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Prologue

The more you start thinking about it, the more you begin to realize how important sales are to any business. Simply stated, without sales, there is no business. Conversely, being successful in sales is a precondition – and perhaps the best guarantee – for a successful business. Also, at first glance it wouldn't be evident that the significance of sales passes through all levels of a business organization, from strategic decision-making at the CXO level through middle management and business operations to each individual customer contact point.

At the strategic level, as business environments change, executives and unit managers are constantly making sure the overarching model and earnings logic retain their competitiveness. Such strategic considerations always include the development of some type of sales concept: Who is the customer? What is our value proposition? How do we sell and deliver value to customers? Besides making strategy top managers often spend a large portion of their time in selling their organization to various stakeholders and audiences, such as investors and analysts.

At the business unit and middle management level, sales and selling becomes much more concrete. Business unit managers, sales managers, product and brand managers, project managers, and the like are all constantly concerned about building and managing offering, organization, process, and partnership structures that are able collectively to meet and exceed sales goals set out by top management.

At the grassroots level, everyone should be motivated about the organization's capability to achieve sales and deliver value to the customer – be it the individual salesperson, R&D, manufacturing, experts in the service organizations, or anyone else; even the cleaning staff. The better the organization functions, generates, delivers, and sells value, the more likely it is that everyone will be better off.

Given the paramount importance of sales in a successful business, it is no wonder that so many top CEOs have a sound background in sales. However, building a sales concept that actually delivers extraordinary results is not trivial, and usually does not hinge upon any one individual person. At best, it requires a combination of innovative strategy and earnings logic, a capable organization, fluent processes,

talent, and the right marketing spirit that works seamlessly together throughout the entire organization.

Why did we write this book? Why now? What was the motivation? By far the greatest motivation was the constantly growing consensus among people at the core of Finnish industrial organizations that something needs to be done to realize general improvement in Finnish companies' sales capabilities. After several years of teaching strategy, marketing, and sales to undergraduates and executives, establishing the first-ever academic research project devoted to sales management in Finland, completing hundreds of consulting projects, having innumerable discussions with company executives and managers, and constantly running businesses ourselves (and selling!), we are indeed able to comment on the widespread effort needed to improve Finnish companies' and individual's capabilities. Everyone concerned about the future competitiveness of the Finnish economy seems to be talking about this effort.

Our observations – whether in academic research or otherwise – show a number of general factors that have made sales decidedly critical during the past five to ten years (see also Parvinen, 2008). First, the idea of selling is like suffering from traumatic shock to a typical Finn. Most of us feel that a selling situation, whether buying or selling, is awkward and wish to make a quick exit. Our culture has little appreciation for entrepreneurial activity, and we tend to disregard those who have become successful through entrepreneurship and business (i.e., those who know how to sell). Sales sink to the bottom of the list of most appreciated jobs, even though sales are increasingly non-trivial, intellectual, and socially highly demanding. Moreover, being good at sales significantly increases the likelihood of ending up as a CEO at some point in time. Our basic educational system ignores business and economics based subjects, and regrettably, puts little emphasis on the use of rhetoric and the pursuit of verbal excellence. Taken together, these factors (and there are more) have created a cultural environment which doesn't generally put emphasis on sales as a skill, discipline, organizational function, or mindset.

Another important factor is the recent transformation of many Western economies (including Finland's) from manufacturing and industrialism towards services and other outputs based on intellectual work. Nearly all Finnish industrial companies are presently at some stage of a transformation from a product and manufacturing business towards service-based business. Such shifts necessitate large-scale transformations in organization, process, and organizational culture. Adopting a completely new approach to sales is at the center of such corporate-wide transformations and is found at the heart of the new service-based business models. The recently popularized adoption of solution selling

techniques exemplifies such transformations, where the selling concept indeed drives the design of the rest of the organization and process.

This book is intended to be a rich, in-depth source of sales' best practice for both students and practitioners, ranging from management through sales managers to any individual involved with or interested in sales and selling. We have sought to build the case descriptions and analyses on topics and settings with high practical relevance. Moreover, we have also integrated relevant theory to backup the analyses, in order to avoid non-analytical narratives about how things occurred naturally. At best, the reader gains both (i) analytical frameworks helpful in whatever settings they will work in, as well as (ii) rich descriptions of relevant practical settings, critical patterns and events, and best practices.

We have organized the cases into three sections that encompass five extremely topical themes in sales management:

1. Sales process management

Existing research shows how the existence of systematic and well-designed sales processes yield better results in sales. As competitive intensity grows, designing and implementing innovative sales processes and/or fine-tuning existing ones may contribute significantly to competitive advantage and performance. The Aker Yards case provides important insights into the optimal levels of sales process rigidity vs. flexibility and personal judgment along different stages of a sales project. On the other hand, the Rautaruukki case focuses on issues in sales process development and innovation. In addition, despite the main focus on sales channels, the Metso Automation case also demonstrates the process aspects of systematizing sales in a channel-oriented setting with wide geographical coverage. Besides the above, the process aspect is touched on from various perspectives in virtually all of the cases, including IBM (key account prioritization process) and NSN (transformation to solution selling).

2. Channel management

Some businesses are less channel oriented while others rely heavily on existing channel structures to reach the desired coverage within the target markets. In the latter, different distribution organizations typically have pre-existing access to and even "ownership" of customers in specific target markets and segments. In many cases, such channels are virtually the only way of quickly expanding to new geographical regions and/or reaching specific target market segments.

Important channel management questions include: Which markets to target, and whether to build new sales organizations or to partner up with existing distributors? How to select, build, manage, and end distributor partnerships? How to reach optimal levels of control over channels, customer contact points, and ultimately sales? How to build incentive and reward systems in a channel setting? These questions, among others, are tackled in the Metso Automation case, with extremely rich accounts of both the strategic and day-to-day managerial aspects of sales channel partnerships.

3. Solution selling

In the face of maturation, many product sales oriented industries and companies have been driven into a trap that consists of product commoditization, demand saturation, a resulting price competition among sellers, and ultimately, decreased profits, competitiveness and future business potential. At the same time, many of these organizations have developed deep customer relationships and insights about their customers' business. A natural (and only viable) response by many organizations is to transform their business and organization from product to solution sales. The latter essentially focuses on designing and delivering projects to improve a customer's business. Such holistic solutions include consulting-type expert input and may or may not include physical products by the seller. Importantly, the selling solutions require completely different skills, capabilities, processes, and organizational structures than these organizations have previously had based on their fading product business. This is why the move into solution business often involves major organizational transformation with varying degrees of success. The ABB and NSN cases document two very different approaches to such a transformation: one emerging from the organization itself, and the other designed and driven by top management.

4. Account management

Customer relationship or account management has been recognized as a distinct area since the late 1980s, perhaps even earlier. However, especially during the 1990s, customer relationship management (i.e. CRM) became predominately associated with computerized systems and databases to manage mechanically customer contacts and other basic aspects of customer relationships. However, fueled by increased knowledge in interorganizational relationships, account management has recently gained additional depth – both in creating and nurturing

in-depth relationships with customer organizations, as well as prioritizing the seller's efforts in selling and delivering their offerings. The IBM case provides a unique viewpoint on prioritizing very large customer accounts and estimating future sales potential for existing accounts. The value-based approaches to sales (described below) are also highly relevant in dealing with individual customer accounts. Thus the Vaisala and Metso vs. ABB cases are highly relevant to this topic as well.

5. Value-based selling and customer business cases

The concept of value or value-added is quickly evoked in almost every aspect of business. Strategies build on value creation and capture, firm competencies and customer accounts are themselves valuable, analysts and stock markets value companies, value is exchanged in sales transactions, and companies have value propositions and offer value-added in comparison to some existing arrangement. The list could go on. But has any seller really been able to objectively calculate or demonstrate the value of an offering to the customer in a selling situation? Or alternatively, wouldn't it be advantageous to accurately estimate customer-delivered value and base e.g. pricing on such information? Perhaps because of the difficulty of the task, very few frameworks and best practices exist for this. The Vaisala and Metso vs. ABB cases focus directly on this issue, they are highly illustrative in breaking down the different elements that constitute customer value, and demonstrate approaches to measure and estimate it objectively.

To pull together the prologue, we hope this book will achieve four goals:

1. Advance a general change towards increased orientation to sales; to make people feel sales related issues legitimate, important, intellectually challenging, and something to take pride in.
2. Distribute sales management related best practice and analytical frameworks that will gradually diffuse into the practices within the organizations themselves.
3. To boost and even trigger sales related transformations in organizations – whether incremental development and professionalization of sales or large-scale transformations in the technique of doing business.
4. To form the basis of and stimulate future academic research and teaching under the field of sales management.

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