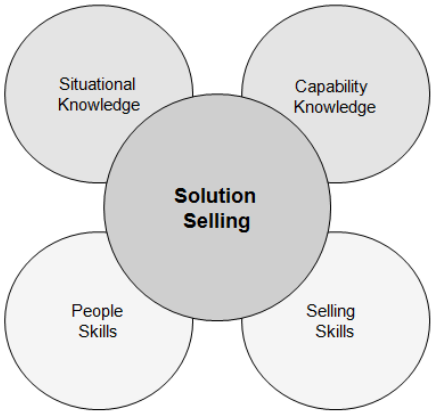

Figure 4-4: Solution selling situational fluency (Eades, 2004, p.11)

Besides, Bosworth and Holland (2003, pp. 48-60) present in their seminal work 13 core concepts that reframe the concept of selling toward *solution selling concept.* Exhibit "1" in appendices presents these core concepts with descriptions and newly developed approaches peculiar to successful solution selling.

4.3 Factors to drive performance improvement in solution selling

Though, plethora of different factors affects performance improvement strategies, it is clear that in solution sales business, individual sales people play tremendous role in creating successful buyer-solution provider relationships. Still, qualified sales people only, are not enough to convince buyers of supremacy of certain solution, if buyers do not perceive any value or recognize value proposition (Eades and Kear, 2006, pp. 105-108). Kujala et al. (2010) also recognize customer perspective by stating that already from the beginning business models and processes should address both value creation for the customer and value capture for the supplier. Only in this context, it is possible to create win-win situations that benefit both parties.

Once consensus concerning solution provider's value proposition has been achieved it is appropriate to target performance improvement practices within solution provider in question. Eades and Kear (2006, pp. 123-131) have found six levels in the marketing and sales ecosystem where solution sales performance improvement practices occur. These are:

1. The value framework and messaging platform
2. The go-to-market approach
3. Communications alignment
4. Management and support systems
5. Sales process and methodologies
6. Individual skills and knowledge

As one can see, one of the levels (6. Individual skills and knowledge) concerns sales people and their contribution to solution sales process. Since the current trend in solution sales and respective sales literature is toward salesperson evaluation and salesperson opportunity recognition (e.g. Bonney and Williams, 2009) it is appropriate to examine salesperson as the largest impact on solution provider's success in M&S process implementation.

Salesperson initiative and navigation (Plouffe and Barclay, 2007), personal selling practices and entrepreneurship-like behavior models (e.g. Bonney and Williams, 2009) all together emphasize overall importance individual salespeople are having in solution selling business. According to Bonney and Williams (2009) it is possible to characterize and conceptualize salesperson activities to increase solution effectiveness and solution efficiency – that is, positive perceptions from buyer's side toward certain solution. To visualize causalities around *salesperson opportunity recognition (SOR)* Bonney and Williams have constructed a SOR model which presents a holistic framework that includes both antecedents (factors affecting SOR) and outcomes (solution related performance improvement conditions). Next, Figure 4-5 depicts Bonney and Williams's conceptual model of salesperson opportunity recognition:

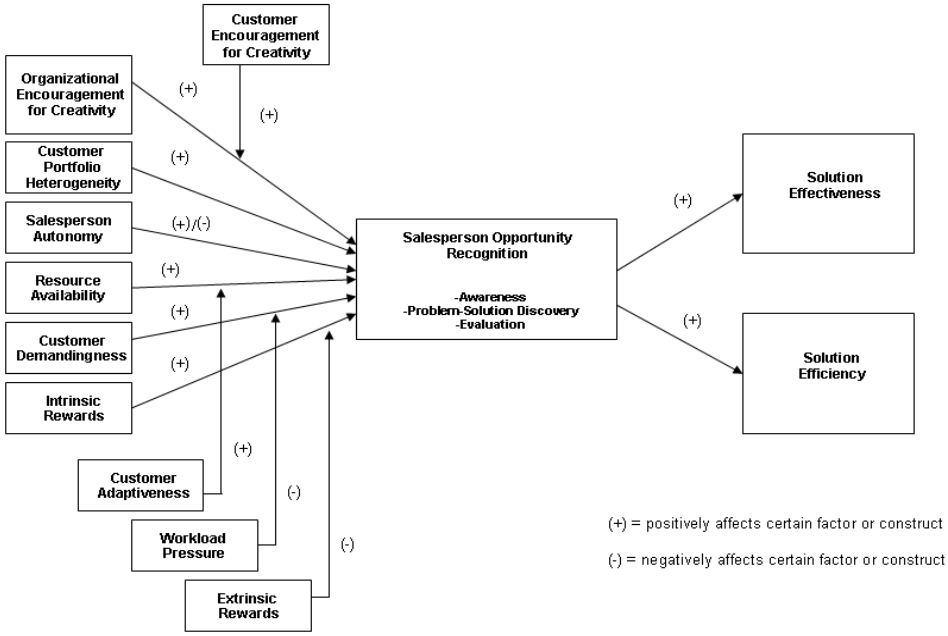

Figure 4-5: Conceptual model of salesperson opportunity recognition (Bonney and Williams, 2009)

As figure delineates, the left-hand side contains antecedents – which can have either positive or negative impact on SOR process – and the right-hand side includes outcomes which in turn relate to SOR. In this graph arrows describe relationships between constructs. Antecedents include six main constructs and four sub-constructs which affect certain main constructs: customer encouragement for creativity affects positively organizational encouragement for creativity, customer adaptiveness affects positively resource availability, workload pressure affects negatively customer demandingness and extrinsic rewards (e.g. money and other bonus structures) affect negatively intrinsic rewards (motivational and intellectual rewards). Respectively, organizational encouragement for creativity, customer portfolio heterogeneity, salesperson autonomy, resource availability, customer demandingness and intrinsic rewards on their part have either positive or negative impact on SOR process.

Awareness, problem-solution discovery and evaluation are intermediary SOR processes which again affect final outcomes. *Awareness* is the cognitive process of SOR model and is reflected in the sales person's perceptions of environmental elements, understandings and perceptions of future paths of these elements. *Problem-solution discovery* in turn formulates potential solution to customer's problems. In this phase it is relevant to develop concrete response to particular problem representation. Opportunity *evaluation* is mainly a cognitive process aimed at assessing workability

and value of ideas and resource allocation decisions based on challenges concerning implementation of these ideas. In ideal situation, sales person identifies best possible solution and compares it against established evaluation criteria.

Solution effectiveness and *solution efficiency* are the most visible constructs of a SOR model. For instance, once certain solution has reached customer, solution provider can notice whether solution meets customer's needs or not. Outcome is typically specified by customers reflecting what solution should accomplish and what value it should bring to the customer. Solution efficiency, on the contrary, describes how well solution provider has succeeded. Likewise, every solution delivery can be evaluated and profitability of each transaction can be assessed to view solution efficiency. One should also remember that SOR constructs – awareness, problem-solution discovery and evaluation – have all positive correlation with both outcomes.

4.4 Solution selling vs. provocation-based selling

In this underlying sub-chapter a concept of provocation-based selling is introduced. Even though, solution sales business has emerged during last ten-fifteen years (e.g. Eades and Kear, 2006, pp. 6-7), business as a whole has not reached its potential so far. Besides, solution selling literature talks mainly about problem-solving approaches and value-creation activities within identified problem areas, and partly ignores another perspective – this is, proactive problem solution approach, called *provocative selling practices*. Altogether, Lay et al. (2009), Dandridge (2009) and Rusoff (2009) are among only few who have approached provocation-based selling strategies. Subsequently, it will be seen how solution selling and provocation-based selling practices differ from each other conceptually and contentually.

4.4.1 What is provocation-based selling?

As Dandridge (2009) states, provocation-based selling approach attacks problems in customer's blind spots and emphasizes finding customer processes that are in a critical need of attention. In a typical provocation-based selling transaction, after information of problem, customers identify the problem and are eager to address it. Besides, sellers help in finding and locating unavailable funds and investment resources which are necessary for financing improvement initiatives (Lay et al., 2009). Problem solution suggestions can appear randomly and suddenly and in most cases decision makers have made their investments so that certain department does not have money for problem-

solution project. Moreover, customer should understand that provoker is out there to search incremental business to obtain additional revenues. So, generally speaking, provocative selling is not as straightforward as one could see it to be and this selling approach is highly comparable to *blue ocean strategy* (Kim and Mauborgne, 2005) where business opportunities are initiated from the scratch.

Lay et al. (2009) emphasize that aforementioned selling approach is even more relevant during economic downturns and slumps when business customers cut on their expenses. In these situations it is much more beneficial to be proactive and screen out for possible customer problems than wait for someone to contact. Similarly, Lay et al. (2009) and Dandridge (2009) collect together three things that provoker must excel at to begin a provocation-based sale: 1) identify a critical problem facing potential customers, 2) formulate a provocative point of view and 3) lodge provocation.

It is important to address those problems that are large enough to affect customer's bottom line. It should be also clear that the scope of problems is apparent for decision makers – especially top executives – so that they can identify remarkable problem areas. In this sense, provocation-based sales message has to be directed toward higher management levels. In formulation of provocative point of view it is essential to find an interesting way to introduce a new perspective concerning a certain problem (Dandridge, 2009; Rusoff, 2009). In overall, novelty of approach defines how well customer reacts to certain specific message which relates to particular business areas. As well, it is not enough just to provide some information, ideas and methods if they do not derive from true processes or problem areas which are largely relevant to customer's business. Similarly, all the previous is useless if provoker cannot reach right decision makers with sufficient authority over monetary resources to invest in new projects. Besides, if provoker is a new seller in the marketplace appropriate success stories and referrals are needed to convince top executives of the relevance of the new approach.

4.4.2 Differences between solution selling and provocation-based selling approaches

Albeit, differences between these two selling approaches are seemingly minimal the ultimate objectives concerning both approaches are rather different. Following table (Table 4-2) reflects the

most essential differences between underlying selling approaches (Lay et al., 2009; adapted, modified* and some features added** by an author).

Table 4-2: Definitions of difference areas* (Adapted from Lay et al., 2009)

Definitions of Difference Areas*	Solution Selling	Provocation-Based Selling
Source of investment	Competes for a vendor preference within an existing budget	Compels project investment outside an existing budget
Novelty of problem	Aligns with the prevailing point of view	Challenges the prevailing point of view
Problem awareness	Addresses acknowledged pain points	Addresses unacknowledged angst
Significance and scope of problems	Targets tactical problems	Targets strategic problems
Problem approach	Begins with technical proof and then builds a business case	Begins with business case and then provides technical proof
Hierarchical levels involved	Starts as an IT or line-of-business dialogue	Starts as an executive-level dialogue
Problem discovery	Asks questions to identify needs	Uses an insightful hypothesis to provoke a response
Problem resolution	Responds to issues described by the client	Is proactive and leading, forcing issues out
Usability in economic situations**	Mainly in economic upturns, however, suits also economic downturns	Especially in economic downturns

Though, provocation-based selling strategies are relevant in situations where problem areas are unknown for customers, one selling strategy can be better than another depending on particular case. Lay et al. (2009) underline that in situations where customer understands problem areas and has sufficient budget, solution selling strategies are most relevant to customers to overcome certain business problems. Yet, it can be restated that in cases where customer's problem is not understood, budget does not exist and customer wants to challenge current problem approach, provocation-based selling is most effective.

4.5 How does B2B context affect solution selling strategies?

Though, B2B markets have emerged largely through globalization and other consolidation measures, in marketing literature business-to-business (B2B) context is understudied compared to

* Definitions of difference areas are created by the author

** Usability in economic situations is added by the author to depict more clearly adaptability of both selling approaches in different economic situations

B2C (business-to-consumer) research. Sharma (2007) makes even more interesting finding: research output decreases dramatically if one compares B2B *services* marketing contribution in literature with B2B *products* marketing. But what is more surprising is the almost non-existent contribution of B2B *solution sales* marketing literature. Even if, B2B services marketing procedures do not vary tremendously from B2B solution sales marketing approaches it is odd that B2B solution sales has not gained more specific attention in academic discussion. However, there still exists some preliminary attempt to reframe B2B services literature to better serve companies working at B2B solution sales context (e.g. Beverland, 2001) and combine new trends and directions in B2B services marketing for creating initial steps for solution sales offering practices (Tyler et al., 2007). In following sub-chapters solution selling strategies and approach are applied to B2B context to illustrate how solution providers operate in underlying markets. Besides, it has been also an intention to exemplify B2B related instances during whole Chapter 4.

4.5.1 Introduction of B2B markets

As Brennan et al. (2007, p. 2), Rope (2004, p. 13) and Morris et al. (2001, p. 3) clarify the main difference between B2B and B2C markets is that in latter markets the customer is an organization or another company rather than a household or an individual consumer. Similarly, organizational needs are of much larger scale than the respective demand in consumer markets. Besides, Fill and Fill (2005, p. 18) and Blythe and Zimmerman (2005, pp. 8-11) mention several other conceptual differences that distinguish B2B markets from B2C markets: e.g. large number of decision makers, long and complex decision making processes, large sizes of purchases, simple and short delivery channels, personal selling as a primary promotional tool, large supplier switching costs, corporate level marketing strategies and narrower customer base. Fill and Fill (2005, pp. 5-6) define also three following characteristics of B2B markets. Firstly, demand is derived from business customers in business markets. Secondly, demand is largely variable due to fluctuations in business customer preferences and behavior. Thirdly, demand is rather inelastic in business markets. Transactions are considerable in size so it is difficult to switch to other co-operators. Moreover, needs and objectives are much more ambiguous in B2B markets compared to traditional goods and services selling.

4.5.2 How to target and interact with business customers in solution sales business?

In their tentative research setting Lecoeuvre-Soudain and Deshayes (2006) find four different marketing approaches in selling solutions within B2B sector: pre-project (or pre-solution sales) marketing, marketing at the start of the project (or the solution), ongoing project (or solution sales)

marketing and marketing intended to create the conditions for future project (or future solution sale). All these four different approaches require different strategies and starting points for attracting business customers.

Pre-solution sales marketing is the most critical aspect for solution sales marketing since in this phase targeting activities must be well executed and right prospects should be approached to create future transactions. Evidently, solution providers that fail to target right business customers with right means never reach a proper start for the project. Marketing activities at the start of the solution should be mutually agreeable and reciprocal to structure certain project appropriately already at the beginning of relationship. Marketing practices should be targeted to convince business customer of superiority of certain solution and, respectively, projects take shape at this stage. In realization of project solution provider concentrates on up-selling activities so that certain project or solution generates maximum amount of money. Up-selling can include coaching days or maintenance operations. Final stage – marketing intended to create the conditions for future project – does not differ from ongoing marketing activities. New solution 'branches' and up-selling activities are targeted throughout the project so that certain relationships and projects could be lengthened and additional sales could be made. Generation of new projects within existing ones is quite rare in solution sales business since solutions are unique and 'non-returnable' by their nature.

In addition, Kujala et al. (2010) have studied project supplier's business models for solutions. They have discovered four different approaches in solution specific business markets and conceptualized *value proposition for the customer* (product-oriented services and customer's process oriented services) and *revenue generation logic for the supplier* (transaction-based services and relationship-based services) to provide business model frameworks for solution providers. These four approaches are as follows: **basic installed base services** (product oriented – transaction based), **customer support services** (customer's process oriented – transaction based), **operations and maintenance outsourcing** (product oriented – relationship based) and **life-cycle solutions** (customer's process oriented – relationship based).

5 Framework for marketing and sales process management and improvement practices in solution sales business

One important part of this study concerns building a model for process management and, especially, improvement practices that is specific enough to consider marketing and sales environment and the true nature of solution sales business. Even though, actual process framework is directed to serve marketing and solution sales purposes model as such recognizes process stages that are common to all the processes regardless of business specificity. Similarly, one of the research objectives dealt specifically with aim to construct a designed framework that is comprehensive enough to serve a wide variety of different industries and companies, but still, identifies case organization specific requirements. Solution sales business perspective, respectively, insists that a generalized framework should not only view marketing and sales (M&S) process but all the processes that contribute to overall company success. Comprehensive analysis allows organizations better to understand core mechanisms behind successful operational activities that increase the expertise level and foremost excellence necessary in solution sales business. In other words; nowadays, it is extremely important that these companies evolve into true expert organizations.

Accordingly, following aforementioned goals author ended up with developing *a three-phase process framework* (3-phase process framework) that would serve as a conceptual tool to provide information on procedures relevant to 'first class' processes. In similar fashion, author decomposed *process* into three components – **process planning & design**, **process implementation** and **process assessment –** to introduce individual considerations each of these three stages has in it. In addition, **process quality** issues are further examined in this framework context. However, the concern of quality differs from other three process stages, since quality aspect is not designated to one specific process stage but comprehensively to all three phases. As a consequence, quality perspective is inherent throughout the whole process framework.

In framework construction; process literature, M&S literature, and solution sales literature, particularly, have offered relevant ingredients for framework creation and similarly tried to extend beyond traditional process related thinking (e.g. Zunich and Stone, 2005) where process implementation and assessment stages are not well enough separated. At least, author has not found particular process development model that would suit case organizational context. Nonetheless, the

main focus of this chapter is provide an extensive enough steering tool that directs organizations in their processes and process related daily routines, not to deliver a universal model. Similarly, as author *designs* using existing theories and approaches to problem solving rather than develops model from the scratch it is inevitable to refer to research design and design science (e.g. Voss et al., 2002; Colpaert, 2004; Karlsson, 2002).

In following sub-chapters 5.1-5.3 author has examined all three process stages in more detail and constructed each stage utilizing relevant literature and adopting several theories to create success criteria for processes, especially in marketing and sales environment. Similarly, each of these three sub-chapters justifies decisions behind attribute specific choices underlying each phase. Sub-chapter 5.4 provides comprehensive overview on established M&S process framework and adds process quality measures to final process model.

5.1 Marketing and sales (M&S) process planning & design stage

As e.g. Evans and Lindsay (2005, p. 331) conclude the design of processes can have a major impact on company's cost structure and similarly, flexibility. Cost structure affects profitability and flexibility reflects slack in company's resources in order to deviate from standards, so process design issues directly have an impact on process implementation results. Moreover, it is more likely that majority can carry out their processes; however, only few excel at their planning and design activities. In underlying framework author has also emphasized the significance of M&S process planning & design stage.

Chapter 3.2 provided several relevant process planning and design approaches; still, they alone are not enough to cover process planning and design activities comprehensively. For instance, M&S processes require their specific attention and that is why other elements are also adopted from additional process related literature. Subsequently, all the sub-stages (1-4; to see all steps [1-8] and whole 3-phase process framework view pg. 64) underlying M&S process planning & design stage are covered step by step. Step 1 eyes on setting financial objectives, Step 2 reviews the marketing and sales environment, Step 3 creates a marketing plan which focuses on process design and process architecture related issues and lastly, Step 4 matches previous findings to internal considerations. Before further examination Figure 5-1 provides overall summary on first process framework stage.

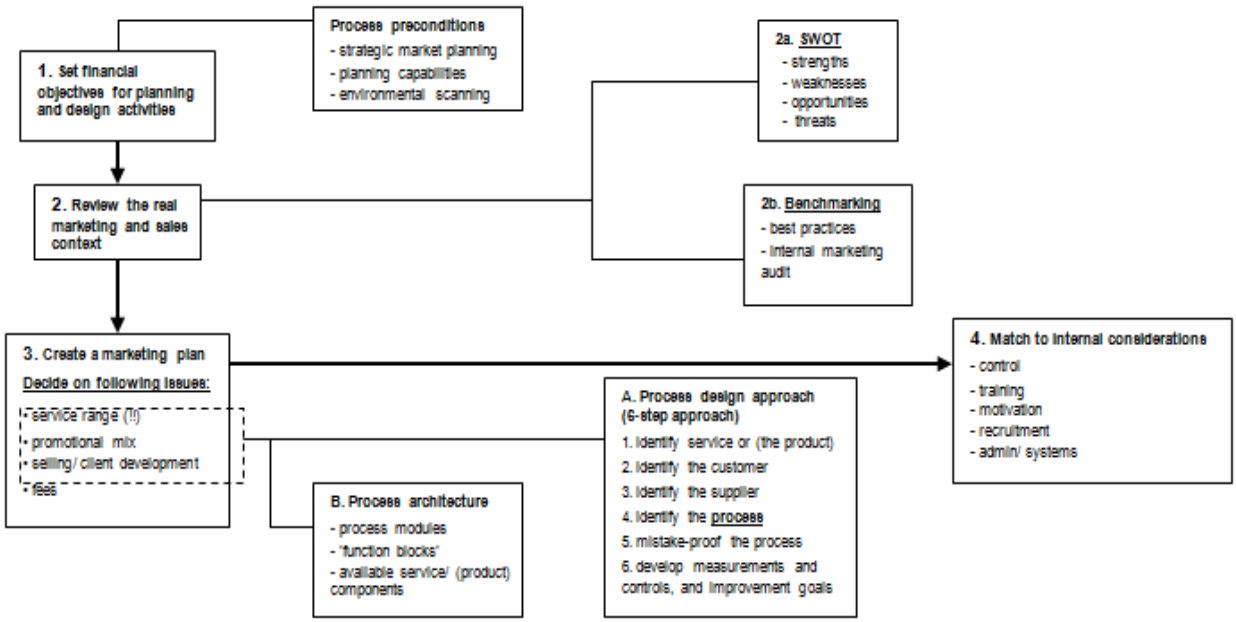

Figure 5-1: M&S process planning & design stage

STEP 1: Set financial objectives for planning and design activities

To plan and design (P&D from now on) processes it is essential to define pre-conditions for these P&D activities and only then align activities with already set business objectives. In solution sales business the significance of planning activities is even greater, because successful solution sales transaction is not achievable if appropriate knowledge and skill levels are missing during actual process lead-through (Eades, 2004, p. 11). **Financial objectives** stand out as most important individual factors in framing and designing M&S process. For example, marketing itself does not bring in any revenues, but should be still viewed as an important function in budget decisions, since it indirectly can affect incoming sales. If certain organization follows its long term objectives it is clear that its survival depends on financial situation that prevails within this organization. Debt rate, degree of solvency and the amount of working capital within other things dictate financial decisions which in turn affect process P&D activities.

Conversely, it is impossible to plan on anything if certain organization operates without mission and strategy. Stratis and Powers (2001) find three marketing processes that are peculiar to successful planning activities. These process preconditions are 1. strategic market planning which helps organization to position itself against long term survival and profitability objectives and serves as

mediator between external environment and internal processes, 2. multiple planning capabilities that allow the organization to 'attack' changing conditions, to enhance its ability to act and react, to form a learning organization and to achieve a sustainable competitive advantage, and 3. environmental scanning which emphasizes the concept of market orientation including collection of intelligence from competitor, customer and industry sources. Environmental scanning is also critical to the success of first two marketing approaches, since scanning practices provide essential actionable information over the market place. Simultaneously, environmental scanning produces relevant information for Step 2 (Review the real marketing and sales context), because process preconditions define appropriate and specific objectives for practices concerning environmental review.

Moreover, Forsyth (2004, p. 26) specifies financial objectives as consisting of reflection of last year's realized revenues and expenditures, and next year's planned financial resources. In real world, budgets are set in this manner, reflecting past results and the anticipation of future revenues and expenses. Even though, no one can predict future completely it is important to have sufficient estimations for design activities.

STEP 2: Review the real marketing and sales context

After financial objectives have been set it is vital to observe both internal and external specifications for processes before their implementation. Environmental review provides critical ingredients for P&D practices since this step forces organization to consider the real marketing and sales environment. Forsyth (2004; pp. 23, 27-31) has identified SWOT analysis as a major part of environmental review, especially in planning practices. In addition, according to Westwood (2006, p. 27) SWOT analysis acts as a key process in situation analysis where internal and external factors are studied to better answer surrounding challenges. Moreover, Sherman et al. (2007) recognize SWOT analysis in strategy formulation and that has a direct impact on process P&D decisions.

SWOT analysis helps organizations to comprehend business environment and relevant market places more comprehensively. E.g. Westwood (2006, p. 27) clarifies that SWOT analysis consists of assessment of *strengths* and *weaknesses* that refer to the company itself, *threats* that relate to company's specific business and *opportunities* in the market place. In this sense, SWOT analysis asks relevant questions concerning, for instance, process architecture related decisions in next

process step (Step 3: Create a marketing plan) and enables companies to choose right marketing strategies for planning practices.

Benchmarking practices are an extremely relevant part of environmental review. To survive in market place organization has to operate at least at same level as its closest rivals to keep up with competition. This means that in many occasions organization has to replicate and follow practices that are run in leading organizations. These procedures are better known as *best practices*. Similarly, as Brownlie (1999) puts it forward, best practices – as a part of benchmarking activities – create certain standards that organization in centre should focus on. For marketing organization it is critical to recognize specific standards so that it can decide on features it includes to its offering. *Internal marketing audit* practices belong also to benchmarking and marketing planning activities. Process P&D measures should follow these auditing practices in similar fashion, since auditing in overall, acts as an intervention measure. According to Brownlie (1999) auditing facilitates learning and transformation towards the culture of sustainable and continuous improvement, which is one of the foremost goals concerning author's M&S process framework.

Process benchmarking (e.g. Evans and Lindsay, 2005, p. 351) activities contain similar measures than other benchmarking practices; however, process benchmarking focuses on key organizational processes. As Evans and Lindsay (2005, p. 351) note, this type of benchmarking tries to recognize the most effective practices in organizations that perform similar functions, and this does not require that organizations in question operate in same industries. Still, if benchmarks are taken from outside certain industry it is possible that organization in focus can learn new ideas and transfer processes as well as new applications to old context. This probably can allow it to surpass the best within its own industry and generate competitive advantage in relation to previously dominant organizations.

STEP 3: Create a marketing plan

Along with process planning decisions it is relevant to observe and decide on several marketing planning issues which define preconditions for M&S process P&D considerations. Forsyth (2004, p. 23) finds following four issues that are critical: *service range, fees, promotion(al) mix* and *selling/ client development*. Still, these underlying issues are only effects – yet, important effects – in creating premises for process planning decisions. As Forsyth (2004, p. 34) observes, marketing

objectives and 'causes' ultimately generate strategic scenarios (Steps 1&2 altogether) which present starting points for tactical activities. Four above mentioned things act as these tactical considerations. Accordingly, before deciding on these underlying four issues organization has to place itself within one or several of the following options available concerning running the business (Adapted from Forsyth, 2004, p. 34):

- To increase market share.
- To expand existing markets.
- To develop new services (or products) for existing markets.
- To develop new markets for existing services (or products).
- To develop new services (or products) in new markets.
- To improve the profitability of existing operations.

Similarly, one cannot ignore the relevance of service or product life-cycle analysis before deciding on process design and process architecture related issues. *Introduction, growth, maturity, decline* and *phase out* stages (Forsyth, 2004, p. 43) set different challenges for marketing decisions and demand in-depth analysis of market situation on hand.

For further analysis it is relevant to exclude fees (prices set for certain services or products) from critical factors concerning planning decisions. Though, it is appropriate to view fees as an important part of marketing planning decisions, they are too detailed to be included in planning activities. Thus, service range, promotional mix and selling/ client development are sufficient pre-conditions to structure processes. **Service range**, in particular, defines how organization is going to utilize its resources to serve its customer base. Organization itself decides what services it will provide and how it will offer these services. **Promotional mix**, consisting of following issues – e.g. advertising, personal selling, sales promotion, public relations, corporate image, brand, direct marketing, exhibitions and sponsorships – should not be confused with marketing mix and its components – four Ps – product, place, price and promotion. The emphasis on practices within promotional mix varies greatly between organizations. **Selling/ client development** reflects the atmosphere of continuous development activities that are aimed at improving selling transactions and customer experience. This results in challenges for processes and especially, their planning activities, since processes should be built so that they can be altered whenever the situation requires it.

Process design approach and process architecture were already widely discussed in Chapter 3.2; nonetheless, it is still vital to restate some of the key issues important for this framework. Three pre-conditions examined shortly in last paragraph provide certain requirements for these two planning areas and it is essential that these planning areas also follow these specifications. First of all, 6-step process design approach by Evans and Lindsay (2005, p. 332) should be reviewed before process architecture specific decisions. In turn, if one looks at Figure 5-1 and concentrates on box 3A. he or she can notice that six steps by Evans and Lindsay cover different process design issues and thus generate different challenges for the management of marketing knowledge-based organizations (see Chapter 2.4). As Evans and Lindsay (2005, p. 332) note steps 1-3 identify the purpose of the process, step 4 concentrates mainly on actual process design specific tasks that should be performed during process implementation, step 5 focuses on making the process efficient and capable of delivering high value, and finally step 6 assures that required performance levels will be monitored and evaluated afterwards.

Respectively, it is much easier to decide on process architecture related issues when primary process design issues are sorted out. As it became evident from Chapter 3.2, process architecture ultimately decomposes the designs of an organization's processes into certain activities and 'function blocks' and specifies the ways in which those activities and functions interact with each other. In solution sales business, where customer relationships are unique, processes cannot be too straight-forward and simplified. Process modules – be it provided individual services, systems, premises or some combinations of these – and availability of these components define which customers or organizations company can serve at one time and what are the services or solutions it can provide considering resources available.

STEP 4: Match to internal considerations

So far, Steps 1 through 3 have mostly encompassed external requirements necessary for designing M&S process from outer business perspective. Still, in solution sales business for instance, several internal considerations steer organizations and ultimately affect the success of overall company performance. In this sense, wider planning and design activities should identify the importance of proper balance between external and internal factors. Accordingly, Forsyth (2004, p. 23) has come up with following five internal considerations that should be included to process P&D analysis and constitute Step 4: *control, training, motivation, recruitment* and *admin/ systems*.

Control related considerations present one of the most important issues to be highlighted before process implementation practices. If processes are not designed to be transparent enough, control systems can suffer to the extent processes do not support actual control mechanisms anymore. Some parts of processes should be further standardized that managerial interventions could be possible and justified if workers do not meet certain standards in their daily operations. Respectively, **training activities** should be designed to be loose enough for workers to break out from work and concentrate on individual schooling.

In marketing and sales context salesperson opportunity recognition (SOR; Bonney and Williams, 2009) combines together motivational and recruitment specific issues that are critical in deciding on appropriate work force. Moreover, **motivational** considerations and **personnel recruitment** practices should follow internal objectives of an enjoyable working environment that encourages employees to operate at satisfying level. Managerial practices already in this stage are enormously relevant along with right process design decisions to guarantee worker satisfaction.

The fifth element – **administration/ systems** – is probably the most fundamental if we review internal considerations. Nowadays, especially during real-time economy[4], ICT enabled systems set their own challenges for process P&D activities. Today, it is insufficient that marketing people by their own solve certain process related dilemmas without first requesting help from engineers or other system administrators. In following years, IT or ICT enabled systems are even more widely integrated as a part of process structure related solutions.

5.2 M&S process implementation stage

Marketing and sales environment establishes its own specific considerations for process lead-through, not least since this business context is rather volatile. Managers, especially, face swift changes in contemporary markets which demands much from process P&D decisions. However, implementation issues should be treated with large care as well, since after all how processes are implemented affects actual financial performance. Several factors that are further analyzed and approached during following paragraphs in this sub-chapter define issues that underlie successful

[4] For further information familiarize yourself with following Internet page [http://realtimeeconomy.net/groupsummary]

implementation of M&S process.

Even though, underlying process framework seems to provide quite self-evident tools for process implementation practices, one should recognize the depth behind these implementation measures and special M&S process implementation framework. If we eye whole 3-phase process framework, Step 5 – divided into simultaneously occurring and equally valued concurrent sub-steps, 5A. Practical M&S process implementation measures and 5B. EEMA model – covers process implementation related practices in marketing organizations. Following Figure 5-2 depicts main issues to be reviewed in second process stage.

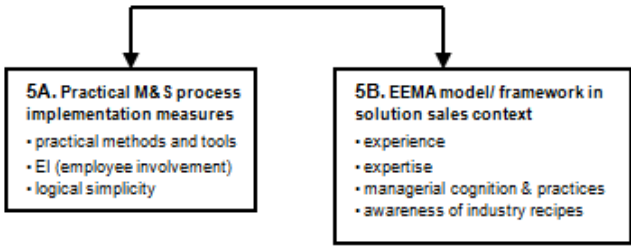

Figure 5-2: M&S process implementation stage

STEP 5A: Practical M&S process implementation measures

In this sub-chapter, Step 5A. is further examined. Where Step 5B. concentrates mainly on managerial issues, Step 5A. reviews operational and worker level process implementation practices. In this sense, it is justified to start from operations and processes that are close to customers and ultimately the main contributors to successful transactions. As Zunich and Stone (2005, p. 1) state, practical process implementation and improvement practices ensure that certain process related results are meaningful and completely achieved, and that enterprise effectiveness is maximized by engaging everybody in the organization.

In this study, author has adapted Zunich and Stone's (2005) original practical process improvement (PPI) framework and reframed it to serve general requirements of 3-phase process framework, and M&S process implementation stage. Although, initial framework by author contains certain improvement elements it is sufficient to focus only on implementation issues in this sub-chapter. Three following components are viewed as a part of Step 5A.: *Practical methods and tools, EI (employee involvement)* and the concept of *'logical simplicity'*.

Practical methods and tools are organization specific process steering tools that assist organizations to both manage and control their processes. Regardless of the nature of the business organizations are involved in and thus, despite the complexity of processes it is appropriate to divide aforementioned methods and tools into operational short-term tools and long-term control tools. Operational tools are rather common in M&S context, since for example, sales estimates and accumulated sales results are evaluated on a monthly or even a weekly basis. Control tools assess processes more comprehensively and it is vital to understand that if corrective actions are needed as a result of findings in control practices processes are already in bad shape in most cases.

EI (e.g. Kauffman, 2010; Thomas et al., 2009) issues have received increasing amount of attention recently as organizations have realized the importance of employee participation. Specifically, in M&S process implementation it is relevant to comprehend that ultimately grass root level workers interact with customers and other stakeholders, and their contribution finally dictates whether certain process is to succeed. According to Thomas et al. (2009) several factors are needed to maintain final employee involvement. Figure 5-3 depicts these factors and relationships between them.

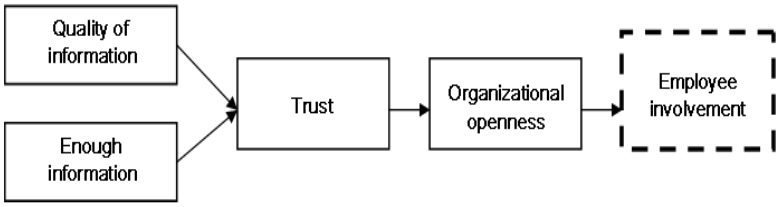

Figure 5-3: Theoretical Model of Perceived Communication, Trust, Experienced Openness, and the Effect on Employee Involvement in Organizational Goals (Adapted from Thomas et al., 2009)

As Thomas et al. (2009) note, in assuring employee participation quality or quantity of information influences trust, which creates the perception of organizational openness and accordingly guarantees greater employee involvement.

Logical simplicity follows the requirements of simple but still advanced process implementation methods. This concept affects all the aspects from practical process steering tools to daily implementation practices and recognizes that even though customers and business actors can vary largely from each other it is still appropriate to maintain certain standards in activities.

STEP 5B: EEMA model/ framework in solution sales context

Another part of fifth step covers managerial issues. Author has developed an EEMA model or framework to identify the most paramount components underlying successful managerial practices, especially for managers operating in solution sales business context. Considering objectives stated earlier in this chapter, author adopted four factors from Tikkanen et al. (2005) that are extremely relevant for managers – for other actors as well – if they are willing to run their processes effectively. Subsequently; *experience, expertise, managerial cognition & practices* and *awareness of industry recipes* are covered more precisely to provide certain grasp of success factors in M&S process implementation measures.

Experience and **expertise** are no doubt perhaps the most relevant ingredients in managerial practices. *Experience* provides some sense of security during process implementation activities, since previously learned issues direct straight toward practical and useful managerial methods. In this respect, experience acts as a steering tool attacking uncertainty which is peculiar to some process implementation activities. *Expertise* along with experience gathers individual's wisdom over numerous issues. However, to be precise, expertise concerns more particular wisdom over certain specific process related practices and ways of doing things, whereas experience is much more comprehensive; for instance, experience concerning managing different customer accounts. Expertise, similarly, can correspond to superior knowledge over specific customer accounts, that is, how certain customers behave or what are the trends within customer buying patterns.

Managerial cognition & practices and **awareness of industry recipes** are in turn much more specific and elaborate managerial components that facilitate daily routines also in M&S processes. Nonetheless, if we are precise we should understand that awareness of industry recipes is sub-component of managerial cognition & practices and should be further treated this way, as well.

Managerial cognitive practices are largely dependable on how manager sees his or her position within certain community and understands the underlying business as a whole. Accordingly, managerial cognitive practices follow experience and expertise related capabilities and ultimately provide ignition for emerging KBOs. Tikkanen et al. (2005) note that in similar fashion the functioning of an organization's business model becomes transparent in managerial decisions and actions. This means that by concentrating on certain aspects of the business model manager

contributes to process implementation activities (Tikkanen et al., 2005).

Awareness of industry recipes – industry recipes themselves are business specific world views of a definable 'tribes' of industry experts and are often divided into their rituals, rites of professional passage and local jargon (e.g. Spender, 1989, p. 10; Tikkanen et al., 2005) – is extremely important in applying managerial practices, in particular, in multi-customer or multi-industry contexts. This goes well together with pre-conditions for process architecture related decisions in M&S process P&D stage. Processes should be designed according to different requirements since different industries have their own separate specifications. In M&S process implementation stage it is important that managers become aware of different traditions within different industries and are capable of treating separate businesses in distinct ways.

Following Figure 5-4 summarizes these four components in a single model and elaborates relationships between factors.

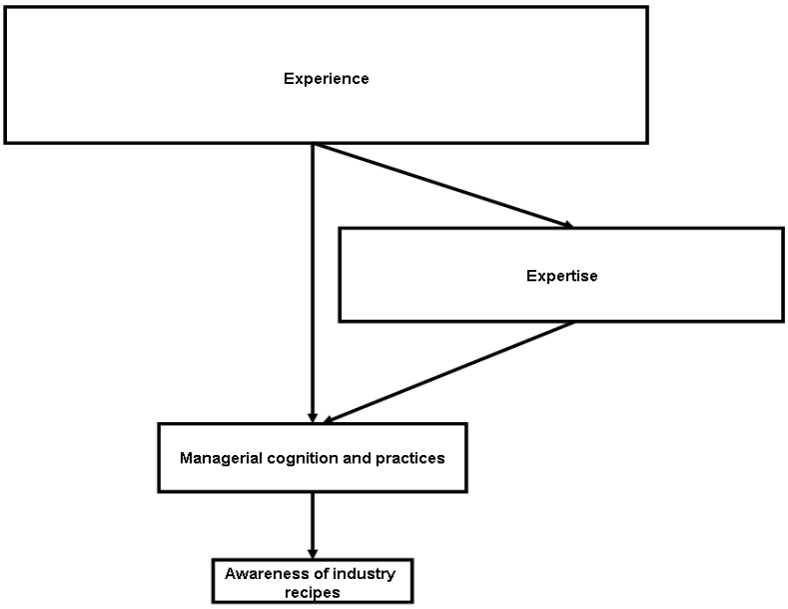

Figure 5-4: EEMA model/ framework

Block sizes describe applicability areas each factor has in managerial decisions. For instance, one can see that overall experience in certain managerial practices – be it e.g. total work experience in managerial tasks – has wider application areas than specific information on practices concerning certain industry (industry recipes). This in mind, it is easier to observe and adopt this framework.

5.3 M&S process assessment stage

Equally important part of 3-phase process framework is the last – M&S process assessment – stage. In majority of organizations this stage is totally ignored in process modeling activities, or if not ignored, at least partly overlooked. This is due to the fact that organizations underestimate the significance of continuous process reviewing and abandon process assessment activities since these issues do not themselves bring any monetary value to organizations. Similarly, in some companies process implementation and process assessment practices are considered the same process stage or process activity which in turn complicates seeing through single process sub-stages and steps. In this study and framework M&S process assessment activities are regarded as the third major process component along with M&S process P&D and implementation stages.

M&S process assessment stage consists of Steps 6, 7 and 8. Step 6 covers assessment process with initial process related evaluations, Step 7 respectively benchmarks generated results against best practices and Step 8 in turn utilizes The ERRC Grid by Kim and Mauborgne (2005, pp. 35-37). Altogether, Figure 5-5 combines these three elements and covers third M&S process stage.

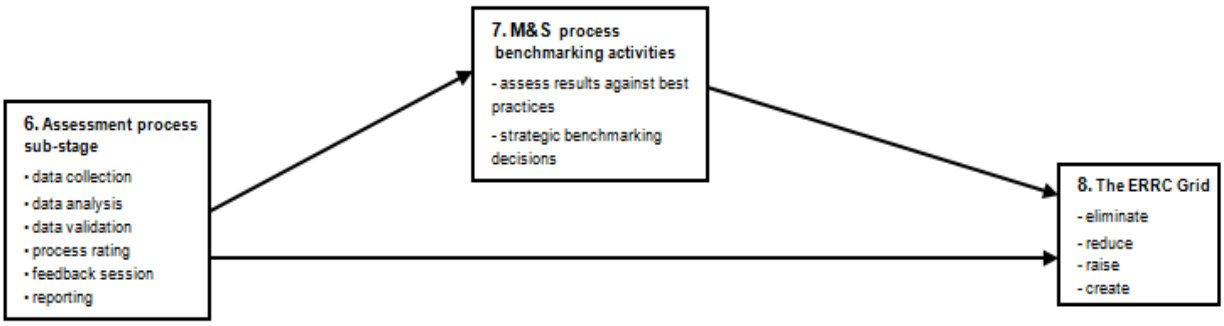

Figure 5-5: M&S process assessment stage

STEP 6: Assessment process sub-stage

To start with, it is essential to understand that assessment process occurs in two levels. First of all, certain process should be evaluated as representing a single entity and process actions should be examined comprehensively. However, in many situations it is not enough to look at processes in general level and it is desirable to study individual sub-processes to discover potential for improvement practices. In certain cases individual sub-processes represent the largest hurdles for smooth process implementation practices so it is relevant to consider several process parts to locate

problem areas. Regardless of what the approach will be following decomposition of assessment process into *data collection, data analysis, data validation, process rating, feedback session* and *reporting* by Anacleto et al. (2004) is sufficient for both two levels. Subsequently, these six steps are more carefully reviewed.

Data collection methods can vary significantly within organizations. According to Anacleto et al. (2004) interviews and surveys are primary methods and they are used to gather information on how processes are executed. Also, it is familiar that in collecting data, especially in larger companies, assessors (and support assessors) are used to obtain specific data from different parts of the organization. **Data analysis** provides specific knowledge of on-hand processes. Assessors analyze collected data and summarize their process related findings. It is also appropriate that analyzers record these data for the purposes of the next step. In **data validation** step people who participate in assessment process review and validate findings discovered in previous step. Anacleto et al. (2004) point out that gathered data should reflect actual M&S processes and the findings should be validated by assessors and people alike to ensure that results are consistent and sufficient data have been collected for the scope of the evaluation process.

Process rating practices can take place in different ways. If we consider process improvement measures and try to discover inefficiencies in processes one should examine how processes perform against set objectives. In this sense, ratings could be given, for instance, from (1) to (10) to describe how well process achieves its goals. For distributing results around M&S processes **feedback sessions** should be arranged. It is desirable that participants in assessment process are informed on specific process issues, particularly in situations where corrective actions are needed. The final step – **reporting** – is mostly straight-forward. As Anacleto et al. (2004) state all the results should be explicitly documented in formal report and after report is revised it should be distributed across the organization.

STEP 7: M&S process benchmarking activities

This process assessment step is necessary if marketing organization is willing to compare its results against best performing companies. Though, benchmarking activities are already present in second step of M&S process P&D stage (2. Review the real marketing and sales context -> 2b. Benchmarking) it is relevant to review results after assessment process to reflect problem areas

immediately. This is also critical for two reasons. First off, company can decide on strategic benchmarking decisions and actions to be considered in next process planning cycle. Secondly, when marketing organization is aware of its bottlenecks it can more straight-forwardly define pre-conditions for eighth (8^{th}) step and The ERRC Grid. For instance, findings concerning benchmarked companies can show certain process elements that should be eliminated, reduced, raised or created from the scratch.

Respectively, if organization thinks it is not relevant to compare results against best companies or it considers benchmarking activities altogether unnecessary it can move directly to the next sub-stage (Step 8) and pass Step 7. After organization has reviewed its M&S process and discovered deficiencies, it is capable of deciding on concrete measures this process should have. In following, author examines these measures and Step 8 more comprehensively.

STEP 8: The ERRC Grid

The final step of the M&S process assessment stage and whole 3-phase process framework concerns Kim and Mauborgne's (2005; pp. 29, 35-37) Eliminate-Reduce-Raise-Create Grid. Similarly, underlying authors refer to their approach as the Four Actions Framework. The main idea behind this framework lies in producing new ways of business implementation practices that facilitate organizations to update their procedures and deviate from industry standards. Hence, they launch a term called *blue ocean strategy* to capture the essence of new, creative practices to change prevailing industry standards.

In finding **blue ocean strategy** marketing organizations should understand that contemporary best practices can be surpassed. Marketing and sales business context provides rather unstable processes that should be reframed concerning underlying business situation. In majority of situations it is not sufficient to only copy certain process that main competitor is implementing, but it is relevant to adapt individual practices to the degree they facilitate own operational activities. Moreover, some cases demand that organization should change its M&S process drastically and go beyond reigning best practices. The ERRC Grid (see Figure 5-6) sums up partly these aforementioned issues.

Eliminate	Raise
Which of the different factors that standardized M&S processes include should be eliminated, even though industry takes them for granted?	*Which factors underlying M&S processes should be raised (substantially) compared to industry standards?*
Reduce	**Create**
Which factors underlying M&S processes should be diminished (substantially) compared to industry standards?	*Which factors that previously were not included in standardized M&S processes should be created from scratch?*

Figure 5-6: The ERRC Grid (Adapted from Kim and Mauborgne, 2005; pp. 29, 35-36)

Still, it is relevant to understand that the ERRC Grid is only a steering tool for marketing and sales practices. It does not provide specific action suggestions and simply combines four different ways to manage new business situation. However, despite the assessment target one should comprehend relationship between internal process requirements and external opportunities or threats, i.e. non-company specific issues. Ultimately, M&S process assessment stage acknowledges future process pre-conditions.

5.4 Composing process components into one entity and recognizing the need for continuous process quality inspection and improvement

Sub-chapters 5.1 through 5.3 reflected three separate stages of 3-phase process framework covering Steps 1 to 8. M&S process planning & design, M&S process implementation and M&S process assessment stages each contained vital process management practices and steps to be considered for effective M&S process lead-through. Still, for small organization, some M&S process sub-stages in this framework can be thought to be too comprehensive, yet for larger organizations this underlying framework can remain inadequate in way it has been structured. Although, all-round model was neither the purpose of this study, framework can still provide transparency for diverse M&S process execution purposes. Moreover, the main objective of this study was to construct a designed framework that is comprehensive enough to serve a wide variety of different businesses and industries, but simultaneously includes some elements from case company specific M&S process. From process management perspective, one of the multiple aims was to provide starting point for

recently established organizations which are about to structure their processes. In this regard, accomplished framework can produce managerial assistance in relevant process management decisions.

Subsequently, *M&S process quality* related issues should be attached under consideration. As perhaps one can remember from the opening paragraph in this chapter an additional challenge underlying process related decisions concerns process improvement practices. Widely, these improvement targets are organization specific and slightly ambiguous, but still can be conceptualized in general. In this study, process quality remains as the primary target for process improvement practices, which is also the situation in case organizational context. Quality presents a major role in transactions between solution provider (PR-Logisticar Oy) and customers, and ultimately dictates whether marketing organization is successful in terms of chosen process management approach. In framework, maintaining appropriate and approved (process) quality level describes the primary practice for continuous improvement.

Still, it is noteworthy that process quality related findings can be made only after transactions when parties involved evaluate each other. Accordingly, major shortages in quality can affect drastically future sales and relationships between parties, and in some cases deteriorate overall organizational image. To prevent this from happening quality issues should be reviewed throughout M&S process framework and its three stages. Likely, potential problem areas are more rapidly on table when M&S process planning & design, M&S process implementation and M&S process assessment stages all emphasize to certain degree the importance of appropriate quality. As a part of this thinking, organizations should identify CQI (continuous quality improvement; e.g. Evans and Lindsay, 2005; pp. 63, 65, 70, 75-76) activities that contain quality initiatives for improving processes.

What author really tries to explain is the fact that to avoid quality problems quality should be built into (M&S) process and especially into every single process phase, step and sub-step. This means that in addition to top-down approach – management delivers quality message within organization – bottom-up approach where grass root level workers identify quality problems and make the entire organization aware of them is needed. 3-phase process framework (Figure 5-7) also recognizes quality issues as to be considered vertically – through primary three process stages – and horizontally – within these process stages – to capture the practicality of these measures.

Next Figure (5-7) links all three stages – M&S process planning & design, M&S process implementation and M&S process assessment – and adds M&S process quality dimension to describe the relevance of continuous improvement practices as a part of process management.

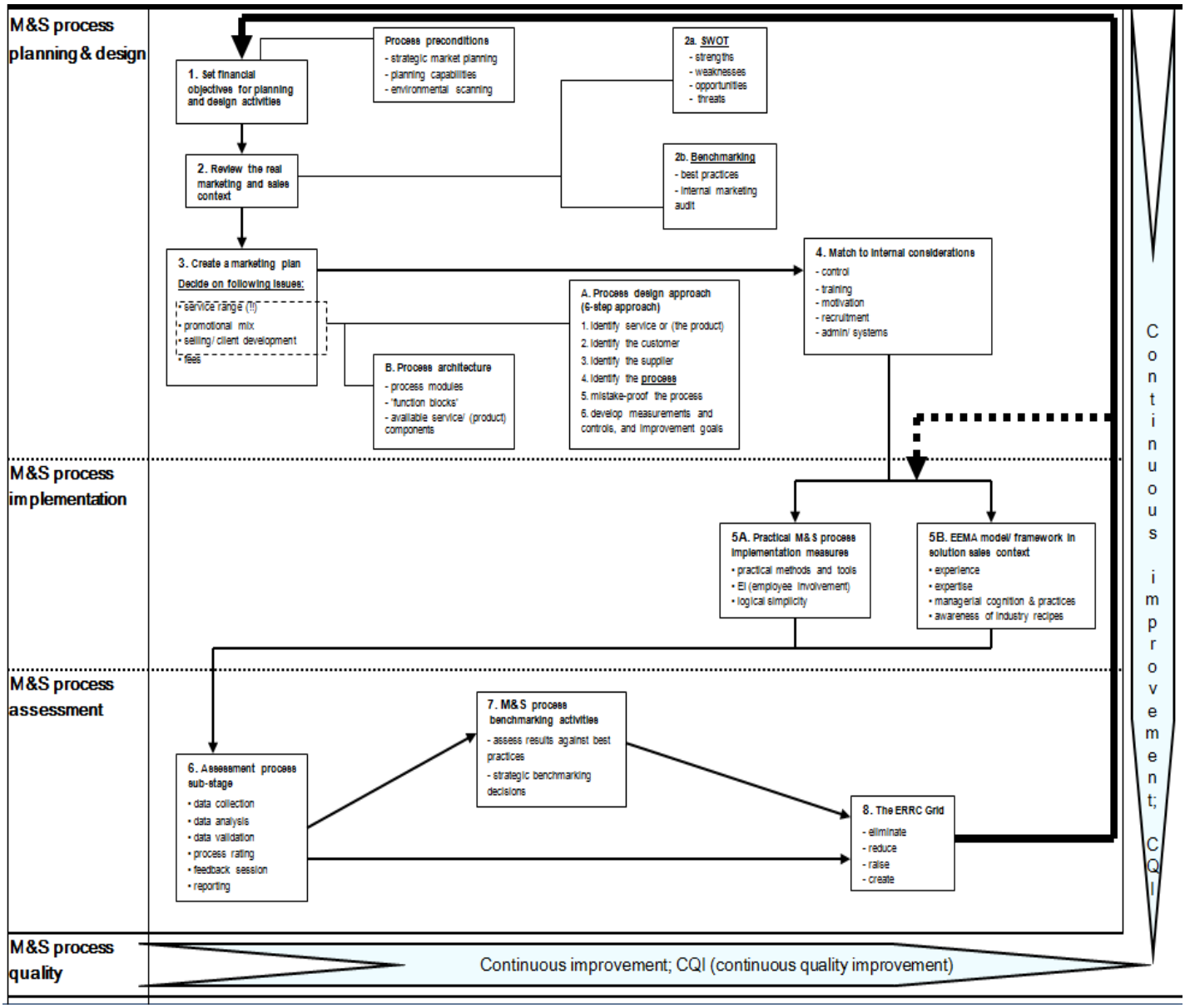

Figure 5-7: A three-phase process framework/ 3-phase process framework

It is relevant to understand that 3-phase process framework is a continuous process management tool that is partly tailored to marketing and sales requirements. M&S process planning & design stage follows M&S process assessment stage every time and process structuring starts from newly set financial objectives. Nonetheless, one should also comprehend the degree of changes and

multitude of process related corrections during whole internal process of process creation. Besides, small-scale corrections, identified after reviewing and assessing processes, do not always demand changing whole process framework applied already for a long time period. In these cases, it can be sufficient to only revise and modify current M&S process implementation practices so that they better answer new *status quo*. For instance, new situation can insist that new types of managerial cognition are needed and current expertise or work related experience is not enough to cover updated process implementation requirements. Thus, dashed arrow depicts the possibility to directly move from M&S process assessment to M&S process implementation stage.

In following, Table 5-1 defines all the theories used in framework construction and similarly distinguishes process steps between three M&S process stages. Underlying theory content is also described to elaborate topic areas treated in each process step.

Table 5-1: Framework construction, and theories and references used

A Three-Phase Process Framework/ 3-Phase Process Framework				
Process stage/ Framework components	*Process steps*	*Process sub-steps*	*Theory content*	*Author/ Reference*
M&S process planning & design	1. Set financial objectives for planning and design activities	Process preconditions	Planning activities in overall; budget management Marketing planning activities	Forsyth (2004), Eades (2004) Stratis & Powers (2001)
	2. Review the real marketing and sales context	2a. SWOT 2b. Benchmarking	Environmental review Situation analysis & strategy formulation Internal marketing audit; process benchmarking	Forsyth (2004) Forsyth (2004), Westwood (2006), Sherman et al. (2007) Brownlie (1999), Evans and Lindsay (2005)
	3. Create a marketing plan	A. Process design approach B. Process architecture	Premises for process planning decisions 6-step process design approach Process decomposition	Forsyth (2004) Evans and Lindsay (2005) Sanchez (1999)
	4. Match to internal considerations		Internal requirements for marketing and sales operations	Forsyth (2004), Bonney and Williams (2009)
M&S process implementation	5A. Practical M&S process implementation measures 5B. EEMA model/ framework in solution sales context		Operational and worker related implementation practices; practical process improvement (PPI); EI (employee involvement) Managerial perspective: experience, expertise, managerial cognition, awareness of industry recipes	Zunich and Stone (2005) Kauffman (2010), Thomas et al. (2009) Tikkanen et al. (2005), Spender (1989)
M&S process assessment	6. Assessment process sub-stage		Decomposition of assessment process	Anacleto et al. (2004)
	7. M&S process benchmarking activities		Benchmarking activities; strategic benchmarking	Brownlie (1999)
	8. The ERRC Grid		Blue ocean strategies; change management; process rebuilding	Kim and Mauborgne (2005)
M&S process quality	Vertical and horizontal		Continuous process improvement practices; CQI (continuous quality improvement)	Evans and Lindsay (2005)

6 Empirical case study

The intention of this chapter is apply 3-phase process framework created in Chapter 5 to case company's – PR-Logisticar Oy – specific and elaborate process requirements. As it was already stated previously, general framework provides only certain frame for process rationalization and improvement practices. Since organizations vary in size, their internal processes and etc., it is relevant to identify specific considerations relating to each of these organizations. These individual needs can differ greatly from each other so it is justified to cover case company related factors in separation to common process framework.

In turn, this serves two distinct questions or goals partly embedded in research objectives: 1) How to utilize underlying framework to solve case company's problem areas or bring out potential improvement areas?; and 2) How does this model or framework generally work in practice? Both questions are rather extensive, but still extremely relevant if we seize our original research problems, objectives and potential solutions. These two aforementioned facets are neither mutually exclusive. Even though, question one tackles process related issues internally from organization's perspective and as one will later observe that case company specific process considerations are less sophisticated than original 3-phase process framework, some conclusions can be drawn to assess the actual performance of process framework. This is evident, since in overall the basic structure of process framework remains unchanged.

Before author is going to apply tailored 3-phase process framework to PR-Logisticar Oy's operations it is necessary to provide certain justification for case study as an appropriate research method. In this study chosen research method reflects a way to support PR-Logisticar Oy specific primary process related problem area – this is, rationalization of marketing and sales process. Besides, in this context, case company provides a full range of various evidence – both qualitative and quantitative – concerning its internal considerations: to maintain this approach in entire empirical research case study approach is chosen. Similarly, the results of individual and group interviews provide valuable information and case organization specific findings on necessary improvement areas. Further actions should accordingly base on these discoveries and build processes on newly agreed premises.

PR-Logisticar Oy is also briefly introduced to create a specific understanding of primary operations and underlying M&S process which is the focal point of this study. It is also relevant to conclude empirical case study with some solid additional numerical evidence supporting overall findings and provide lessons to be learned to balance out PR-Logisticar Oy present performance improvement objectives.

6.1 Case study as a research method

In this study case method is employed as a natural way to reflect case organization's particular processes. In this respect, case study is used to contribute to our knowledge of PR-Logisticar Oy specific considerations and phenomena. As Yin (2003, p. 1) puts it, in this context, case study provides an appropriate way to collect, present, and analyze data fairly. Similarly, case study supports the objectives of designed 3-phase process framework which reviews partly the success of certain processes or process parts (process assessment stage). Analyzing case company's M&S process necessarily insists that process related data should be gathered, presented and evaluated, respectively. Besides, case study contributes partly to empirical research as it investigates a contemporary phenomenon within its real-life context. Particularly this is the case when boundaries between certain phenomenon and organizational context are transparent but embedded in organizational structures (Yin, 2003, p. 13).

To analyze case organization's marketing and sales process through designed framework – which is also one of the research objectives of this study – it is essential to obtain both qualitative and quantitative data on current and previous performance within organization. In proportion, both data identify potential improvement areas concerning the future and facilitate the observations of concrete measures for rationalization practices. Thus, in this piece of research qualitative and quantitative methods form the overall comprehension over internal practices.

Besides, this study utilizes a *holistic* single-case design (Yin, 2003; pp. 39-43, 45) which implies that present study concentrates only on one specific target of observation, that is, case organization's marketing and sales operations. This approach recognizes the need to study strategic and explorative management literature for establishing pre-requisites for framework design. Process design perspective respectively follows particular discoveries obtained from process design and prototyping science literature (e.g. Voss et al., 2002; Colpaert, 2004; Karlsson, 2002). Current state

of case organization's M&S process was further analyzed through aforementioned qualitative and quantitative considerations. Interviews (qualitative) within other things recognize sovereign needs for efficiency actions in terms of identifying concrete measures for improvement practices. On the other hand, cost and time attributes are analyzed to produce certain observations on current process, and possible bottlenecks and slacks underlying process in question. Scenario analysis (quantitative) mainly appraises the outcomes of future activities in relation to present status quo.

In following, qualitative and quantitative research sub-methods are observed in more detail, simultaneously addressing case organization specific requirements. As Yin (2003, pp. 85-86) proposes it is desirable to use as many sources of evidence as possible to guarantee the high quality of empirical findings. In overall, it is important to comprehend that both qualitative and quantitative methods are utilized in a way that benefits the application of designed framework to PR-Logisticar Oy specific process or processes. This way, as we will notice later on in this chapter, both methods are 'structured' around the framework to rationally highlight improvement and problem areas along with possible solutions and other recommendations.

6.1.1 Qualitative methods

Interviews, direct observations and participant-observations were used as primary methods for qualitative part of this study. In following, each of these methods is comprehensively covered from the objectives and perspective of this study.

Interviews

Interviews in overall were an initial approach to investigate case organization's M&S process. To start with, it was essential to gather data for 3-phase process framework design as initially author was not quite familiar with organizational procedures and structures. Secondly, as designed process framework was initiated to streamline current M&S process and its separate three phases, it was necessary to identify problem and improvement areas, further referred as **inefficiency factors**. These factors were acknowledged as primary targets for rationalization activities, especially for those expressed in sub-chapter 6.3.3 (Improving M&S process through renewed 3-phase process framework). Interviews were held during 01.03. – 31.05.2010 and were targeted to every full-time employee in an organization. In practice, interviews were divided into two separate types of interviews – (1) individual and (2) group interviews – the main emphasis on the first form of the

interviews. This was partly due to fact author perceived that obtained results and other process related material and discoveries would be less biased in one-to-one meetings than in group/ function gatherings where managers were at place, as well.

Individual interviews were conducted as semi-structured interviews or theme interviews (e.g. Hirsjärvi and Hurme, 2004, p. 47) where studied phenomenon – M&S process – was collectively familiar to interviewees. This interview type (Hirsjärvi and Hurme, 2004, pp. 47-48) was chosen since it partly limited the discussed topic area, but similarly left room for interviewees to present their individual meanings and interpretations. This was seen extremely important by the author since individual statements concerning M&S process ultimately brought out real and numerous process inefficiency factors. **The body of the interview** (see Exhibit "2") followed almost similar structure for interview sessions held for both (A.) sales people and consultants, and (B.) management. Altogether, it comprised following themes – 1. A. (only for sales people and consultants) Introduction, 2. A. & B. General issues on interviewees, 3. A. & B. Current marketing and sales (M&S) process, 4. A. & B. Largest problem areas underlying M&S process, 5. A. & B. Rationalization practices and suggestions for current M&S process, 6. B. (only for management) Leadership and managerial practices and 7. A. & B. Free word. Individual interviews were carried out during March and May (2010) and provided author a frame for designing further group interview sessions. Individual interviews identified several factors degrading M&S process and final analysis, respectively, introduced 14 different main factor categories that acknowledged different M&S process related inefficiency areas. These inefficiency factors are more precisely studied in sub-chapter 6.3.1 (Common problem areas underlying M&S process).

Group interviews were conducted as open interviews where certain themes or topics were discussed without pre-planned interview structure. As individual interviews highlighted certain larger problem areas and bottlenecks it was appropriate to discuss these discoveries more comprehensively in open and free-form meetings with several people at place. Accordingly, group interviews did not necessarily introduce new problem areas but provided a brand new perspective for previously got results. Generally speaking, in group interviews people involved were from same function (sales and marketing, and IT) since author was interested at acquiring information on functional problem areas and was willing to compare these findings with results obtained from individual interviews. Group interviews provided many important issues to be considered, and part of the ideas for suggested rationalization practices was initiated from such collective brainstorming sessions. Group

interviews took place during April and May (2010) and included several functional meetings.

Direct observations and participant-observations

Direct observations and *participant-observations* offered valuable on-hand information on M&S process in practice. Like interviews these qualitative methods also provided insights and certain understanding over problem areas and demanded improvement practices. As Yin (2003, p. 86) emphasizes both direct and participant-observations cover events in reality and provide insights into interpersonal behavior and specific motives. For instance, direct observations in case organization's premises and observing employees running their activities, and participant-observations during meetings with prospects and business analysis break-down days generated comprehensive understanding of contemporary process pitfalls and particular improvement areas. Participating in different activities allowed author to become more familiar with M&S process and gather information on all the process steps and sub-steps that did not perform as planned. Suggested rationalization practices in sub-chapter 6.3.3 reflected these inefficiency areas, as well.

6.1.2 Quantitative methods

Documented material (case organization's internal efficiency number analyses, objectives and goal levels in numerical format etc.) and other archival records in terms of intranets and common prospect and customer related specific files provided author a vast array of organization related material for quantitative analysis. To identify some *cost and time resources savings* as a part of rationalization practices and further suggestions it was essential to generate information that at least to some degree supports future recommendations and continuation practices. Consequently, author ended up with following scenario analysis and its approach (Scholz and Tietje, 2002, pp. 79-116) incorporating own research related objectives peculiar to this study. In this respect, scenario analysis practices are slightly tailored to author's own needs. In this study, scenario analysis deals with illustrating expenses, revenues and possibly cost or time resources savings for distinct **scenarios** (s_i; i= different scenarios) and set **objectives** (o_j; j= different objectives). Respectively, different scenarios and objectives form a certain amount of individual **sets** (S_{ij}; ij= different sets or outcomes). **Cost** (C) and **time** (T) attributes are distinctly studied resulting in two specified sets – S_{ijC} (costs) and S_{ijT} (time).

6.2 PR-Logisticar Oy

PR-Logisticar Oy is a Finnish company that has been established in 1995. Ever since, it has specialized in supply chain management (SCM) consultancy, coaching and software solutions that help in improving SCM related key figures and overall lucrativeness in customer organizations. Solution sales concept consisting of providing both knowledge and expertise, and **Logisticar** software equipped with technical assistance shape organization's business logic. From the very inception the ABC thinking has been the core of PR-Logisticar Oy's operational activities and in practice adaptation of this thinking has been the focus of SCM related practices. (www.logisticar.fi, 03.11.10) Respectively, ABC thinking leans heavily on discoveries of Vilfredo Pareto, Italian, who originally determined that 85 percent of wealth in Milan was owned by only 15 percent of the residents (Evans and Lindsay, 2005, p. 651). During the evolution of the theory the Pareto principle established its content stating that pragmatically in any given phenomenon 80 percent from consequences derives from 20 percent of causes or reasons (e.g. www.logisticar.fi/yritys/filosofia, 03.11.10). Commonly this rule is known as an 80/20-rule.

PR-Logisticar Oy has realized that in business life above mentioned principle works in similar fashion. In overall, 20 percent of customers bring in 80 percent of sales or profits, 20 percent of products generate 80 percent of sales or profits, 20 percent of buying items create 80 percent of consumption, 20 percent of suppliers deliver 80 percent of products, services and subcontracting and only 20 percent of time one actually uses for working brings in 80 percent of final results or profits (company presentation and slides; www.logisticar.fi/yritys/filosofia, 03.11.10). Accordingly, using ABC philosophy organization has specialized in providing overall concept which aims at improving simultaneously on following three key figures:

- to free up capital tied up in inventories, especially working capital
- to increase the availability of one's products to more than 98 percent (98-99.5 percent)
- to reduce the number of handling lines by 10 to 30 percent per inventory

Nowadays, personnel comprises professionals from various fields of purchasing, marketing and sales, inventory management and technical application development. So far, Logisticar concept has been applied to organizations to manage their supply chains worth of more than a billion euros. This

includes organizations operating both domestically here in Finland and abroad. In 2009, organization's turnover decreased to 1,321.000 € (2008: approx. 1, 9 mill. €) partly due to unstable situation in markets and problems embedded in organizational structure and processes.

6.2.1 Current marketing and sales (M&S) process

As Homburg et al. (2008) highlight in Chapter 3.3 it is not necessarily critical to divide between marketing and sales (M&S) units. Especially, in smaller organizations – as PR-Logisticar Oy is – it is reasonable to collect together all the activities relevant to these two units for increasing process efficiency levels and cutting on expenses. Respectively, if we look at case organization's M&S process structural functions have been divided into sales and IT departments; still, in a way that sales department contains marketing operations, as well. So, in this contextual study and overview PR-Logisticar Oy has a single process that comprises marketing, sales and IT activities that together form a process frame for operational activities. In addition, we can reflect also other issues – e.g. seminars and other training events provided by case organization, management systems, reporting and follow-up procedures that do not directly relate to M&S process and partly independent self-study activities. Nonetheless, these matters are excluded from primary M&S process, since they should be viewed more or less as recurrent processes that do not necessarily contribute to our process in question.

One of the research objectives (secondary objective) recognized the need for M&S process illustration. In following, Figure 6-1 depicts aggregately current M&S process which contains following six successive steps: mapping and approaching prospects, letters, phone calls, meetings, business analyses and business projects/ orders. In turn, Exhibit "3" in appendices shows more detailed and comprehensive process illustration covering also sub-steps included to every actual process step described below. More important, one should understand that current process works as a loop mechanism: not always do steps lead to following step and occasionally every step with individual prospects or customers can end up with a situation where case company has to return back to initial step and approach new potential customers. It is known that in certain cases PR-Logisticar Oy fails to attract and convince its prospects – or customers, especially during later steps – which can result in early exits in relationships.

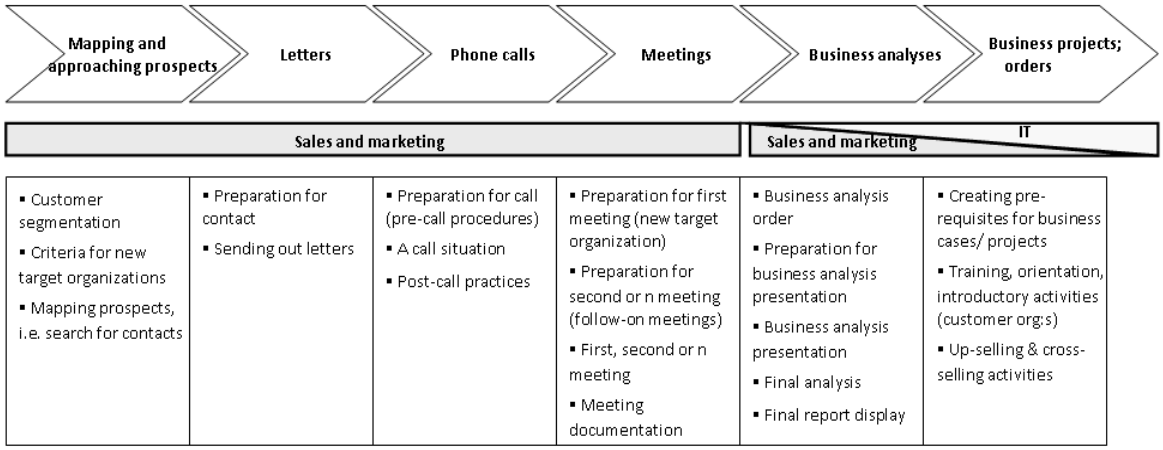

Figure 6-1: Marketing and sales (M&S) process in general level

In underlying process description it is noteworthy to see that M&S process is divided into two parts due to task responsibilities and management related issues. First four steps from mapping and approaching prospects to meetings between case company and customer organizations are purely sales and marketing people specific assignments. IT function is present in some minor issues; nevertheless, sales and marketing people are ultimately responsible for these four steps.

Business analyses and business projects respectively need specific attention from both sales and marketing, and IT. During these two steps, case organization has already established relationships with prospects and turned these prospects into customers generating revenues, so organization-wide involvement is needed. Logisticar concept requires that customer data are transferred to Logisticar database and systems, and that transparent steering tools are available for customer organizations. IT support plays a considerable role in this. Where sales and marketing people deliver and present information provided by Logisticar systems, IT produces this information through Logisticar tools. It is important that interlinked systems (Logisticar and customer systems) are compatible or otherwise relevant data do not flow smoothly from one system to another.

If we review whole M&S process it is appropriate to clarify each of above mentioned steps. **Mapping and approaching prospects** is undisputedly perhaps the uppermost step in generating profitable customer relationships. Even traditional screening and search for customers can be time-consuming and expensive since certain prospect related financial information should be acquired through different payable databases. In addition, if prospect criteria are vague it sets huge challenges for company in terms of large prospect base of organizations that already from the

inception are not real target customers. Accordingly, the success of following steps clearly depends on how well company manages to define its valid customer base.

After prospects have been chosen, the next step comprises of sending them **letters**. In practice, several concurrent databases should be used to retrieve information critical in approaching prospects by letter. If these prospects meet requirements set to target companies, it is time to send a letter which introduces PR-Logisticar Oy and its offering.

During **phone calls** it is vital to pay attention to specific requirements each recipient has concerning its processes and possible problem areas. So to speak, preparation for call (pre-call practices) should honor various needs to produce *a call situation of good quality*. Phone calls themselves should be partly standardized to create outer message which is similar to every stakeholder PR-Logisticar Oy deals with. In this context, post-call practices include marking of agreed meetings, scheduling these meetings and confirmation of agreed dates to prospects right after conversations.

Meetings follow phone calls and are important in creating customer attractiveness. It has been noticed within organization that first meetings, particularly, emphasize how certain intercourses are to progress. Generally, during first meetings services and solutions are firstly introduced. This in mind, one should always remember the importance of preparation and other pre-meeting actions. Requirements for first meetings are also distinct from second and n[5] meetings, since new target organizations should be widely inspected before actual meeting. Second and n meetings follow same structure as that in first meetings; however, preparation for follow-on meetings is much more superficial. Follow-on meetings contain meeting documentation which comprises of writing a meeting memo and informing customers on follow-up practices. Meeting memo is a back-up document (sales people vary and resign, however prospects and customers remain) which includes customer specific information.

Business analysis (BA) is a first step toward deeper customer commitment and further collaboration. During meeting one of the objectives is to obtain 'green light' for business analysis which covers customer related potential improvement areas, slacks and deficiencies, and comprises

[5] $n=3,...,\infty$

of simple numerical calculations paying attention to monetary savings and issues alike. This analysis can be carried out only when customer data are transferred into Logisticar's systems and further processed and analyzed. In practice, representatives from customer organization are invited to 'one-day review session' where findings from Logisticar are extensively discussed. Business analysis report is written on the grounds of this underlying session and other Logisticar based findings. Eventually, final report is separately displayed at customer's premises.

Business projects (BPs) are a natural continuum for well executed business analyses, since in this step customers have realized all the potential underlying their processes and have made the choice to go with Logisticar solution after their internal cost-benefit analysis. Together with business analyses these two steps are primarily sole money cows in terms of revenues flowing to PR-Logisticar Oy. Thus, before implementing Logisticar concept cross-organizational pre-requisites should be established for individual business cases so that profitable future operations – e.g. training sessions, successful installation of Logisticar and other issues – could be implemented extensively enough. Up-selling in terms of additional training of end-users and cross-selling activities across customer organization's subsidiaries are not manageable, if pilot implementation suffers from poor execution.

Following pie chart (Figure 6-2) depicts time distributed between M&S process steps. As one can observe meetings comprise almost a half from working time allocated to different process phases.

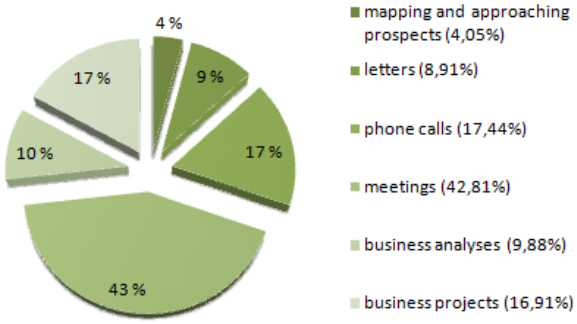

Figure 6-2: Time distributed between M&S process steps

6.2.2 Cumulative cash flows underlying M&S process

Before one can apply constructed framework and specify its adaptability to case company's processes it is appropriate to review how each process step and M&S process in overall contribute

to company profitability. Even though, all the six process steps are necessary and should not be neglected to obtain final business project orders, they do contribute variably to cumulative cash flows. Still, as in business situations usually, initial monetary investments are of great importance if company is to generate positive cash flows in the future. In following, Table 6-1 and Figure 6-3 show how within PR-Logisticar Oy's M&S process expenses and revenues are distributed between process steps. In these calculations, expenses present direct costs related to certain steps and indirect labor costs that have been shared between M&S process steps in accordance with labor hours spent for running individual process stages. These indirect costs are relevant, since even performing a traditional sales or marketing activity results in expenses if organization pays sales people that do not generate revenues. Respectively, in these calculations overheads – e.g. rents, cleaning services etc. – are left out from example since they do not directly belong to M&S activities.

Table 6-1: Process steps, amounts, expenses, revenues and cumulative cash flow

Process step	Amount	Expenses €	Revenues €	Cumulative €
Mapping and approaching prospects	479	-3740	0	-3740
Letters	287	-11100	0	-14840
Phone calls	276	-16520	0	-31360
Meetings	56	-39550	0	-70910
Business analyses[1]	6	-9130	42000	-38040
Business projects[2]	2	-15620	100000	46340

[1] Business analysis, á 7000 € (an estimate)

[2] Business project, á 50000 € (an estimate)

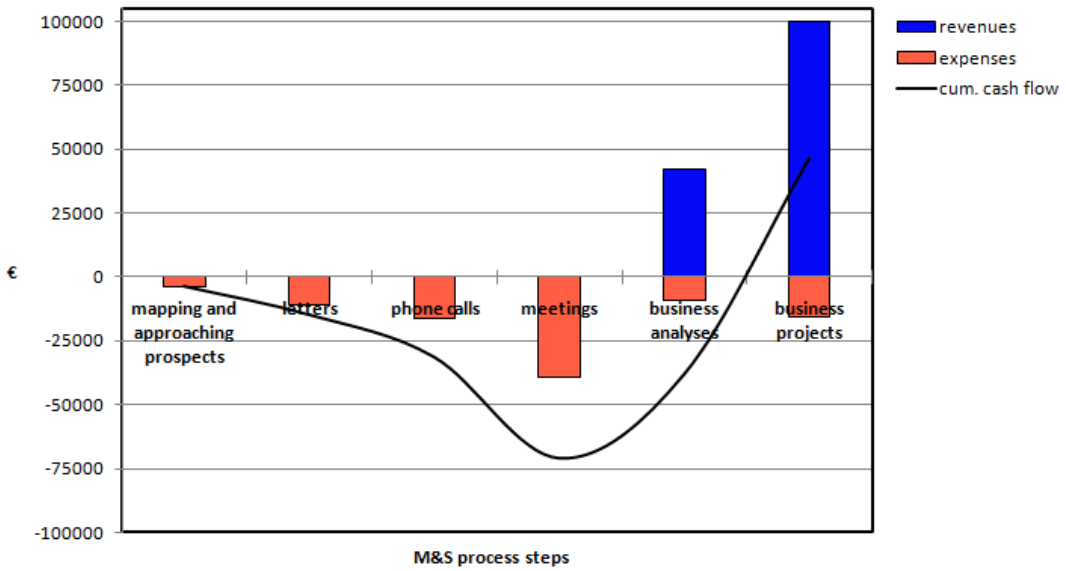

Figure 6-3: Cumulative cash flow (an example)

In this example the outcome is (2) business projects ordered. In proportion, in this situation, time horizon for obtaining two orders is a bit more than 3 months, including 78 working days. What is interesting is the observation that to get two business project orders almost 500 organizations should be mapped. To be honest, in other situations to acquire two business projects can demand even more prospects to be discovered. Besides, almost 300 letters should be sent out and approximately same amount of phone calls made to get two orders. Respectively, we can notice that first four steps are all cash flow negative bringing in only expenses. Business analyses and business projects are only steps where further transactions are established and customers are buying services or solutions from case organization. Thus, initial expenses are well justified as an investment to create qualitative and lucrative future business cases and in this sense are not avoidable; nevertheless, it is in case company's best interest to strive for improving on hit rates, i.e. to increase the amount of business analyses and business projects from contacts and prospects approached. This improvement area within other things is further evaluated, especially in following sub-chapter (Chapter 6.3).

6.3 Applying tailored 3-phase process framework to PR-Logisticar Oy's operational activities

In this part of the study it is especially relevant to address several perspectives used in approaching research problems and third research objective (review pg. 5 for research objectives of this study)

before one starts to implement designed framework to case organization's process. First of all, it is necessary to define overall problem areas underlying current M&S process. Qualitative analysis in form of interviews, direct observations and participant-observations provides information on common deficiencies. Secondly, organizational considerations have to be included to analysis, since constructed framework as such is too comprehensive for case organization's process purposes. Considering this particular requirement tailored and specified 3-phase process framework is established to serve case organizational needs. After this, only, it is appropriate to observe possible process related implications, findings and recommendations the renewed process framework can offer to case company.

6.3.1 Common problem areas underlying M&S process

To cover process related inefficiencies interviews were utilized as primary means to introduce factors and sub-factors degrading internal M&S process. Factors were categorized and allocated simultaneously when results underlying individual interviews were unfolded. In this respect, new factors or sub-factors (i.e. problem sources) were added to analysis whenever they appeared, and if some sub-factors reappeared, new occurrences were calculated again (% from total amount of interviewees). This means, that there were not any problem source categorizations available, but each of the interviewees had the opportunity to highlight issues he or she was willing to address and contributed to existing pool of inefficiency factors. Conducting and unraveling interviews this way provided unbiased approach to problem areas emphasized by employees.

Sub-factors defined overall factors under which they were added. In final analysis, 14 different main factors were identified (these factors do not follow any particular order): **1. performance appraisals**, **2. job description**, **3. objective setting**, **4. meeting practices**, **5. AT** (Above Target: Intranet), **6. informational systems**, **7. employee education and training and self-study**, **8. sales processes and sales work**, **9. Logisticar concept**, **10. management systems**, **11. report and control systems**, **12. employees**, **13. organizational culture and internal processes**, and **14. customerships**. In proportion, these 14 factors comprise 104 sub-factors which are further elaborated in appendices (Exhibit "4").

To locate the most fundamental problem areas it was justified to rank individual sub-factors according to their occurrences. These individual rankings were further included to overall factor based rankings and due to different amount of sub-factors in each of these factor categories average

ranking numbers were generated for each of 14 factors. Average ranking points dictated overall order numbers between factors, since it was meaningful to make a difference between various inefficiency factors and highlight the primary bottlenecks. Subsequently, Table 6-2 clarifies the most fundamental problem areas common to PR-Logisticar Oy.

Table 6-2: Inefficiency factors underlying M&S process

Order №	Inefficiency factors - M&S process	Ranking points
1	**2. job description**	15,80
2	**9. Logisticar concept**	24,67
3	**4. meeting practices**	32,10
4	**10. management systems**	37,57
5	**13. organizational culture and internal processes**	38,18
6	*7. employee education & training & self-study*	39,17
7	*3. objective setting*	41,14
8	*12. employees*	47,73
9	*14. customerships*	50,67
10	*6. informational systems*	53,80
11	*11. report and control systems*	58,00
12	*8. sales processes and sales work*	58,23
13	*5. AT (Above Target; intranet)*	76,50
14	*1. performance appraisals*	82,00

Before one should observe aforementioned findings it is essential to note that these findings are only direction-giving – though direct observations and participant-observations largely support these results. Other two issues should be also considered. Firstly, factor categories comprise different amounts of sub-factors. Since this is the case, individual sub-factors affect in calculating averages, in as much as several sub-factors are treated differently by interviewees (factor categories progressed during interviews). In other words, if some sub-factor has been brought up two times during interviews, it does not necessarily mean that this particular sub-factor is ignored by other interviewees. Secondly, interviewees are individuals that state specific issues according to their mood and how they feel during interviews. In this respect, again, sub-factors can be treated differently depending on day and situation.

Nonetheless, main problem areas were further classified into two areas: top five inefficiencies and other problematic M&S process related issues. This was partly in as much as case organization was willing to identify five largest problem areas. Accordingly; *job description*, *Logisticar concept*, *meeting practices*, *management systems*, and *organizational culture and internal processes* were

recognized as the most fundamental inefficiencies underlying M&S process. Interviews showed also that employee education and training and self-study, objective setting and employees altogether should be also considered remarkable sources of inefficiency since these factors trailed top five factors only by few ranking points (see Table 6-2).

6.3.2 Tailored and specified 3-phase process framework

One way or another it is critical to understand that 3-phase process framework as such is little too complicated for specific process requirements that PR-Logisticar Oy's M&S process has. In this sense, it is essential to elaborate concrete adjustments made to original model in terms of case company considerations. Subsequently, refined framework is reviewed and individual adjustments related to each of three process stages are further inspected.

In structuring M&S planning & design stage it is important to start from current organizational processes and their pre-requisites. Since case organization is rather small in size it does not make any sense to review strategic objectives distinctly from environmental issues. Case organization does not have any separate strategic unit, and in majority of situations operational managers along with board of directors decide on strategic direction and issues concerning different market segments. In this context, environmental scanning from Stratis and Powers's (2001) marketing processes fits well case organization's planning purposes. Respectively, process benchmarking decisions reflect the need to follow *best-practice* companies which excel at their operational activities in this consultancy business. Moreover, process benchmarking decisions underlie environmental scanning objectives where organizational practices are targeted to collect process related intelligence from competitors. In this respect, Step 1 comprises of case organization specific financial objectives partly based on last year's budget (1a.), SWOT analysis (1b.) and external factors (1c. environmental scanning and process benchmarking).

In planning actual process it is relevant to incorporate requirements that most likely concern case organization's M&S operations. As naive as it may sound simply by being as straight-forward as possible can bring several advantages to case company. By following this idea it is pertinent to reframe 6-step approach (process design) to include only the paramount attributes for case organization's process design approach. Further, 3-step approach (2a.) is established instead of original approach. This new approach recognizes the need to identify the *provided offering*, *target*

customers and *appropriate measurement systems* for every transaction. Besides, to structure M&S process according to varying market circumstances it is vital to decompose current process (2b.) into main steps so that it is easier to intervene with problem areas. In overall, Step 2 covers M&S process requirement and architecture related issues.

Step 3 remains unchanged. Whether organization is large or small *control*, *training*, *motivational issues*, *recruitment* and *IT related issues* set similar challenges for process design issues. Internal considerations shape process designs to better serve pre-conditions for successful operative actions.

Step 4 (4A. & 4B.) devises M&S process implementation specific issues. In this context, this step should be reviewed from two distinct perspectives: from (1) employee specific and (2) EEMA (see pgs. 57-58) model considerations. In small organizations the proper interplay between employees and management ultimately converts planning and design issues to successful process implementation. Accordingly, no manager can ignore worker involvement and motivation (4A.) related issues along with overall managerial considerations and daily practices (4B.), not least since both parties operate simultaneously. That is why; in this tailored framework employee specific issues are more focal than in original model. EEMA model as such does not need any modifications since its content is rather important as managers seize market opportunities and update operations according to market requirements. These issues are always present regardless of company size.

In small organizations it is also necessary to maintain M&S process assessment as simple as possible since resources used in appraisal activities are always away from time dedicated to perform normal work. In smaller companies processes are also often much more transparent and can be evaluated during implementation practices instead of reviewing them afterwards. This reduces time devoted to separate evaluation activities and eliminates some of the *assessment process* stages suggested by Anacleto et al. (2004). As a consequence, Step 5 and assessment process sub-stage from now on contain primary assessment steps that streamline the whole evaluation process: **data collection**, **data analysis** and **feedback session** that brings together all the process owners and in-process workers that contribute to M&S process.

The final step – Step 6 – completes M&S process assessment stage and emphasizes actual modifications needed for process update. Original ERRC Grid (see pg. 62) as such fits perfectly into case organizational needs for further process restructuring practices. Respectively, continuous

improvement and quality related issues are similarly considered largely important in this context, as well.

Next, tailored and specified 3-phase process framework is graphically presented (Figure 6-4) to provide respective visualization for original framework (see pg. 64).

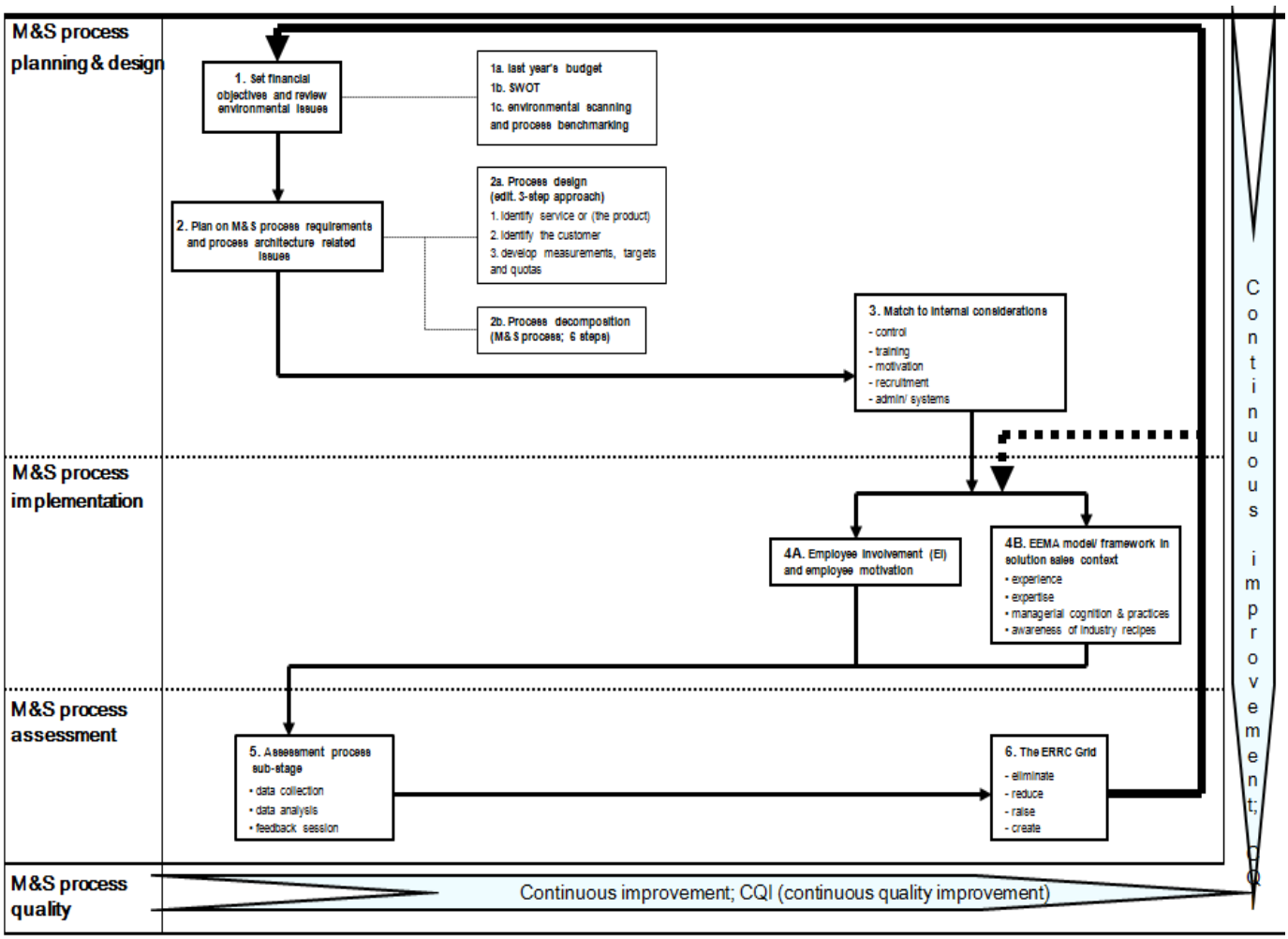

Figure 6-4: Tailored and specified 3-phase process framework

6.3.3 Improving M&S process through renewed 3-phase process framework

To start with, it is essentially important to comprehend that maintaining simplicity within process re-engineering practices guarantees more accurate results. Interplay between process stages should follow consistent management practices where the aim is at generally improving whole 'process infrastructure' not only certain process phases. Similarly, M&S process framework delivers a

steering tool that emphasizes certain order in process intervention measures and recognizes respective relationships between three primary process components. In addition to utilizing 3-phase process framework as providing suggestions for rationalization activities, author finds also 20 specific rationalization measures (see Exhibit "5") that are separately considered in numerical analysis. These improvement measures are used to improve overall M&S process and streamline old process related activities. However, these means to improve contemporary process are rather detailed.

Steps 1. – 3. M&S process planning & design stage

To update current process and speak out future state of operations and organizational vision it is necessary to *evaluate* current state of processes and other operational activities (**Step 1.**). In PR-Logisticar Oy this takes place through monitoring set objectives and budgets per sé and intervening whenever numbers trail target levels. However, this approach as such is rather short-sighted and adds more pressure for employees if objectives are not met quarterly or even on weekly or daily basis. This again exposes to large-scale problems within employees' job description (№ 1 inefficiency factor; overall rank number), management systems (№ 4) and organizational culture and internal processes (№ 5) as employees feel they are incapable of producing results in the long run with time horizon of one year or more. As a consequence, organization should plan its process related objectives one year ahead so that employees are only evaluated at the end of review period. Most important, individual employees should be harnessed with their own capabilities and working methods so that they could meet their specific sales quotas or yearly budgeted sales euros. Respectively, yearly budgets should reflect last review period's results and be set according to real premises (№ 7).

Along with financial issues it is relevant to screen out contemporary internal considerations and external requirements necessary for successful M&S process implementation and lead-through: This is the situation where *Logisticar concept* should be updated and further developed what comes to circumstances. Current vague image and unclear brand together with inconsistent attempts to benchmark some perhaps-our-rival organizations (№ 2) distort initial planning activities. In this sense, simple back-to-basics thinking following infamous SWOT analysis (e.g. Westwood, 2006, p. 27) would be an appropriate way to structure current capabilities and deficiencies, and include external considerations. In following, PR-Logisticar Oy through SWOT analysis (Figure 6-5):

Figure 6-5: PR-Logisticar Oy reviewed through SWOT framework

Environmental scanning and process benchmarking related decisions should follow only when internal practices are in balance. In current situation, case organization does not benefit from copying best practices, since its own M&S process is not fully supported and stretched to its limits. As long as employees and managers themselves recognize the need for improvements internally it is important to start from internal considerations and only then proceed and collect process related intelligence from closest competitors and other industry sources.

The next logical step (**Step 2.**) after M&S process establishment decisions concerns design on current 'process infrastructure'. To keep it as straight-forward as possible 3-step approach provides all the most important elements that simplify the original Logisticar concept and streamline organization's offering (problems with № 2, № 4 & № 9 can be reduced). First of all, it is not enough to rely on provided solution if customer requirements are only secondary, tailored around initial Logisticar solution. It is insufficient to design current process on the premises of technical know-how if customerships are not understood (№ 9). Moreover, current vague prospect classifications or previously incomplete strategies concerning target markets and segmentation on their part impede process designs which in turn affects effective process lead-through. For further process assessment and especially process analysis one should establish concrete measurement systems which are widely applicable and contain consensus related to their operability. Targets and quotas per sé should be in line with financial decisions where opportunities and resource allocation concerning each consultant's or sales person's work are mutually (manager-employee)

acknowledged.

Despite that case organization is rather small in size and M&S process is seemingly lineal it is still relevant to decompose whole process into overall steps. So far, PR-Logisticar Oy has unraveled its M&S process to six different phases and treated individual stages unequally having emphasis on cash positive, last two stages – business analyses and business projects. However, the primary problems related to inefficiency factors № 1, № 2, № 8, № 9 and № 12 are largely a consequence of placing too little interest in first stages of M&S process and ignoring that initial stages ultimately promote solicitation of new customers. Thus, the main idea behind process decomposition should be towards identifying requirements each stage has and allocating scarce resources to maintain balance between individual process stages and supporting overall M&S process.

Internal considerations (**Step 3.**) follow naturally external factors (Steps 1. – 2.), and are added to planning and design decisions and further analyzed. Following five considerations by Forsyth (2004, p. 23) largely follow discoveries highlighted during interviews. Control (№ 11), training (№ 6), motivation (№ 1, № 3 & № 12), recruitment (№ 4 & № 5) and admin/ systems (№ 10, № 11 & № 13) were all referred to factors deteriorating M&S process.

Control mechanism in its current form is considered too restrictive and hampers overall working experience. Currently, processes are not designed to be transparent enough which adds the need for more strict supervision systems. Similarly, as workload increases and employees find themselves spending more and more time with reporting their results on weekly and daily basis they have to ignore further self-educational activities. In the future, employee training should be seen as win-win situation benefiting both managerial (more effective workers) and employee related (higher competence level) needs. Motivational problems are primarily derivatives from control and training related inefficiencies that decrease mental level effort within both employees and managing director who is primarily responsible to board of directors. Recruitment policy fails simply because case organization does not have any formal recruitment process. Now, the process is not documented and remains rather informal causing that candidate requirement level is decided only during recruitment event. In proportion, the sheer volume of current informational systems and databases is tailor-made to increase complexity in current M&S process. Various databases devoted to reporting mechanisms and follow-up systems slow down overall work and actually reduce work related efficiency. Thus, *master databases*, and comprehensive information systems should be used to

avoid overlaps in reporting and facilitate normal work and work task related routines.

In general, M&S process planning & design stage is extremely important in case organizational context. As we saw previously, first four stages of M&S process are money-consuming phases and do not contribute to organizational operations. If planning activities are badly performed, monetary resources are spent without any future pay-back: For instance, wrong target groups do not ever involve in business analyses and most of all, projects.

Step 4. M&S process implementation stage

In PR-Logisticar Oy it is vital to distinguish between grass-root level workers (consultants & sales people) and management (managers & board of directors). Both parties have their own specific responsibility areas, but for some reasons the collaboration between these groups has been rather rigid so far. Fourth step (**Step 4.**) comprises all the necessary considerations that should be included to operations and process lead-through.

The problems № 3, № 6 & № 8 are largely dependent on the level of employee involvement and motivation. Current employee buy-in certainly leaves room for improvement and it is critical to motivate workers to increase their efficiency rates. Interviews showed that yet achieving 80 percent efficiency rate out of full potential forced employees to struggle with their work routines. Current management style does not encourage employees to pull the very best out of them, since nowadays concerned sales people lack the opportunity to perform their assignments more dynamically. Majority of interviewees was also demotivated because it was not carefully listened and too little empowered. In small organization considering the very nature of sales work *merit payment* can be one way to approach current motivational problems. 50/50 model (50% of the salary bound to own performance and 50% tied with fixed amount) was seen as a promising attempt to structure incentive systems. The main idea behind such a system is the maximization of monetary benefits by allowing employees to develop their own work which in turn leads to an increased overall company performance.

It can be said that all the five largest inefficiency factors (№ 1-5) along with others (at least № 6, № 11, № 12 & № 14) are at least partly a result of insufficient managerial practices. To avoid further drawbacks it is critical already during recruiting process to evaluate experience and expertise related issues that underlie candidates. In consultancy business one should be highly aware of

commonalities in certain industries and industry branches which sets challenges for qualified managers. Nowadays, niche management calls for specific competencies, and comprehensive management style is not sufficient to address more specific customer concerns. In places, PR-Logisticar Oy executives should understand their own role in updating business and the need for constantly searching for new alternatives for current way of running business. In this context where industry is rather competed it comes a time when organization is forced to renew its operations to stay in business. The common denominators for aforementioned issues are managerial cognition and awareness of industry recipes.

In M&S process implementation and lead-through the most critical thing concerns the *quality of execution*. In operative actions one who is responsible for customer contacts and transactions should pay attention to qualitative completion of day-to-day activities. For instance, the quality of meetings can vary in accordance with meeting day and consultants involved in these appointments.

Steps 5. – 6. M&S process assessment stage

Today, PR-Logisticar Oy does not face any larger challenges in its evaluation process; however, current practices use considerable amount of time and effort. In this context it is necessary to streamline after-process review to have the opportunity to utilize monetary and time resources more efficiently. Especially, management systems (№ 4), meeting practices (№ 3), objective setting (№ 7) and reporting (№ 11) benefit from precise and sufficient assessment process.

Three-level (collection, analysis and distribution; **Step 5.**) data processing is rather relevant approach to gather M&S process related data. This means that managers, specifically, collect data from generally managed databases and systems to calculate process parameters and key figures that describe overall M&S process performance. It is important to speak out the parameters that employees are evaluated against so that they are further aware of what they are judged for. Nowadays, the amount of parameters is relatively large for organization of this size. Focus should be put on a few critical success factors (CSFs) that ultimately affect organization's bottom line. Data analysis should be carried out against CSFs to generate consistency for overall assessment. In this particular situation, employees would know set objective levels and would do their best to achieve desirable results. Lastly, PR-Logisticar Oy should emphasize the significance of feedback sessions where results and every worker's contribution are widely discussed. It is necessary openly discuss achievements, problem areas etc. to create an environment where managers and employees

can open-heartedly state their opinions, and develop their own work and most important, M&S process.

After analysis and feedback sessions next and final step (**Step 6.**) concerns process adjustments and modifications brought up during final evaluations. Critical actions and procedures to be adapted to current M&S process can be reviewed through the ERRC Grid. PR-Logisticar Oy can intervene with its marketing and sales process by following means (Figure 6-6):

Eliminate	**Raise**
• overlapping control mechanisms and reporting systems • the 'fragility' of work assignments • the collisions between objectives set by different stakeholders • the atmosphere of fear	• the amount of employee empowerment • the amount of time dedicated to personal learning activities and software education • work place attractiveness • the amount of challenging customer cases and their entire lead-through (sales people) • work assignment documentation • the number of salespeople in current sales function
Reduce	**Create**
• managerial intervention • the amount of unnecessary and time-consuming meetings • the amount of unplanned customer transactions • the amount of unnecessary and additional software features	• clear 'rules of the game': the establishment of visible operational functions • Logisticar brand (!!) • partnerships (e.g. initial process stages could be outsourced to more specialized performers) • work task related standards • an entrepreneurial environment easily adoptable by newcomers and existing sales people and consultants

Figure 6-6: M&S process intervention and review through the ERRC Grid

Since the intention of this study is to review M&S process from internal considerations the ERRC Grid is tailored to these specific purposes. This framework challenges different things mainly recognizing potential improvement targets that derive from internal operations and leaves out factors that could potentially affect prevailing industry rules.

M&S process quality

PR-Logisticar Oy should also be aware of the importance of constant quality in daily transactions and most of all, in preparative actions. So far, organization does not collectively understand the essence of qualitative actions through all the M&S process stages and similarly process sub-stages. Where one sales person deals with prospect more intensively and comprehensively the next consultant in charge can ruin the whole customer case by ignoring simple and relevant issues

appreciated by the customer. In other words, certain quality level does not remain during end-to-end customer relationship. By avoiding this and emphasizing the need for high-level preparation can help out in converting a larger amount of prospects into real deals. Internal frames should be formed to support wider contexts and be in balance, since without doing so end-customers ultimately notice poor quality and problems with service/ solution delivery.

6.4 Quantitative evidence addressing additional findings

In this sub-chapter author has intentionally covered numerical evidence concerning cost and time savings in M&S process rationalization practices. Subsequent approach has been carried out by using *scenario analysis* (Scholz and Tietje, 2002, pp. 79-116) to illustrate needed monetary and time resources designated to year-end objectives (6.4.1 Analyzing year-end [2010] objectives and potential cost and time savings). The rationalization of process steps and sub-steps respectively creates specific cost and time savings. Moreover, case organization liked to find out what it would cost to outsource the forepart – first three steps – of the M&S process. Accordingly, maximum price for such solution was calculated (6.4.2 Calculating maximum prices for 'meeting packages').

6.4.1 Analyzing year-end (2010) objectives and potential cost and time savings

In order to analyze current state of M&S process it was necessary to decide on year-end (01.05. – 31.12.2010) objectives and find those relevant process rationalization practices that were critical from both employee and management's perspective. In this context, for realizing process step related saving levels it was essential to embed analysis with individual process sub-steps and locate improvement areas. Following this approach, author finds 20 different rationalization measures (see Exhibit "5" for specified attribute presentation) that together streamline and improve overall M&S process.

In this study, scenario analysis deals with illustrating expenses, revenues and possible cost or time resources savings for both old and new – above mentioned – M&S processes (s_i; i= different scenarios) which are further denoted as $\mathbf{S_{old\ process}}$ and $\mathbf{S_{new\ process}}$, respectively. In proportion, M&S process related objectives follow managerial goals (o_j; j= different objectives) that are set for the rest of the year. These objectives are as follows:

1. 10 business analysis (BA) orders; $\mathbf{O_{10\ business\ analyses}}$
2. 3 project deals; $\mathbf{O_{3\ projects}}$

Still, aforementioned objectives are partly overlapping and insist different amount of intervention over each of the process steps. In this case 3 project deals necessitate more intervention since achieving this goal demands at least 15 BA orders to establish a necessary pool of potential business project (BP) customers. In this sense, both objectives should be reviewed separately.

For further analysis, different scenarios and objectives form a certain amount of individual sets (S_{ij}; ij= different sets or outcomes) which are future states of combinations of these two underlying attributes. Besides, cost (C) and time (T) components were included to analysis as they were seen the primary drivers for calculating expenses, revenues, time usage and respective savings. However, as cost and time are incompatible variables, in this research work they are studied distinctly resulting in two specified sets – S_{ijC} (costs) and S_{ijT} (time). So to speak, eight varied *sets* have been created for scenario analysis calculations:

(1) $\mathbf{S_{old\ process,\ 10\ business\ analyses,\ costs}}$
(2) $\mathbf{S_{new\ process,\ 10\ business\ analyses,\ costs}}$
(3) $\mathbf{S_{old\ process,\ 3\ projects,\ costs}}$
(4) $\mathbf{S_{new\ process,\ 3\ projects,\ costs}}$
(5) $\mathbf{S_{old\ process,\ 10\ business\ analyses,\ time}}$
(6) $\mathbf{S_{new\ process,\ 10\ business\ analyses,\ time}}$
(7) $\mathbf{S_{old\ process,\ 3\ projects,\ time}}$
(8) $\mathbf{S_{new\ process,\ 3\ projects,\ time}}$

Sets (1), (3), (5) and (7) describe current M&S process whereas sets (2), (4), (6) and (8) concern new, improved M&S process. Respectively, sets (1) – (4) touch cost related issues while sets (5) – (8) are time specific.

In following, Table 6-3 and Figure 6-7 present data on year-end (2010) expenses and revenues for sets (1) and (2), and similarly cost savings for set (2) are illustrated.

Table 6-3: $S_{\text{old process, 10 business analyses, costs}}$ and $S_{\text{new process, 10 business analyses, costs}}$ for time period 01.05. – 31.12.2010

		(1) $S_{\text{old process, 10 business analyses, costs}}$ (01.05. - 31.12.10)			(2) $S_{\text{new process, 10 business analyses, costs}}$ (01.05. - 31.12.10)					
Process step	Amount	Expenses €	Revenues €	Cumulative €	Expenses €	Revenues €	Cumulative €	% decrease €	Savings €	Cum. savings €
Mapping and approaching prospects	950	-7480	0	-7480	-7300	0	-7300	2,4 %	180	180
Letters	570	-22160	0	-29640	-18930	0	-26230	14,6 %	3230	3410
Phone calls	550	-33040	0	-62680	-27650	0	-53880	16,3 %	5390	8800
Meetings	110	-79100	0	-141780	-67740	0	-121620	14,4 %	11360	20160
Business analyses[1]	10	-18260	70000	-90040	-17650	70000	-69270	3,3 %	610	20770
Business projects[2]	2	-28540	100000	-18580	-28520	100000	2210	0,1 %	20	20790
Business projects[2]	3	-41590	150000	18370	-41570	150000	39160	0,1 %	20	20790

[1] Business analysis, á 7000 € (an estimate)

[2] Business project, á 50000 € (an estimate)

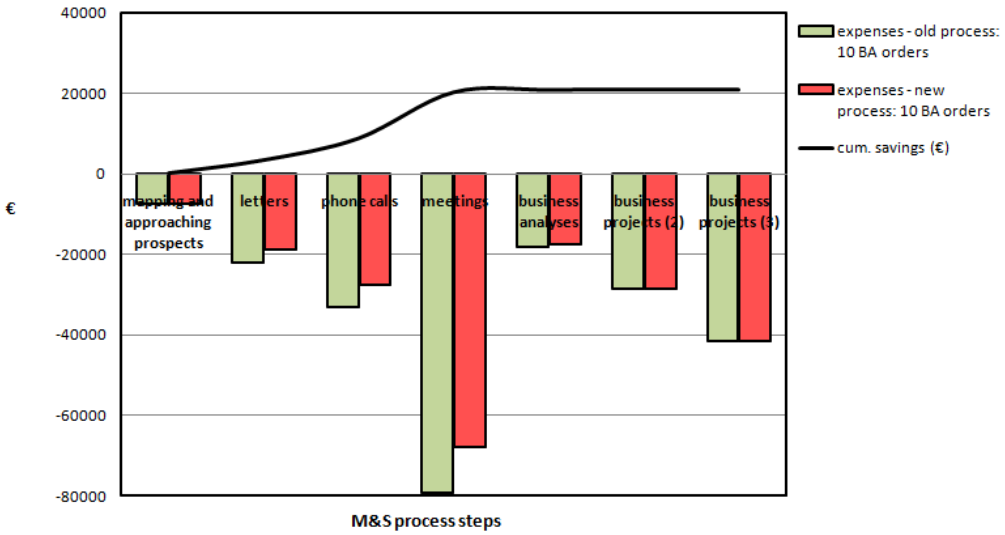

Figure 6-7: Cumulative cost savings for $S_{\text{new process, 10 business analyses}}$

Graph above depicts two different scenarios for business projects – 2 BPs and 3 BPs. It is interesting to discover that the number of BPs actually does not affect the ultimate amount of savings. This is due to fact that additional projects necessitate yet increasing amount of attention given to project customers and projects themselves. Still, this does not decrease the magnitude of additional project trades because extra projects contribute positively to overall revenue levels.

Regardless of process type – either old process or new process – real profits are made only after three project trades in this situation. Accordingly, much should be done to increase hit-rates between process steps.

Next, Table 6-4 and Figure 6-8 provide information on year-end expenses and revenues for sets (3) and (4). Similarly, cumulative cost savings for set (4) are further displayed.

Table 6-4: $S_{\text{old process, 3 projects, costs}}$ and $S_{\text{new process, 3 projects, costs}}$ for time period 01.05. – 31.12.2010

		(3) $S_{\text{old process, 3 projects, costs}}$ (01.05. - 31.12.10)			(4) $S_{\text{new process, 3 projects, costs}}$ (01.05. - 31.12.10)					
Process step	Amount	Expenses €	Revenues €	Cumulative €	Expenses €	Revenues €	Cumulative €	% decrease €	Savings €	Cum. savings €
Mapping and approaching prospects	1425	-11220	0	-11220	-10950	0	-10950	2,4 %	270	270
Letters	855	-33240	0	-44460	-28390	0	-39340	14,6 %	4850	5120
Phone calls	825	-49560	0	-94020	-41480	0	-80820	16,3 %	8080	13200
Meetings	165	-118650	0	-212670	-101610	0	-182430	14,4 %	17040	30240
Business analyses[1]	15	-27390	105000	-135060	-26470	105000	-103900	3,4 %	920	31160
Business projects[2]	3	-42810	150000	-27870	-42780	150000	3320	0,1 %	30	31190

[1] Business analysis, á 7000 € (an estimate)

[2] Business project, á 50000 € (an estimate)

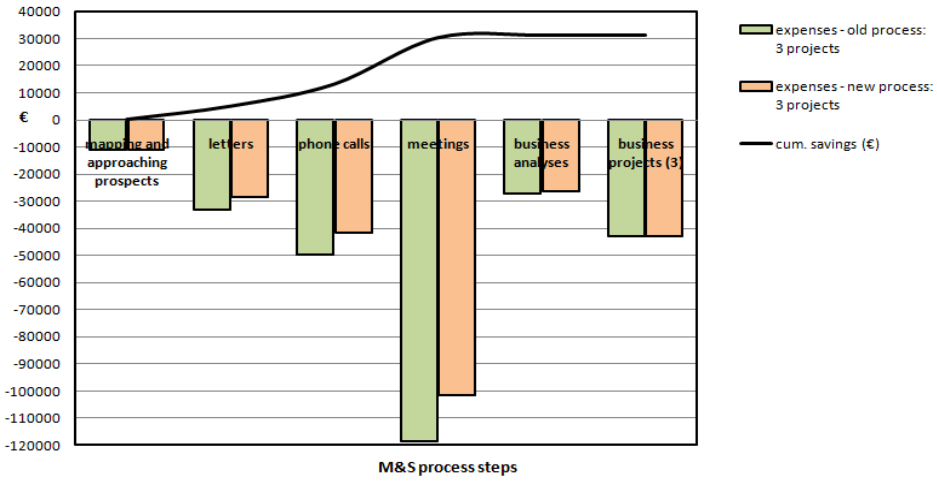

Figure 6-8: Cumulative cost savings for $S_{\text{new process, 3 projects}}$

In general, findings related to cost savings follow results similar with 10 BAs. Moreover, as the

expenses and time resources used are larger, also ultimate savings reach higher levels.

Another part of the year-end analysis concerns possible time savings that can be generated by implementing new M&S process. Subsequently, Table 6-5 and Figures 6:9-10 depict year-end time usage for sets (5), (6), (7) and (8), and offer information on cumulative time savings for sets ((6): 10 business analyses) and ((8): 3 projects). All the numbers are expressed in hours (h), except working days (d).

Table 6-5: $S_{\text{old process, 10 business analyses, time}}$; $S_{\text{new process, 10 business analyses, time}}$; $S_{\text{old process, 3 projects, time}}$ and $S_{\text{new process, 3 projects, time}}$ for time period 01.05. – 31.12.2010

	(5) $S_{\text{old process, 10 business analyses, time (01.05. - 31.12.10)}}$	(6) $S_{\text{new process, 10 business analyses, time (01.05. - 31.12.10)}}$			(7) $S_{\text{old process, 3 projects, time (01.05. - 31.12.10)}}$	(8) $S_{\text{new process, 3 projects, time (01.05. - 31.12.10)}}$		
Process step	**10 business analyses (BAs), old process; T=hours (h)**	**10 BAs, new process; T=h**	**Δ 10 BAs, old process - 10 BAs, new process (h)**	**Δ cum. 10 BAs**	**3 projects, old process; T=h**	**3 projects, new process; T=h**	**Δ 3 projects, old process - 3 projects, new process (h)**	**Δ cum. 3 projects**
Mapping and approaching prospects	133	130	3	3	200	195	5	5
Letters	293	235	57	61	439	353	86	91
Phone calls	573	477	96	156	859	715	144	235
Meetings	1406	1204	202	358	2109	1806	303	537
Business analyses	325	314	11	369	487	471	16	554
Business projects	507	507	0	370	529	529	1	554
Total (h)	3236	2867	370		4623	4068	554	
Working days (d)	405	358	46		578	509	69	

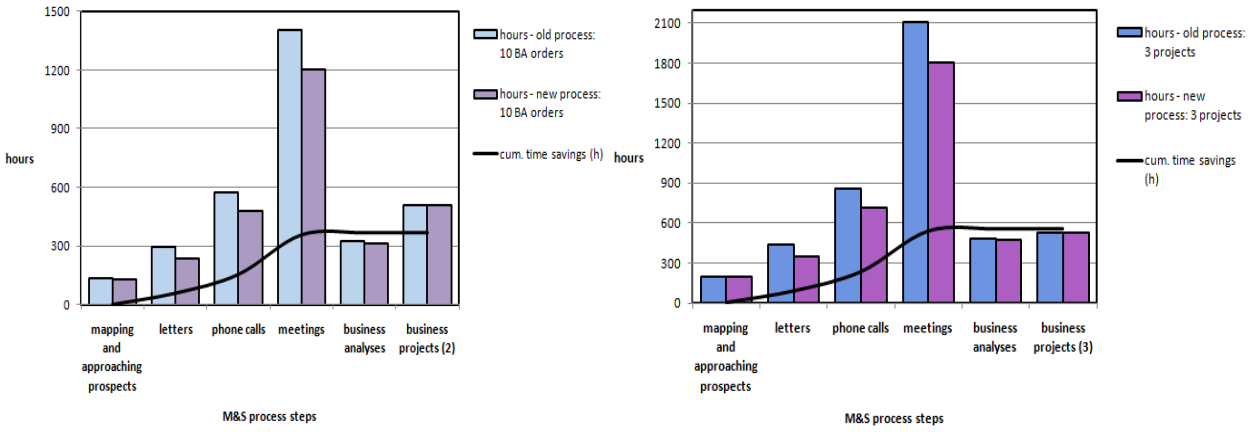

Figure 6:9-10: Cumulative time savings for $S_{\text{new process, 10 business analyses}}$ and $S_{\text{new process, 3 projects}}$

Again, one can notice the dependence between resources (h) exploited and total amount of overall savings. Two different objectives provide similar time distributions, and since new process reduces time allocated between process steps in similar fashion regardless of *objective* in question, objective dealing with 3 project trades sums up largest time savings, altogether. If we reflect concrete numbers, depending on objective setting case organization can benefit from new process by reducing the number of working days from 46 (10 BAs) to 69 (3 projects). If we let the size of sales function to be approximately 4 to 5 people, each sales person can rationalize his or her work by 9 to 11 days (10 BAs) or 13 to 17 days (3 projects).

6.4.2 Calculating maximum prices for 'meeting packages'

Another way to rationalize current process – **old process –** is to identify alternate solution for current process related approach. In this situation, case organization was willing to be aware of optional solution for implementing the forepart of the M&S process (all the first three process steps before meetings comprise the forepart). The resulting objective emphasized the fact that the forepart of the M&S process should be re-evaluated if new approach would be more cost-efficient.

In this particular case, new possible solution dealt with external intervention, in other words, *outsourcing*. The aggregate prices for such 'meeting packages' are calculated as potential cost savings that are generated when no resources are further allocated to initial process steps (savings reflect shares from labor costs) and overall, targeted expenses decrease (e.g. phone bills go down when call phase is outsourced). Besides, outsourcing the forepart of the M&S process diminishes time dedicated to reporting which can be seen as a part of total savings (savings reflect shares from labor costs; less database and systems update). Table 6-6 shows maximum prices for various 'meeting packages'.

Table 6-6: 'Meeting package' prices for 50, 75, 100, 110, 120, 130, 140, 150 meetings

Meetings N=	Max. price € (4 sales people)	Max. price € (5 sales people)
50 meetings	17 600 €	17 800 €
75 meetings	26 400 €	26 800 €
100 meetings	35 100 €	35 600 €
110 meetings	38 600 €	39 200 €
120 meetings	42 100 €	42 700 €
130 meetings	45 600 €	46 300 €
140 meetings	49 100 €	49 800 €
150 meetings	52 600 €	53 400 €

All the figures presented in Table 6-6 describe maximum amount of money that should be paid for certain number of readily agreed meetings. In this case, solution provided by external party should cost less than the number depicted in each cell. If the cost of offered 'meeting package' exceeds the number in grid, proposal should be turned down. In addition, amounts for highest costs are calculated for sales function totaling either 4 or 5 sales people.

7 Conclusions

In this study, the whole research work is based on specific problem setting provided by case organization – PR-Logisticar Oy. As research problems reflect actual real-time inefficiencies case organization serves as a starting point for both theoretical and empirical analyses. Accordingly, literature review and theoretical part of this study follow ultimate considerations that underlie M&S process and are structured around empirical evidence. Moreover, certain discoveries during research work steered author to establish own M&S process framework to facilitate case organization's rationalization activities. So far, relevant process literature has not provided any comprehensive process improvement tools that decompose process as such into most critical stages and elaborate actions needed in every stage. At least, author has not found appropriate process frameworks that would fit case organizational context and underlying developmental measures. If certain process stages are looked as inseparated parts of process build-up it is unbelievably difficult to trace potential problem areas. 3-phase process framework was further created to serve marketing and sales purposes and to bring in order to current process lead-through. Interviews and participant-observations as well along with direct observations provided valuable information on current pitfalls and had an impact on generation of ultimate M&S process framework. Initial framework was intentionally built to be generic for different usage; however, case organization provided main frame for framework construction. Still, specified and modified model was derived from original framework and purely targeted to case organization's simpler requirements. The performance of current process was similarly evaluated against suggested new process which is further elaborated in appendices (Exhibit "5"). Subsequently, main findings, theoretical and practical implications, limitations of this study and suggestions for further research are covered.

7.1 Main findings

The primary approach of this study was toward evaluating the current state of case organization's M&S process by four different means. First of all, literature review provided a comprehensive perspective for (M&S) process assessment and operations related best knowledge to highlight best practices and good process management principles. Secondly, interviews mainly, were used as a primary indicator of actual process related problem sources and inefficiency areas which were seen as decelerators of an ideal and well balanced process. Since consultants and sales people altogether

had an opportunity to contribute to their work and anonymously state out their real thoughts concerning initial M&S process interviews were seen as the most important driver for improvement practices. Thirdly, process management framework was established to analyze M&S process and bring in managerial assistance in terms of visible process steering tool. This framework was partly constructed on the basis of discoveries made during interviews. Similarly, these findings facilitated the development of generic M&S process framework as emphasized problem areas were seen to be universally present. Fourthly and finally, numerical calculations were utilized to depict expenses and revenues each process step had and simultaneously illustrate how time resources were distributed between these steps. As much as new process described potential improvement areas, it was also included to analysis since ultimately cost and time savings followed the implementation of updated M&S process.

Literature review covered essential case organization related issues, especially from management's perspective. Topic areas related to expert organization, process management and solution sales business described all the necessary contemporary trends shaping organization's business philosophy. As the primary approach of the literature overview was to compare current trends in academic discussion with real-time evidence from case organizational operations the overall outcome contained an updated check-list for case organization. Despite the fact, it was interesting to see that case organization managed to stay on the verge of time in plethora of different things, such as e.g. customer portfolio management, provocation-based selling strategies and by offering bundling by integrating service and product parts of the solution. In highly competitive markets as solution sales business is, it is relevant to constantly reconsider business prerequisites to find brand new ways to outplay competition.

Main problem areas surrounding current M&S process were mainly brought out by interviewing individual sales people and management. Table 6-2 showed all the most important inefficiency factors underlying current M&S process. *Job description*, *the Logisticar concept itself*, *meeting practices* (especially in-organizational gatherings), *overall management systems* and *organizational culture along with internal processes* took over first five positions in this particular order. Similarly, ranking points for these factors were 15,80; 24,67; 32,10; 37,57 and 38,18 respectively, indicating that the lower the score the more attention one should place on certain inefficiency area. Problem areas that remain outside the largest five factors should not be neglected as well, since as long as certain deviations from normal work exist no worker can concentrate fully on his or her own work.

That is why; *employee education and training and self-study*, *objective setting*, *employees*, *customerships*, *informational systems*, *report and control systems*, *sales processes* and *sales work*, *AT* (intranet) and *performance appraisals* should be separately reviewed and appraised. All these 14 inefficiency factors are further covered sub-factor by sub-factor in appendices (Exhibit "4").

3-phase process framework regardless of its qualitative and thematic approach appeared to help in outlining case organization's current M&S process. Since whole framework was partly structured on the basis of results discovered during interviews every M&S process framework stage attempts to streamline every process part. Obvious but sometimes forgotten, all three stages – planning & design, implementation and assessment – recognize the need for separate process 'components' which ultimately hold up the whole M&S process. In this case, underlying framework results in visibility and order for process lead-through. Process order as described in Figure 6-4 should be maintained, even though some people may think the first phase (planning & design) is rather heavily equipped. Still, no one should ignore the significance of planning activities as contemporary Finnish hockey coach puts it: "95 percent preparation is only 50 percent execution."

What case organization has lacked so far is a comprehensive and easy-to-follow plan and black book for real money-generating operative actions. In this regard, designed framework emphasizes planning activities and the interplay between separate components creating this stage. Besides, this tailored framework should generate immediate benefits since in smaller organizations all the process components are more readily available and more easily visible to process actors than in larger companies. The real deal is therefore in unraveling process into smaller parts and concentrating on key success factors that in the end hold up the whole process through all the three process stages. This supports also a goal for continuous quality improvement which pinpoints how well case organization can manage its marketing and sales operations in the future. Most important, 3-phase process framework attempts to highlight separate requirements each of the six M&S process steps have and what top management should consider standards in mind.

In this study current process was also analyzed through numerical evidence. The analysis was divided into two parts: First of all, it was necessary to get information out of the M&S process by examining the performance of the process during the review and time period for analysis – time period equaled to 01.01. – 30.04.2010. Secondly, as top management was willing to find out needed investments or resources for year-end (01.05. – 31.12.2010) and evaluate pre-conditions of current

marketing and sales function, key figures (estimated expenses, revenues, cumulative savings and time resources needed) were calculated for the rest of the year. Similarly, analysis included calculating year-end numbers for two distinct objectives – 10 business analyses and 3 business projects – to provide information on viability of set targets and goal levels. Year-end analysis was implemented for current (*old* process) and improved process (*new* process) since author found out that current process had several, easily repairable issues to be considered. These 20 individual rationalization measures are described more in detail in appendices (Exhibit "5").

Decomposing M&S process into individual steps provided interesting results. Figure 6-2 shows that meetings, albeit they do not contribute to inbound monetary streams, account for almost a half of time – 42,81 % – dedicated to M&S process activities. Phone calls (17,44 %), business projects (16,91 %), business analyses (9,88 %), letters (8,91 %) and especially mapping and approaching prospects (4,05 %) constitute a much lesser amount of time devoted to process related activities. Yet one should remember that only business analyses and projects after all generate positive cash flows. Surprisingly, combined actual amount of time designated to business analyses and business projects does not reach the time distributed to meetings (approx. 27 % vs. approx. 43 %). As a consequence, the planning of single meeting should not be underestimated and every action taken should be targeted to increase the hit-rates between meetings and final two steps. Only well managed meetings can further multiply the value of time unit (€) for BAs and BPs in terms of increased number of ordered BAs and BPs since working time allocated to these stages remains fixed. Respectively, certain rationalization measures addressed during this study can reduce the time dedicated to meetings and free it up for the last two steps.

If one looks at year-end objectives the findings are quite different from one scenario to another (Figures 6:7-10 and Tables 6:3-5). Moreover, findings are rather different from the first review period in the beginning of year 2010 (Figure 6-3 and Table 6-1). This is partly due to deviation from standard hit-rates, since in this latter case six business analysis orders resulted in two business project deals. The second project deal was established only after the first review period; however, negotiations with partner were already initiated in the beginning of year 2010. That is why; the second deal was included to first analysis. Even though, this procedure distorts hit-rates and starting point for objective setting, generated cumulative revenues – a profit of 46.300 € – indicate an appropriate profit target level for upcoming review period consisting of two 4-month-periods (01.05. – 31.08.2010 and 01.09. – 31.12.2010). Nonetheless, these two 4-month-periods are

examined in calculations as one single time period. By following results discovered from initial analysis one can suggest year-end profit target levels for M&S function to be approximately 93.000 € (46.300 €* 2).

Altogether, numerical analysis shows that both set objective levels as such are insufficient for establishing desired profit levels. Current hit-rates and the size of sales function are not enough for obtaining stable and above zero cumulative cash flows. This comes even clearer if one looks at old process with both objectives ($S_{\text{old process, 10 business analyses, costs; 2 business projects (BPs)}}$: -18.580 €; $S_{\text{old process, 10 business analyses, costs; 3BPs}}$: 18.370 €; $S_{\text{old process, 3 projects, costs}}$: -27.870 €). For new process, similar numbers for $S_{\text{new process, 10 business analyses, costs; 2BPs}}$; $S_{\text{new process, 10 business analyses, costs; 3BPs}}$ and $S_{\text{new process, 3 projects, costs}}$ are 2.210 €; 39.160 € and 3.320 €, respectively. PR-Logisticar Oy should streamline the forepart of its M&S process and concentrate on doing things better. Improvement of hit-rates means that initial objective levels can be reached with less effort providing diminishing cost levels. Another way to approach this problem is reduce slack in M&S process and this way raise goal levels.

In proportion, new process approach should be fully considered, as well. Calculations show that cumulative cost savings total as much as 20.800 € and 31.200 € for $S_{\text{new process, 10 business analyses, costs}}$ and $S_{\text{new process, 3 projects, costs}}$, respectively. Improved process generates also remarkable time savings for current process. $S_{\text{new process, 10 business analyses, time}}$ indicates cumulative time savings totaling 370 working hours (h) which presents approx. 46 working days (d). Total time savings for $S_{\text{new process, 3 projects, time}}$ are even greater; 554 h and 69 d. Small, incremental changes for current process evidently add process related efficiency which ultimately affects company performance. Author has also calculated maximum prices for outsourcing first three process steps, that is, to buy 'meeting packages'. Estimated euro amounts are only direction-giving and aggregate, but still offer enough information on prices of such solution (see 6.4.2 and Table 6-6).

7.2 Theoretical implications

Theoretical and practical implications of this study should be reviewed and addressed separately. First of all, acknowledging incompleteness underlying process related literature, one of the research objectives concerned establishing a process steering tool that would be widely applicable, especially in marketing and sales context. As the purpose of this process framework similarly is to build on theoretical grounds several theories and frameworks were utilized to provide framework with

information on best practices and measures suitable in different M&S process stages. In this respect, although framework was initially build on the premises of case organizational operations, the ultimate goal was toward designing viable model that combines collectively all the necessary practices recognized in extant literature.

Equally, theories chosen for the framework were put to discuss with each other to form a coherent map of best practices. In this regard, as author intentionally attempted to fill the gap in underlying literature, he also tried to highlight the most relevant framework-critical issues that shape the model. Accordingly, the contribution of this study to process related literature comprises of building an ambiguous and comprehensive enough M&S process framework that facilitates process rationalization and improvement practices. Marketing and sales context provides its own unique considerations for the model and acknowledges several solution sales specific elements for framework creation. Still, 3-phase process framework is relevant in all kinds of operations, not only in those specific for marketing function. Framework structure leaves out room for individual process pre-conditions and understands that model has to serve requirements of plethora of different functions and industries. It is also essential that framework in question results in process transparency which is necessary for efficient process lead-through.

7.3 Practical implications

Respectively, M&S process framework provides several practical implications. To start with, framework as such is not created to be an inflexible model but rather an adaptable process template that offers only bounds for organization specific operations. This approach recognizes the overall need for establishing a process framework that is usable in different business contexts and industries even regardless of company size. Secondly, 3-phase process framework was initiated to provide assistance for managerial practices, especially for daily leadership activities. The framework calls back the whole process to its roots and individual elements which understandably helps managers to trace process components that are critical. Loop mechanism in framework also allows continuous and systematic assessment practices that bring out possible problem areas over time and at one point of time. Thirdly and most important, M&S process framework brings order in all the actions throughout the whole process. Vital process planning related decisions, actual process administration and lead-through, and process evaluation specific tasks are separated for individual stages since each of these M&S process phases necessitates own specific considerations.

However, these considerations should be aligned for efficient and successful process management.

In addition, as empirical evidence showed and as it should be understood, without managerial intervention it is not possible to provide sufficient amount of visibility for process lead-through and guarantee better resource allocation. Organization wide framework utilization demands managerial support and example of using such a process framework for effective process management. Promising identified results from framework utilization within case organization are purely derived from managerial initiatives.

7.4 Limitations of this study and suggestions for further research

Regardless of generic process framework this study is largely based on case organizational requirements and is mainly limited to PR-Logisticar Oy, and its marketing and sales considerations. 3-phase process framework builds on case organization's processes and is structured from PR-Logisticar Oy perspective. However, this does not mean that overall framework is invalid or imperfect by some means because it extends beyond its initial purpose and takes advantage of several comprehensive theories established in process management and M&S literature. Furthermore, case study as a research method provides only very specific results and any generalizations cannot be made what comes to empirical findings. For instance, new process is derived from current M&S process under examination, and cost and time savings and percentage improvements represent only potential enhancements in one single process. Marketing and sales process as using lots of monetary investments can also behave a bit differently than other processes altogether; still author does not think this distorts process framework build-up.

While author has utilized several different research methods (interviews, direct observations, numerical calculations etc.) all-embracingly, one should comprehend that in this study M&S process is only viewed internally. In real-life certain process steps necessarily require intervention from external actors; however, these external considerations are excluded from this study almost completely. Yet, author initiated with members of case organization couple of projects that were aimed to increase customer satisfaction rates. For example, prospects were asked to evaluate individual meetings by meeting form (Exhibit "6") and wider Webropol based questionnaire was designed for main users and top management of current client organizations to assess the actual Logisticar concept.

This study recognized the need for shift in process related thinking. Similarly, ultimate challenge concerning better overall performance in relation to competitors returns to processes and process management that creates competitive advantage. This field of research is still understudied and the number of proper process steering tools available is rather minimal. In this sense, process management literature encourages to study either individual processes or processes in overall to discover process frameworks that streamline initial processes.

In this study, author has paid particular attention to marketing and sales requirements for better answer to challenges in case organization's business context. Accordingly, another way to approach process related problems is to study specific business environment and attempt to produce a process model that serves these particular pre-conditions. Besides, there is always room for comprehensive process frameworks that include external factors, simultaneously with internal considerations. Although, 3-phase process framework realizes external requirements (Steps 1–3 in original framework) it leaves out such issues for instance as collaboration, partnering, customer interaction, wider conglomerate specific internal arrangements etc. These issues within other things as well, set challenges for process construction and resource allocation-type of decisions. For instance, organizations involved in process renewal and rationalization types of business projects can apply for governmental financial support – e.g. ELY financing (www.te-keskus.fi/Public/?nodeid=16607&area=7651, 17.07.11) – which respectively sets own public requirements for process planning and implementation practices. Actual framework does not consider these specific conditions.

Current M&S process framework is also rather manager centric. Recommendations and action suggestions for process stages are formed from managerial perspective since managerial activities are regarded as the ultimate source of cost and time savings. In this sense, one could examine the possibility for worker specific process steering tool. In this study, cost and time attributes are viewed as the primary targets for savings. In other business situations and contexts, studied attributes and variables can follow other relevant objective settings. This can mean that other perspective should be taken for process framework build-up. Still, whatever the perspective would be, more important, by simply understanding that problems organizations nowadays face are often related to problems in processes, can direct problem solvers to primary problem sources – this is, *individual processes* and *their sub-processes*.

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Person D, Sales Consultant and Sales Coordinator, Vantaa, 8th of March, 2010

Person E, Sales Consultant, Vantaa, 9th of March, 2010

Person F, Sales Consultant, Vantaa, 9th of March, 2010

Person G, Chief Technical Officer; Board of Directors, Vantaa, 19th of March, 2010

Person H, Owner; Board of Directors, Vantaa, 29th of March, 2010

Person I, Chief Executive Officer, Vantaa, 5th of May, 2010

Group interview sessions (several rounds), from 1st of April to 31st of May, 2010

Other unofficial meetings and collective assemblies, from 1st of March to 31st of May, 2010

Exhibits

Exhibit 1: Reframed concept of selling (Solution selling concept; adapted from Bosworth and Holland, 2003, pp. 48-60)

Reframed concept of selling (solution selling concept)	
Core concepts and practices (13)	*Descriptions and newly developed approaches*
You get delegated to the people you sound like.	Sales-ready messages should be used to converse with relevant decision-makers.
Take the time to diagnose before you offer a prescription.	Ask right questions in diagnostic process to have client's full confidence concerning the prescription.
People buy from people who are sincere and competent, and who empower them.	Even though you provide a solution make sure buyers retain ownership of their goals and problems.
Don't give without getting.	Remember that there are not any freebies in business markets. Solutions are valuable for clients.
You can't sell to someone who can't buy.	Ideally, target your offering to buyer who is both the user and the head of department (has the money).
Bad news early is good news.	One should get rid of bad prospects early enough, even though some investments would have been made.
No goal means no prospect.	Focusing on goals rather than problems can be easier approach to convince buyer.
People are best convinced by reasons they themselves discover.	Let buyers themselves figure out why they should obtain certain proposed solution.
When selling, your expertise can become your enemy.	Be patient with your clients even if they do not see the whole picture initially.
The only person who can call it solution is the buyer.	Do not talk about solutions if customer has not referred to them first.
Make yourself equal, then make yourself different – or you'll just be different.	Tell only matters customer wants to know. Do not compare your offerings with respective offerings of your competitors unless customer asks to do it.
Emotional decisions are justified by value and logic.	Make sure you are prepared for both emotional and logical aspects of transactional situations.
Don't close before the buyer is ready to buy.	Don't rush with closing the deal. Ask yourself relevant questions and think like a customer. If you are mostly answering to these questions 'yes', you are probably on the way for closing the deal.

Exhibit 2: The body of the interview

The body of the interview (**A.** sales people & consultants; **B.** management)

1. A. Introduction

i. The justification of the research work, the purpose of the research work/interview

ii. The introduction of the research project and the reflection of the Master's Thesis project

2. A. & B. General issues on interviewees

i. Title and work responsibilities

ii. Relationship with PR-Logisticar Oy

3. A. & B. Current marketing and sales (M&S) process

How one sees and senses current M&S process?

4. A. & B. Largest problem areas underlying M&S process

Inefficiency areas, general problems, bottlenecks etc.

5. A. & B. Rationalization practices and suggestions for current M&S process

i. Measures for improving on own work

ii. Comprehensive company-wide improvement initiatives

6. B. Leadership and managerial practices

How do I see myself as a manager? Leadership style, manager-sales person relationships etc.

7. A. & B. Free word

Anything to highlight possible problem areas, the primary sources of internal work related dissatisfaction etc.

Exhibit 3: PR-Logisticar Oy's marketing and sales (M&S) process in detail

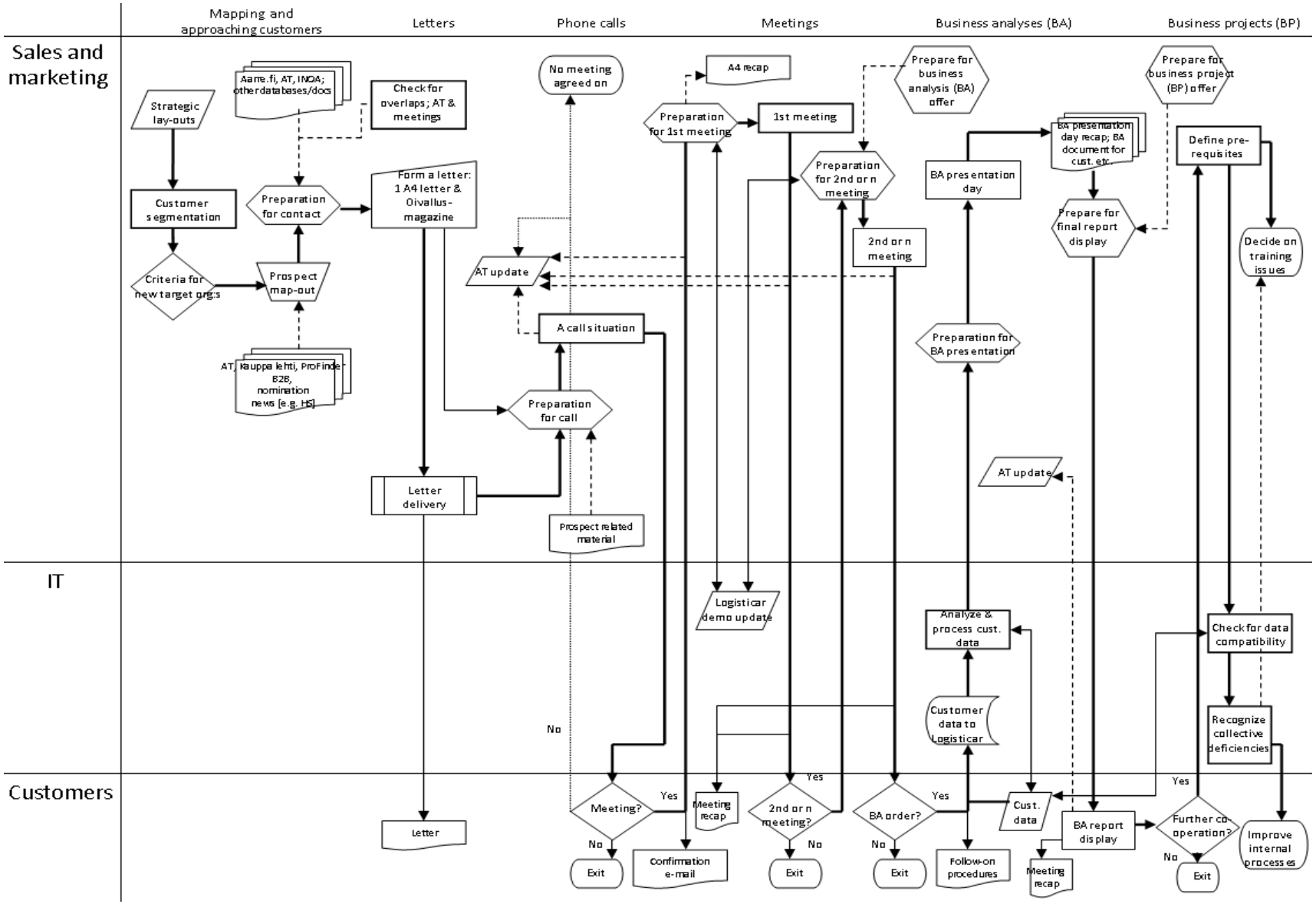

Exhibit 4 (1/2): Inefficiency factors and sub-factors underlying M&S process

Inefficiency factors and sub-factors underlying M&S process

Inefficiency factors	*Sub-factors*
1. performance appraisals	1a. No specific valuation for performance appraisals. (1) 1b. Insufficient amount of performance appraisals. (2)
2. job description	2a. Too many work tasks; insufficient amount of employees. (3) 2b. Problems with resource allocation. (4) 2c. Work tasks structured ineffectively. (5) 2d. Insufficient amount of task related developmental projects. (6) 2e. Work tasks are not documented. (7)
3. objective setting	3a. Objectives set for employees are unrealistic. (8) 3b. Controversies in budget setting. (9) 3c. Objective metrics old-fashioned. (10) 3d. Objectives change constantly; objectives are not permanent. (11) 3e. Functions have distinct goal setting policies. (12) 3f. Organizational objectives in contradiction with current internal practices. (13) 3g. Lack of realistic payment by results. (14)
4. meeting practices	4a. No clear procedures during meetings. (15) 4b. Meetings do not proceed according to schedule or agenda. (16) 4c. No clear roles in meetings. (17) 4d. Meetings as such do not encourage for dialogue. (18) 4e. Meetings are held at inappropriate time. (19) 4f. No one prepares properly for meetings. (20) 4g. Meetings are time-consuming. (21) 4h. Lack of customer specific work group meetings. (22) 4i. Too many meetings for organization of this size. (23) 4j. Cabinet's presence in sales meetings. (24)
5. AT (Above Target)	5a. AT rigid and not comprehensive. (25) 5b. Clear reporting systems (AT) are missing. (26) 5c. Employees do not mark their events in AT. (27) 5d. AT is not managed 100% by employees. (28)
6. informational systems	6a. Current ERP system largely inefficient. (29) 6b. Knowledge related to informational systems is poor. (30) 6c. Several databases eat too many resources. (31) 6d. Lack of integrated report and informational systems. (32) 6e. No proper possiibility for remote work. (33)
7. employee education & training & self-study	7a. Lack of educational seminars to increase the field of know-how. (34) 7b. Lack of internal training practices. (35) 7c. Lack of task specific characteristics. (36) 7d. No clear focus during training events. (37) 7e. Continuous and further training requirements mostly ignored. (38) 7f. Employees do not have time or are not willing to develop their own work tasks. (39)
8. sales processes and sales work	8a. Insufficient amount of IT presence in sales operations. (40) 8b. Freedom for carrying out work related tasks is missing. (41) 8c. During meetings customer requirements are not considered fully enough. (42) 8d. Initial process steps are scorned and employees do not fully understand the need for high quality performance. (43) 8e. Solicitation of new customers is scorned. (44) 8f. There are too little resources in customer education and training practices. (45) 8g. Visible bottlenecks in different process steps. (46) 8h. Wrong people in prospect organizations are approached. (47) 8i. Sales people are not listened in individual customer cases; at least sales people who have been involved from the inception. (48) 8j. In call situation increasing customer attractiveness in many situations vague. (49) 8k. Sales people hate their current work related tasks and work in overall. (50) 8l. Individual sales processes are too long and heavy. (51) 8m. Marketing know-how insufficient and vague. (52)

Exhibit 4 (2/2): Inefficiency factors and sub-factors underlying M&S process

Inefficiency factors and sub-factors underlying M&S process

Inefficiency factors	*Sub-factors*
9. Logisticar concept	9a. Logisticar software is not user-friendly. (53) 9b. Logisticar software has been designed on the basis of programming tools, not customer preferences. (54) 9c. New pricing model has its deficiencies. (55) 9d. There are not many actual partnerships that have been developed to sufficient degree. (56) 9e. The message organization provides to its external stakeholders is vague. (57) 9f. Logisticar brand is vaguely known and identified. (58)
10. management systems	10a. Managerial leadership and practices inconsistent. (59) 10b. Not enough job control from supervisors. (60) 10c. Overlaps between managerial roles. (61) 10d. Current leadership style mostly authoritarian. (62) 10e. Current leadership culture feeds the atmosphere of fear. (63) 10f. Organizational leadership practices old-fashioned. (64) 10g. Leadership is too soft. (65)
11. report and control systems	11a. Artificial budgets distort reporting. (66) 11b. Employees do not mark their actions and activities in calendar or elsewhere. (67) 11c. Reporting too strict and detailed (micro-management). (68) 11d. Management itself does not participate in reporting activities. (69) 11e. Principles for reporting are currently wrong. (70) 11f. Reporting system is not automated. (71) 11g. People do not understand the relevance of reporting. (72)
12. employees	12a. Employees are dissatisfied with current budget setting measures. (73) 12b. Work motivation declines when own employee-specific objectives are not met. (74) 12c. Additional unpaid work decreases work motivation. (75) 12d. Additional work results in stress. (76) 12e. Organization does not pay any attention to employee well-being. (77) 12f. Employees are not listened enough. (78) 12g. Overall state of irritation lowers work motivation. (79) 12h. Organization does not encourage employees for risk-taking activities. (80) 12i. Employees are not motivated or supported well enough. (81) 12j. Employees do not consider themselves professionals and experts. (82) 12k. Work design related implementation insufficient and seeming. (83) 12l. Prioritization concerning own work vague (ABC thinking in own work related tasks). (84) 12m. Employees experience being constantly under pressure. (85) 12n. Employees do not enjoy being in organization. (86) 12o. Employees do not carry out tasks designated to them and leave promises unfulfilled. (87)
13. organizational culture and internal processes	13a. Organization operates on short-term basis. (88) 13b. Delegation is seeming and does not work in general. (89) 13c. Processes are not transparent and straight-forward; lack of standardization. (90) 13d. Comprehensive operational implementation activities are missing. (91) 13e. Results orientedness affects negatively quality underlying operational activities. (92) 13f. Organization has failed in recruitment process. (93) 13g. Entrepreneurial spirit does not lie in every employee and entrepreneurial working environment does not fit to everybody. (94) 13h. Internal processes do not comprise clear sales organizational functions. (95) 13i. Inertia and bureaucracy slow down organizational activities. (96) 13j. Commitment to organizational activities is weak. (97) 13k. In-organizational co-operation insufficient. (98)
14. customerships	14a. Deficiencies in managing current customerships. (99) 14b. Solicitation of new customers is in its infancy. (100) 14c. Customer problems and questions are not always answered. (101) 14d. No clear responsibility areas and unclear fields of know-how. (102) 14e. Problems related to standardization of customer relationships. (103) 14f. Constantly changing employees result in mismanagement of old customerships. (104)

Exhibit 5: New process: 20 different rationalization measures

Steps and sub-steps underlying M&S process along with rationalization measures

Step/ sub-step	*Rationalization measures*	*Improvement; % (an estimate)*
Time devoted to mapping out inappropriate customers (Mapping and appr. cust.)	By standardizing own processes and learning-by-doing every sales person can facilitate this phase. (1)	**17%** (time savings)
AT update with real-time information (Letters)	AT update already when preparing for contact and filling in database with prospect specific data so that one does not have to return to update AT afterwards. (2)	**20%**
Overlaps and their elimination (Letters)	AT should be always updated and in order to eliminate similar letters to same prospect. Meetings could have standard framework for prospect go-through, e.g. check-list. (3)	**100%**
Writing document to recipient more efficiently (Letters)	The relevance of task related routines. One should find his or her own effective work methods and standardize his or her work so that overall task related efficiency rates will increase. (4)	**33%**
Printing out documents and other assignments (Letters)	Read above. (5)	**30%**
Creation of contact lists and calculation of key figures (Pre-call practice)	One of the largest individual improvement targets. Main focus on creating own work routines that to larger extent improve work task related assignments. No single routine level, however, each employee works for obtaining best possible way of working and then maintains achieved level. (6)	**33%**
Printing out a call list (Pre-call practice)	Routine-like rationalization practices. (7)	**50%**
Duration of phone call (!) (A call situation)	Quick closing for meeting should be of first priority. Message should be standardized, but simultaneously personified according to each recipient. Avoid unnecessary chatting and do not exaggerate your provision. (8)	**25%**
AT update on the basis of call (Post-call practice)	All the necessary notes into AT to not forget important issues (notes during calls). All the important simply, concisely and precisely to be written in AT. (9)	**20%**
Filling in meeting form (Preparation for meeting)	Orient yourself with prospects, i.e. potential customers. This saves time during actual meetings and provides sufficient routines for process lead-through. (10)	**10%**
Briefing with colleague and agreeing on roles (Preparation for meeting)	Decide on roles in meeting situation. When every one is aware of his or her tasks during meetings each party saves time both during the meeting and in planning for possible follow-on meetings. (11)	**10-25%**
Meeting at customer + traveling time (1st meeting)	Importance underlying planning activities. One should also stick to agenda so that both PR-Logisticar Oy and client organizations can save some time. (12)	**approx. 15%**
AT update gridlock and a meeting memo (Post-meeting practice)	Information overload should be avoided by more precise prospect description in this database. Most important, write-up tradition should guarantee a quick information delivery concerning relevant and customer specific data. (13)	**33%**
Processing meeting specific issues (2nd or n meeting)	Focus on short briefing, role related issues and other practicalities. Some issues can be also discussed during breaks. (14)	**33%**
Meeting at customer + traveling time (2nd or n meeting)	Main objective is to build the whole meeting around customer worries which are earlier specified. Agenda should follow this approach and be built to answer these problems by delivering Logisticar solution. Do not stretch meetings! (15)	**20%**
AT update with real-time information (Preparation for BA offer)	Overlaps should be eliminated. PR-Logisticar Oy utilizes already 'offer base' file, so it is unnecessary to have long write-ups concerning offer delivery. (16)	**33%**
Briefing with colleague and agreeing on roles (Preparation for BA presentation)	Establish simple objectives with clear and logical goals, prepare for good flow during actual presentation session. (17)	**20%**
Meeting at customer + traveling time (BA report display)	Before final report display every consultant should have clear focus and clear vision concerning both objectives with actual meeting and its progress. (18)	**20%**
Documentation to AT (Display meeting)	Customer register and write-ups should be kept as simple as possible so that other consultants could easily see all the relevant information related to customer meetings. (19)	**30%**
AT update with relevant information (Preparation for BP offer)	See Preparation for BA offer ; 16. [20]	**approx. 15%**

Exhibit 6: Meeting form (PR-Logisticar Oy)

Meeting Form

Logisticar

The intention of this feedback sheet is further improving on Logisticar concept so that customer organizations can be a part of development process. These developmental activities accordingly derive from customer goals and needs. So please be kind and help us to develop our operations!

The name of customer organization	The title of the representative from customer organization
Place	**Date**

Rate different meeting related issues	5	4	3	2	1
					
1. Did the meeting fill your expectations?[1]					
2. Did the meeting provide concrete benefits to your organization?					
3. Were the delivery and message of the meeting clear and justified?					
4. The professionalism and expertise of the presenter.					
5. Did Logisticar demo and other presentation material get your attention?					
6. How would you evaluate the meeting in overall?					

[1]If you gave only 1, 2 or 3 points in this question, what you think was/were missing from the meeting?
How could we improve on our demonstration event? Other improvement targets?
What kind of additional value you think Logisticar concept could provide to your organization?

Thanks for the feedback!