Article Title Page

Sales activity systematization and performance: Differences between product and service firms

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Joel Hietanen is a post-doctoral researcher at the Aalto University School of Economics. His areas of expertise include marketing in a post-industrial world, consumer culture and contemporary methodologies such as videography. Dr. Hietanen's award-winning work has appeared e.g. at the Association in Consumer Research.

Structured Abstract:

Purpose – The article studies the impact that systematization of sales activities through sales process management at the firm level has on profitable sales growth in business-to-business (B2B) companies. The research compares companies focusing on service offerings to those focusing on product offerings.

Design/methodology/approach – The study is based on survey data

Findings – Despite the emergence of service-dominant logic, B2B service and product companies still differ in how sales process management contributes to firm performance.

Research limitations/implications – The findings suggest that difference between service and product firms in their sales process management stem from the different underlying modes of interaction. The findings are generalizable to B2B companies.

Practical implications – The findings help businesses differentiate between productive sales process management practices in product and service firms.

Originality/value – The study contributes to the wider need of operationalizing ideas about sales process management at the level of organizations and business units.

Keywords: Sales management, business model, B2B services

Article Classification: Survey

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Running Heads:

Sales activity systematization and performance: Differences between product and service firms

1. Introduction

Industrial marketing and sales management literature have a long tradition of proposing *salesperson-level* process models for how to approach customers (e.g. Moncrief and Marshall, 2005; Davies *et al.*, 2010). This literature has been insightful regarding how to make salespeople's activities more systematic and, thereby, more effective. Recently, however, researchers have also been urged to study what kind of systematic *firm-level* sales processes companies should establish in order to enhance the productivity of their selling activities. Much of the extant literature featuring conceptual discussions and anecdotal textbook evidence has been argued to fail to provide actionable tools for increasing sales process management productivity (e.g. Mantrala *et al.*, 2008; Geiger and Guenzi, 2009). Barber and Tietje (2008), for example, explored the idea of utilizing lean management principles to carefully map, diagnose, and reconfigure the sales process between a firm and a prospective customer around such activities that improve the chances of success in a particular sales project. Firm-level process models that would go beyond single sales projects to provide guidelines about how to retain and manage a customer have been advocated (e.g. Schultz and Evans, 2002; Reinartz *et al.*, 2004; Yim *et al.*, 2004; Jones *et al.,* 2005; Landry *et al.*, 2005; Moutot and Bascoul, 2008). These models have usually been labeled customer relationship management (CRM) or key account management (KAM) process models, as they adopt a rather holistic view to the relationship-oriented processes that pertain to the "systematic selection, analysis and management of the most important current and potential customers of a company" (Zupancic, 2008).

With their proliferation, the firm-level sales process management models (including CRM models) have been considered to represent a paradigm shift, considerably expanding the traditional focus on isolated selling activities and transactions occurring at individual salesperson's level (e.g. Jones *et al.*, 2005; Moncrief and Marshall, 2005; Tanner *et al.*, 2005). Nevertheless, most studies on firm-level sales management processes in industrial and B2B contexts have so far been normative or conceptual in nature. Where rarely empirical, the studies have mostly examined firms' adoption of just one or few process components (such as analysis of new vs. prospective customers, sales interaction, and cross- and up-selling) and implications of such adoption on firm performance (e.g. Reinartz *et al.*, 2004; Moutot and Bascoul, 2008). In other words, a considerable research gap exists when it comes to wider empirical surveys of systematic sales activity processes and their performance implications—ones that do not limit themselves to one or few process components.

The purpose of this article is to address the aforementioned research gap by investigating, especially, the following question: *The systematization of which selling activities, through systematic sales process management, contribute most to firm performance in B2B service and product firms?*

Moreover, in studying this question, we make the theoretically and practically important distinction between product-oriented and service-oriented firms. The systematization of sales activities or their implications on performance do not necessarily differ across product vs. service firms. The service-dominant value creation logic argues for an ongoing strategic change in firms, as they gear their logic and processes toward service offerings from a more traditional focus on products (Vargo and Lusch, 2008; Gummesson and Polese, 2009; Vargo

2009). This paper examines whether this strategic shift and change in managerial rhetoric has proliferated to the level of sales process management and sales activities. In service marketing and sales, specifically, there is a longer tradition in utilizing process-oriented customer management practices (Edvardsson *et al.*, 2008; Bonney and Williams, 2009; Kindström and Kowalkowski, 2009) than in product firms, which is assumed to have repercussions on the systematization of selling activities and their performance effects.

2. Theorical positioning

2.1 Conceptualizing CRM as the systematization of sales activities at the firm level

In this article, we view that a firm's sales process management at the firm or organization-level essentially boils down to the firm's actual activities of initiating, maintaining, reactivating, and (if needed) terminating its relationships to customers. Here, we are especially informed by Reinartz *et al.* (2004; see also Moutot and Bascoul, 2008) who concentrate on a firm's customer-facing sales processes pertaining to customer relationship initiation, maintenance, termination and reactivation. We conceptualize sales process management to best represent the customer interface of these customer relationship management activities. This adheres to the practical notion of much of B2B selling and sales management aiming at the establishing of a relationship. We are thus investigating how the general idea of customer relationship management is proliferated into actions and activities at the sales process management level.

Reinartz *et al.*'s (2004) conceptualization recognizes that a firm's contacts and relationships to customers evolve with distinct phases (e.g., prospect, first-time customer, ongoing customership, lost customer, terminated customer relationship). Nevertheless, the *systematization* of the processes governing these very activities is seen as a key to improving the effectiveness and efficiency of the firm's sales. The conceptualization pays particular attention to the fact that not all customers are equally valuable to the firm in terms of sales or profits. This accords to the general CRM and customer equity/asset management paradigms (Blattberg *et al.*, 2001; Rust *et al.*, 2001; Berger *et al.*, 2002), whereby a key goal is to specify different resource allocations for different types of customers and whereby the customer's type is essentially determined by the economic value of the customer to the firm (Zeithaml *et al.*, 1996). This study focuses specifically on the question of *which* selling activities, through process-like management, contribute most to company performance. Unlike many existing studies (e.g. Moutot and Bascoul, 2008; Cascio *et al.*, 2010; Park *et al.*, 2010) that concentrate on the impact of sales force automation on customer relationship outcomes, our study focuses particularly on the systematization of sales activities on business unit level performance outcomes. Our research also extends earlier research in focusing particularly on industrial or B2B companies' sales process management while Reinartz *et al.* (2004), for example, focused exclusively on consumer-product firms in their empirical sample.

2.2 Product vs. service businesses

There is a growing stream of marketing and management research recognizing an ongoing strategic change in firms, as they gear their logic and processes from a focus on products toward service offerings (Morgan *et al.*, 2007; Cova and Salle, 2008; Jacob and Ulaga, 2008; Maglio and Spohrer, 2008; Vargo and Lusch, 2008; Gummesson and Polese, 2009; Kindström and Kowalkowski, 2009; Vargo 2009). The service-dominant value creation logic is establishing itself as a major management and marketing discourse (Vargo and Akaka, 2009). The increasing interest in service business has also been manifest in research on industrial markets, particularly – perhaps because of an alleged, ongoing shift of many industrial companies from product business to service business (Jacob and Ulaga, 2008; Maglio and Spohrer, 2008).

We argue that the fundamental interaction characteristics of service-oriented business should be reflected in differences at the firm-level of sales processes. A common rule of thumb in the IT outsourcing market seems to be that service-based business models require four times as much pre-sale time and investment than selling the respective hardware. This may be due to the need to establish and maintain relationship continuity in service-based business, thus creating an incentive to invest more in the pre-purchase phase of the sales process respectively to the size of the deal and the probability of closing. Additionally, the emphasis on trust necessitates a quality orientation, which is reflected cognitively and behaviourally in the sales personnel. The need for e.g. technical or construction consultants to co-create large deals through idea-generation leads to sales process activities engaging a larger set of stakeholders (e.g. politicians, landscape architects, investors) beyond the traditional construction industry buyers (Crespin-Mazet and Ghauri, 2007).

To focus the discussion on these kinds of business model-specific interaction modes and their influence on the performance of the sales process, our approach is to identify the "key sales management processes" in B2B service companies vs. non-service companies, as those sales activities the systematization of which has most significant impact on the profitable growth of the business unit. Across the service vs. non-service axis, the knowledge gap about which sales activities are employed and systematized and which sales activities are positively linked to performance is even greater. To recap, our research question is:

(1) The systematization of which selling activities, through systematic sales process management, contribute most to firm performance in B2B service and product firms?

3. Method

3.1 Study design

Due to the lack of clarity and extant knowledge concerning the systematization of selling activities and their performance implications, an exploratory empirical approach was required. This led to our adopting an exploratory study design, involving, first, the identification of a large set of relevant selling activities (especially under the headings of customer relationship initiation, maintenance, reactivation, and termination), based on related literatures. Thereafter, we sought survey data of a sample of B2B firms, inquiring about the degree to which each of the identified sales activities had been systematized in the firms through sales process management, as well as about the nature of their business (product or service) and their sales and financial performance.

3.2 Data

The data set collected for this study originated from a survey sent to Finnish-based companies, across industries, in 2008. An invitation to answer to the questionnaire was sent by e-mail to sales managers, sales directors and managing directors (the highest contact given chosen for each company) in Finland's largest commercial business contact registers. The sampling frame consisted of approximately 2840 individual B2B companies in all industries with 20 employees or more. The reason for not targeting very small companies rose from the focus on systematic nature of firm-level sales process management. Restricting the smallest firms from the analysis also increased the internal validity of the measures and analysis by homogenizing the sample. There are 5265 such firms in Finland, the sample frame covering 53,9% of the Finnish population of over 20-person B2B companies in Finland (Statistics Finland, 2010). Usable responses were obtained, with two reminder emails, from 165 companies, producing a response rate of 6 % – a fairly typical figure for this kind of web surveys (e.g. Hooley and Greenley, 2005) and covering 3,1% of the entire Finnish population. Non-response bias was tested through analysis of mean scores on the survey items for early versus late respondents (Armstrong and Overton, 1977). No significant differences were found using t-tests at the .05 level, suggesting that non-response bias is not problematic in this study. The respondents were asked to report for the company and if not known or contradictory, for their respective business unit. The respondents were asked to report whether their sales activities mainly take place in B2B service or product business, with 70 reporting service business and 95 in product businesses as the primary orientation.

3.3. Measures

3.3.1 Independent variables

Concerning the identification of potentially relevant sales process management for our survey study, we adhered to the notion, available in both marketing (Reinartz *et al.*, 2004) and sales management literature (Moutot and Bascul, 2008), that most relevant customer-facing selling activities (in both service and non-service firms) can be categorized under a broader umbrella of customer relationship management (CRM) processes. Accordingly, we thus consider a firm’s sales process management to fall under the headings of (1) customer relationship initiation (or customer acquisition), (2) customer relationship maintenance (or customer retention), (3) customer relationship reactivation (or customer regaining), and (4) customer relationship termination (Reinartz *et al.*, 2004).

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

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

and

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

Thus, in constructing our set of selling activity items, we first (I) adopted all the items of Reinarzt *et al.* (2004), in the above adapted form. This resulted in 35 selling activity items categorized under the four headings (1. customer relationship initiation, 2. customer relationship maintenance, 3. customer relationship reactivation, 4. customer relationship termination). Under each of these higher-order categories, we further compartmentalized the items under the subheadings of (a) “analysis activities” (i.e. activities of pre-analysing customers and measuring their potential/value) and (b) “interaction activities” (i.e. activities of interacting with and persuading customers).

In addition to the aforementioned items, we (II) adapted a set of related items from Yim *et al.* (2004) and Ang and Buttle (2006), especially concerning selling activities related to customer relationship maintenance. These selling activities were complementary to those of Reinartz *et al.* (2004). Finally, we employed (III) an expert panel consisting of three sales management professors and four sales management consultants to some further items. In developing these additional items, the panel was informed by Reinartz *et al.*’s (2004) items, but also by literature on (i) sales/distribution channel coordination (e.g. Neslin *et al.*, 2006; Zahay and Griffin, 2002) and (ii) consultative selling (e.g. Pelham, 2002; Chakrabarty *et al.*, 2004). The items developed by the panel focused especially on selling activities related to these two domains, since these domains are potentially central for effective firm-level sales process management and since the items of Reinartz *et al.* (2004) included only a few activities therein. The total number of items became 53.

3.3.2 Dependent variable - profitable sales growth

Firm performance was measured by the firm’s “profitable sales growth” during the past year, approximately corresponding to the fiscal year 2008 in this dataset. With this measure, we sought to incorporate two often-used performance measures—sales growth and profitability percentage development—into a single product measure. The measure reflects that performance cannot be considered good if *only* sales growth is high whilst profitability percentage development is poor, or vice versa. Essentially, this product measure also measures business performance development in dynamic terms and yields a measurement that fairly similarly reflects firm performance independently of firm type and context (and avoids measuring absolute, static levels of sales or profits, which would likely be explained simply by firm size). Notably, our measure also avoids the problem associated with measuring absolute profit/return *percentages* instead of percentage development – i.e. the problem that industries and sub-industries often differ significantly on their typical profit/return percentages.

The specific product measure utilized as the single measure of profitable growth was a product of responses on “quasi-objective self-report measures” (Devinney *et al.*, 2009) of sales growth and profitability percentage development. For the sales growth, the respondent was first asked to report the *development* of sales (i.e. sales growth) of his/her firm last year, with the question: “How, approximately, did your company’s sales develop last year from the year before?”. Respondents indicated their view using a ten-point scale ranging from “decreased more than 50 %” to “increased more than 50%”.

Secondly, to assess the profitability development, the respondent was asked to subjectively assess the *development* of the operating income percentage of his/her firm last year, relatively to the year before, with the question: “Compared to the year before last year, how did your firm succeed last year with regard to operating income %?". Respondents answered using seven-point Likert scale anchored at 1 (much worse) and 7 (much better).

Before the product term of sales growth and profitability was calculated, both scales were standardized by dividing each firm's value on a scale by double the standard deviation of all firms' values on the scale. Standardization of scale values by dividing them with double standard deviation is a recommended procedure in statistics, before product terms are calculated by multiplication (Gelman, 2008).

The two standardized values per firm, on the two scales, were then multiplied with each other to obtain a product value for profitable growth of the firm. By using a dynamic variable reporting year-to-year progress, we also avoid any biases or analytical problems that could have resulted from the two business types operating at fairly different general levels of profitability.

3.4. Analyses

The same analyses were performed on the product and service firms of the sample, respectively. In both sub-samples, we used the nonparametric alternative to the *t* test for two independent samples, i.e. the Wilcoxon rank-sum test (Mann-Whitney U test), to examine differences in profitable growth across firm sub-groups characterized by different degrees of process systematization for the selling activities. Non-parametric tests were used because the distribution of the predictor variables pertaining to the systematization of sales activities deviated from normal distribution (with right skewness).

A significant value of the statistical test for a specific selling activity in the subsample of product firms (service firms) thus indicates that the degree of systematization of that activity process explains differences in the performance of the product firms (service firms). The analysis thus essentially demonstrates sources of competitive advantage emerging from systematization of certain sales activity processes, given the firm's nature as a service firm (or non-service firm).

4. Results

4.1. Key sales processes in service companies

Out of the 53 sales process management activities examined, three were found to have significant general impact on profitable growth among the B2B service companies but not among B2B product companies (Table I).

[INSERT TABLE I ABOUT HERE]

The results may reflect the requirements of buyer-seller interaction of service-based business models, with communication (information sharing), trustworthiness (particularly in the form of post-sales interactions) and relationship management assuming priority. This suggests that service businesses have different success factors in sales process management. Specifically, (1) emphasizes the general benefit from more systematic and arguably extensive pre-analysis of customers and prospects. Pre-purchase phases are, and should be, longer and deals more extensively considered (Moncrief and Marshall, 2005) in service selling. As the initiation of long-term relationships lead to customer/supplier-specific investments and termination clauses, more deliberation on customer selection is needed in the pre-phase. The increased risk from termination also necessitates more operational planning and predetermination.

Finding (2) seems to reflect the fundamental nature of service business. It is highly important to initiate and maintain personal contacts to a customer, even in the case of non-personal orders or communication, since the nature of service selling requires establishing and maintaining interactive relations with a customer (Boles *et al.*, 2000). An interactive relationship that is at least partially based on personal contact will contribute to deepening the service relationship and gradually providing increasing value for the customer, which is known to be a success factor in B2B service business (Guenzi, 2002). Some elevator maintenance companies have realized this as they call clients to make sure delivery went well despite getting the break-down alert automatically from the elevator system and being able to send a maintenance person to fix the elevator without any contact to the customer. These positive call-back contacts, made after the problems has been fixed orderly, seem to be vital to the industry, when it comes to up- and cross-selling further services to existing customers.

Finding (3) is highly consistent with service marketing literature; a key sales management process for B2B service firms is indeed "service recovery" (Hart *et al.*, 1990; Andreassen, 2000). By dealing with customer complaints, a firm can facilitate a better overall relationship despite some aspects that initially caused customer dissatisfaction. This, in turn, provides the seller firm the opportunity to continue and further deepen the service relationship. The significance of the service recovery also reflects the general importance of quality considerations in service selling (Miller *et al.*, 2000; Zeithaml *et al.*, 1996).

4.2 Key sales processes in product companies

The systematization of six activities at the firm-level were found to have significant impact on firm profitable growth among the B2B product firms but not among B2B service firms (Table II).

[INSERT TABLE II ABOUT HERE]

In B2B non-service firms, the variety of possible sales and distribution channels is often quite wide (e.g. agents, wholesalers, resellers, OEM partners). Processes (1) and (3) reflect the importance of systematic channel optimization practices for product firms. Service firms, in contrast, rarely rely on distanced sales or distribution channels much due to the inherent intangible, and direct nature of service exchange. This indicates that in product businesses, the ways customers evaluate and use the product is dependent on the particular channel from which it is bought. For example, differences in the value-in-use perceptions of B2B cell phone buyers across different channels (even for identical phones) can yield different sales approaches for the channels.

The selling of services involves strong assumptions of solving customer challenges, and thus deciding on the extent of the solution orientation is not as crucial. In product business, solution orientation automatically implies challenges to delivery management (e.g. feature creep, longer delivery times and risk of lower margins), which may make (2) a key issue in sales process management of B2B product firms. These findings are in line with recent findings that e.g. slowly evolving vulnerability-based commitments is a key characteristic in successful B2B service selling relationships (Wong *et al.*, 2008) but not in non-service companies.

In the survey, the definition of share-of-wallet (4) was pegged against the share of purchases directed to a particular supplier (not the degree of outsourcing). In service buying, hedging supplier risk, reducing reliance on single providers and bidding suppliers with parallel framework agreements against one another is established practice. While there is little difference in the way service sellers benefit from systematization of share-of-wallet management, active systematization seems to benefit product firms. Share-of-wallet sales management practices represent a way of differentiation for product firms. The share-of-wallet issue is also reflected in the finding that (5) is a key sales process to B2B product firms. Growth and net customer profitability is simply fuelled by larger product purchase volume and unit cost tends to get lower with larger purchases. Thus, many respondents can be assumed to interpret this as rewards, rebates and lower prices at some level of the organization (personal, unit or company). With deeper involvement in service provision, in contrast, the quality and value creation orientation does not necessarily give room for direct financial benefits. Service relationships usually start with simpler service exchanges, so rewarding the customer with lower prices for buying more complex services is not logical.

Finally, we found that (6) (in the form of e.g. worse service) was a key sales process for B2B product firms. Notably, in product-oriented businesses, commoditization is a constant threat. Customerships tend to "rot" in time (Low and Johnston, 2006). In service business, the customer base is an asset that can nearly always be developed, and not perhaps assumed to be deep from the start. For non-service companies, however, processes aimed at terminating bad customer relationships seems to constitute a differentiating factor from the perspective of performance.

4.3 Key sales processes in both service and non-service companies

Four activities, of which only one at the $p<.05$ level, demonstrated an impact on firm profitable growth in both B2B product and service firms.

[INSERT TABLE III ABOUT HERE]

These processes, linked to profitable growth in service and product firms, are generic in nature. Systematically contacting, analysing customer buying, economizing based on expected profit and analysing customer responses and reactions represent standard sales management textbook material. These mainstream results demonstrate that the research design is somewhat in line. Interestingly, none of these generic results have a strong intuitive link to the mode of interaction and/or exchange or a particular business model.

5. Discussion

5.1 Sales process systematization works differently in product and service selling

The study finds that the performance-enhancing sales process management is different between B2B service and product business and that the most significant processes seem to reflect the differences in mode of exchange. Further reinforcement is received from the finding that the processes that are influential in both generally have a weaker link to performance (in statistical terms) than the business model-specific processes. This finding indicates that at the level of sales process management and in light of the performance implications, the distinction between products and services still very much exists. The service-dominant logic has undoubtedly proliferated in strategic and high-level marketing management (Vargo and Akaka, 2009). Managing practical sales activities as a part of the service of enabling value-in-use has to tackle not only the conceptual transition, but also changes in what works (and is perceived to work) in systematic process management.

In the results, there are not many sales activities where systematization would explain performance differentials. Especially in service business, the processes have a very limited role. The results do not imply that sales management is less important or that sales processes carry no consequences, but rather suggests that the quality of sales overpowers process systematization in importance. This echoes Barber and Tietje's (2008) recent proposition that sales process management could be based on quality management ideology. Thus, the link between process and performance can be considered to be fairly weak also in product companies, albeit somewhat stronger than project companies. The mode of exchange in sales management can never be reduced to "process management protocol".

5.2 Interaction links sales process systematization to customer-specificity

Our findings also support the focus on customer-specificity in service-oriented firms. Franke and Park (2006) discuss this in the light of product vs. service offerings, but present no results or evidence on the matter. Potentially, this also suggests that an adaptive selling angle (typically discussed and developed at the level of the individual salesperson) could also be elevated to the level of the firm in service selling (McFarland *et al.*, 2006). Service selling also portrays a very different general picture of saleswork, with the role of demanding and intelligent selling assuming priority in recrafting the image of the sales profession. A promising avenue here deals with harnessing the necessary salesperson skills to identifying and delivering wider solutions and transforming the business model bottom-up (Bonney and Williams, 2009). Current research on salesperson compensation has quickly adapted to environmental changes, but the transformation to service selling compensation in terms of managerial incentives has not been addressed (Mantrala *et al.*, 2008). Service science has a keen interest on novel forms of organizing and structuring (Gebauer *et al.*, 2009), and provides a useful parallel with research on the changes in sales organizing (Jones *et al.*, 2005), which is also a topical issue in sales management (Mantrala *et al.*, 2008). Particularly, the view of sales as strategic cross-functional process in itself (Storbacka *et al.*, 2009) should be applied to the service context.

On a similar note, we find that the evidence linking sales process management to profitable growth reflects the underlying differences in the modes of interaction. In service sales, the modus operandi of selling the basic idea of coexistence and co-evolution in a long-lasting relationship reinforces the need for contact, relationship recovery and maintenance skills, and careful pre-purchase preparation. In product businesses, the finite and/or standardized nature of exchange and the strive for larger (as opposed to 'deeper') orders emphasizes channel optimization/economization, focusing on core businesses, making concessions in the face of larger deals and terminating bad customer accounts. Service science research (Maglio and

Spohrer, 2008) has indicated that as future companies will resemble service networks instead of separate units, boundaries between companies become increasingly blurred. As outsourcing becomes a norm in many networks and production becomes networked, the role of sales management can undergo dramatic change. The role of sales process management and actual sales activities will be very different, and in fact, there might be no need for a traditional sales function at all, since the network can self-assemble to “sell to itself”.

5.3 Towards business model specific sales process management

This paper argues that the different nature of customer interactions in service vs. non-service business models has important implications to the issue of what kind of sales process management is actually effective in the two business models, respectively. Service-oriented business models are assumed to be based on a relationship orientation, in which cultivating increasingly profound customer relationships drives profitability and growth. This produces the hypothesis that if effective sales process management should be different for products vs. services, differences would stem from the mode of exchange within the business model.

There is some consensus that business models are fundamentally different depending on the type of offering (Magretta, 2002). Arguably, however, offerings do not tie companies to a single business model (Tikkanen *et al.*, 2005). Companies are known to be able to switch business models with the same, or at least a very similar, offering. Waste management companies, for example, are often able to switch the business model of delivering e.g. waste water handling from planning and installing projects to productized and standardized equipment deliveries to completely outsourced service relationships. Businesses based on standardized product offerings and long-term service-type relationships have different requirements for successful business models. Since Shostack (1977), the underlying differences between product and service offerings have been known to influence business unit level marketing practices and management activities.

Successful product-oriented innovations are perceived to constitute the foundation of the cash flow logic of their business models on achieving growth and managing margins through scale economies, establishing inimitable narrow/deep capabilities, and utilizing efficiency-oriented metrics and business engineering methodologies (Alajoutsijarvi *et al.*, 2000). In service-based businesses, success with designing business models depends more on information sharing, providing convenience, trustworthiness, investment ability and relationship management (Vargo and Lusch, 2006; Maglio and Spohrer, 2008). With successful long-term coexistence, coevolution and cocreation are the primary drives of value (Payne *et al.*, 2009).

Business-model specificity is an important issue in selecting the sales activities in which to invest. Particularly companies that serve clients with two or more business models should consider having different sets of sales activity systematization through sales process management. Firms transforming from product-oriented to service-oriented business logic should develop and change their sales process management strategies, so that opportunities for deepening the service relationship are created. Sales management people who are in the process of switching jobs from one business model to another should not try to copy-paste even the best process management templates to their new jobs. Similarly, those who get promoted from managing one business model to managing several shouldn't impose their former, business-model specific 'truths' on fundamentally different businesses.

6. Implications and Limitations

Our attempt to link the systematization of sales process management activities directly to profitable growth is a rough one. Intuitively, in customer management, process systematization nearly always helps, if not in immediate profitability, then at least in an increase in customer satisfaction, which was not measured in this research. Future research needs to employ a wider and/or detailed notion of performance in order to develop a more fine-grained understanding of the workings of sales process management systematization.

Similarly, we acknowledge limitations in the production of the wide survey instrument and the challenge of capturing the realm of sales process management as well as performance measures with a single instrument. Because the data was obtained from a single questionnaire, the possibility of common method bias exists (Malhotra *et al.*, 2006). Following Podsakoff *et al.*'s (2003) advice, however, we employed various procedural remedies related to questionnaire design. For instance, we checked whether a single factor accounts for most of the variance in the data (Podsakoff *et al.*, 2003). This was not the case in present data, which warrants the conclusion that common method bias should not be a serious problem.

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Table I. Key systematized sales activities in B2B service firms

			Profitable Growth: Mean (Median) [n]		Wilcoxon Two-Sample Test		
Activity/ process area	Activity		Degree of process systematization: Low	Degree of process systematization: High	Test statistic	Normal approximation, Z	p value
Customer acquisition	(1) Preliminary analysis of a customer/prospect before contact	Service firms	3.04 (3.23) [23]	3.62 (3.88) [45]	632.5	-2.092	.018*
		Product firms	3.23 (3.23) [44]	3.44 (3.75) [45]	1844.0	-1.115	.135
Customer retention	(2) In the case of non-personal communication: checking the customer's reactions with a personal contact	Service firms	3.28 (3.62) [33]	3.75 (3.91) [26]	910.0	1.989	.023*
		Product firms	3.27 (3.23) [54]	3.47 (3.69) [27]	1177.5	0.705	.241
	(3) When sales have occurred: dealing with customer complaints	Service firms	3.31 (3.49) [29]	3.60 (3.88) [39]	454.0	-1.767	.039*
		Product firms	3.28 (3.23) [34]	3.35 (3.34) [47]	1378.0	-0.149	.441

* p<.05

Table II. Key systematized sales activities in B2B product firms

			Profitable Growth: Mean (Median) [n]		Wilcoxon Two-Sample Test		
Activity domain	Activity		Degree of process systematization: Low	Degree of process systematization: High	Test statistic	Normal approximation, Z	p value
Customer acquisition	(1) Choosing the first contact/message channel, based on preliminary analysis of the prospect/customer	Service firms	3.34 (3.88) [34]	3.52 (3.88) [34]	1139.0	-0.609	.271
		Product firms	3.18 (3.23) [61]	3.62 (3.88) [28]	1468.5	1.843	.033*
	(2) Deciding on solution-orientation (vs. product/service offering) based on prospect/customer analysis	Service firms	3.34 (3.82) [25]	3.49 (3.88) [44]	830.5	-0.552	.290
		Product firms	3.13 (3.18) [47]	3.56 (3.88) [41]	2080	2.139	.016*
Customer retention	(3) Building a holistic picture of how customers buy/use products/ services through different channels	Service firms	3.43 (3.82) [26]	3.48 (3.88) [32]	714.5	-0.628	.265
		Product firms	3.14 (3.23) [48]	3.63 (3.88) [34]	1685.0	2.586	.005*
	(4) Increasing the share-of-wallet in defined product/service categories	Service firms	3.46 (3.88) [30]	3.51 (3.88) [29]	891.5	0.320	.374
		Product firms	3.16 (3.23) [43]	3.54 (3.88) [37]	1675.5	1.711	.045*
Customer termination	(5) Providing customer-specific incentives to customers if they grow their business with us	Service firms	3.53 (3.88) [35]	3.42 (3.88) [24]	697.5	-0.342	.366
		Product firms	3.13 (3.23) [48]	3.65 (3.88) [32]	1550.5	2.506	.006*
	(6) Providing motives for low-value customers to end customer relationship (e.g. worse service)	Service firms	3.43 (3.88) [50]	3.76 (4.00) [8]	289.0	1.191	.117
		Product firms	3.22 (3.23) [65]	3.80 (3.88) [15	796.0	2.329	.010 *

* $p<.05$

Table III. Key systematized sales activities in both B2B product and sevice firms

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

* p<.05
a p<.10