

B2B Solution Sales in Times of Crises: Implications For People and Processes

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ABSTRACT:

B2B sales is globally established and common for micro, medium and large enterprises. Disruptive events and circumstances have forced firms from product centered sales to solution sales. More than that, academic literature argued that customer solutions will be the next business-growth motor. In times of crises, solutions could have the risk to backfire a firm seriously. The review of literature revealed that unpredictable situations, like COVID-19, were underrepresented in the past. This article focuses on downsides and risks of solution selling in and after situations of crises. The author tries to find out possible precautions in terms of organizational processes. Especially the employer's motivation and resources characteristic play a crucial role. The mentioned results are of great contribution for organization as well as academics to provide precautions for the upcoming disruptive events. In the last section of this article the author mentions relevant gaps in the scientific literature and give suggestions for further research directions.

Keywords: sales process, solutions sales, salespeople, COVID-19, crises

Topic Groups: Solution Sales, Resilience

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I. INTRODUCTION

The world of sales has been torn in and out in recent years. Beside globalization and digitalization unpredictable crises have shocked firms as well as sales- and business development managers. Situations like the recent COVID-19 crises or the Ukraine war in 2022 led companies struggle with their sales strategy. Shortage of material, travel restrictions, remote communications and meetings have disrupted the standard processes in organizations. This present article focuses especially on firms which provide solutions to customer. Solutions are defined as "Bundle products together with services will deliver packages and allow value creation for the customer (Galbraith 2002, p2).

These firms have distinguished from firms which deliver product-centered products to the market. Solution provider will provide special products which are optimized, or a service exactly established for one customer. In case of a shortage of spare parts the end customer will gain loss of profit if they could not sell their end product to customers.

So, as much as solutions could help to perform better and gain higher revenues in "normal" economy times same solutions could have downsides in and after times of crises (Bond et al. 2020).

In parallel to the described problem above salespeople find themselves more and more in a digital world of hurdles. Through social media information could transferred in real time. This challenge could significantly influence the communication of customers and buyers (Anderson & Wikström 2017). Especially, in terms of motivation and acumen of salespeople the digital possibilities shall be examined in such situations.

In this present article the author delineates the rich research domain of customer solutions. Therefore it is necessary to understand a business cycle and the related sales processes. However, as many researchers see advantages to use solution sales like Kõponen et al. (2019) and Panagopoulos et al. (2017) in and after times of crises there could appear downsides which were rare considered in academic research.

Bond et al. (2020) mentioned that the sales future could have significantly risks for firms how are in the field of solutions. Processes and people will have enormous potential to create resilience in such sales processes. With regard to the research of Bond et al. (2020) who revealed seven potential characteristics which are responsible for the vulnerable situation of firms. The author used following research question to gain contribution on the present topic.

- What impact does a crisis have on solution provider in terms of installed processes and employees?
- Which measures need to be taken with regard to activities of processes and employees?

The present article covered information from a bigger project on solution sales and their related characteristics. However it includes a systematic literature review on solution sales and the related theories. Furthermore it contributes with new insights form qualitative interviews as well as data from a large survey of B2B companies.

Finally, the article will summarize potential findings from the literature and will give further avenues for future research.

II. METHODOLOGY

This research article includes parts of a larger research process from the author. In fact that since 2019 companies have faced two crises, the author included in his research also the downsides of solution sales. Through a systematic literature review the author revealed only a few academic articles on this special abut actual topic. In fact the author followed the below mentioned strategy to gain new insights into the present topic. At the beginning the author tried to get and general overview about solution selling and their related processes. The next step was to refine the results and focus mor in the relevant topics of the individual salespeople as well as into the processes. Therefore, the author used and refined search strategy.

In the second phase of the search process the author combined search terms in a matrix to get more specific results related of individual sales and processes of solutions sales. Following terms were used for the search process: “Solutions, marketing management, individual sales, sales channel, sales cycle, sales process and sales solutions “. These terms were combined with “risk, crises and COVID-19”. The author used to follow scientific sources ABI/Inform, EMERALD Insight, ELSEVIER, GOOGLE Scholar, SAGE Premier and SPRINGER Compact. In total the author has used the mentioned combinations to search for the related topic and yielded 32 publications for the specific research article.

Additionally, to the yielded publications the author used the revealed information to collect managerial information from a qualitative survey regarding solution sales and the related influence of crises on the stakeholders. The intention was to find relevant academic literature to a young and actual topic as well as to verify the practitioner’s feedback on the topic.

In case that not all articles are relevant in relation to sales, the author uses 18 articles for the literature review.

III. THEORETICAL FRAMEWORK OF SOLUTION SALES

a. Solution sales from a historical perception

To gain holistic insight into the topic of solution sales and to provide possible precautions to avoid or reduce the downsides of solutions the author delineates the history and theoretical fundament of solution sales.

Customer solutions have been broad discussed in academical literature as well as practitioners’ journals (Eggert et al. 2014; Tuli et al. 2007). Recent research draw specific attention on the individual level of solution sales which have included the risk perspective in general (Panagopoulos et al. 2017).

However, sales processes are utmost important to understand the background of solutions. One of the first sales processes discussed in the literature, was the AIDA model which includes four different steps like Awareness, Interest, Desire and Action (Viio 2011).

Scholars could see the big leverage in sales processes and their adaptability. In fact, Dubinsky (1980) established a refined process of the former known model to a seven-step model. Therein, sub processes like pre-approach or the approach of customers itself were included. Finally it ends up with a follow up process which was quite important for continuous business.

Through the systematic review of literature there appeared rare article which treat unpredictable events. Therefore, the author searched especially for processes which argued for adaptability or agility in their processes. One of these articles were established by Moncrief and Marshall (2005). They highlighted in their article the difference between traditional old-fashioned sales processes and improved adaptable processes. At these times scholars recognized, that the sales cycles are becoming shorter and have to consider more and more stakeholders. Ferrel et al. (2010) argued that stakeholder have to be considered in sales processes in case that they have influence in the sales performance.

The author could see the stakeholder consideration as the start to a relationship perspective of firms. It underpins the importance of customer - seller relationship which will lead to solutions at the end of the process.

From that time on academic journals highlighted several articles with different sales processes and steps. The improvement was that newer sales processes have no specific start or end point. These “newer” processes have so called feedback loops and could adapt the process case by case. Scholars as well as practitioners have seen advantages on such processes and tried successively to innovate organizations. Many companies struggled or failed if they wanted to adapt the sales process.

Solution sales deployment is not an easy task and shall be accompanied by a professional sales manager.

One of the most cited sales processes is from Tuli et al. (2007) which define an process with also four steps. These are customer requirements, customization and integration, deployment of products and services and post deployment support.

Essential is that the process have to be adjustable. Viio (2011) argued in the same direction that a sales process have to be adjustable in a specific way. In case of the fast and unpredictable situation of a sales process this more modern than ever.

b. Solution selling and related theories

In the academic literature, solution sales theory is described within two main theories. These are the resource-based theory (RBT) and the transaction cost economy (TCE).

Solution sales is one subcategory or sub part of marketing and depends to the supply chain management, marketing and the management itself. Gligor et al. (2019) claims that RBT and TCE will be also used for general marketing processes as mentioned above.

In academic articles the author found out, that RBT described mainly resources of an organization in different functions. These resources could be tangible and intangible resources.

Tangible resources: physical assets like financial and human resources, raw material, machinery and alike.

Intangible resources: organizational routines, behaviour of culture, knowledge, know-how, relationship with customer, customer experience, internal education resources and alike.

The author wants also to drive the bridge from solution sales theory to the theory of processes in the organization.

Salespeople are one a one man show. They have a lot of people in the background which support the salespeople. At the end the total team is responsible for the performance. The organization size depends on different factors like the company size, product or culture.

In the literature the organization theory is often used to delineate how organization are structured. Hewege (2012) stated in his research that the organization theory is related to the management and system theory. In the authors perspective this is an true argument in case that process blur in a certain way so that also the related theories could not be delimited strictly.

It is utmost important that people in an organization know the processes are managed and how they could be adapted. As described there could be unforeseen events and therefore the whole organization has to react in a short time.

To get a more resilient position and to react on sudden events Otley (2016) argued to consider specific parameters. He claimed to investigate in dependent and independent variables.

The author contributes this statement with his own research in a bigger project where different variables and moderator will be examined. The better the processes and stakeholders are known the more precautions could be considered to dampen the downsides.

IV. MANGAMENT REQUIREMENTS IN SOLUTION SALES

Solutions are the next sales grow potential. Statements like this were discussed before COVID-19 in academic literature. In general solutions in B2B were broad discussed from practitioners and scholars. However, the author revealed that most of the literature focused on the organizational level (Worm et al. 2017).

Sales processes have a long history and scholars in the past recognized the potential in such processes. Churchill et al. (1985) analyzed in his meta-analysis different moderatos and variables which could have influence in the sales process.

This is necessary to understand the mechanism of sales processes and at the end it influences the performance of a firm. Verbeke et al. (2011) did a similar analysis of variables and moderatos of the last decades. It contributes the analysis of Churchill et al. (1985).

From the authors perspective variables and moderators are utmost important and will change over time. Therefore the author work on a bigger project where the individual level of solution sales will be examined according to their variables and moderators. Extracts of this bigger project will be discussed in this article and shall contribute the research of Churchill et al. (1985) as well as Verbeke et al. (2011).

As explained at the beginning of this article, solutions could have downsides in times of crises or after crises. From the academical side there exists rare articles which analyze these negative consequences of solutions. This is more or less an unexplored area of research.

In that way the author summarized three main variables which are, in the view of the author, responsible for the “processes and people” behind the sales process. The author created an umbrella termination “management requirements”. The title of this umbrella term is used in the authors perspective in that way, that the organization is responsible for their employees, processes and resources. The depending variables will be evolved below.

The most important variables are the people behind the organization. Especially in a sales process, salespeople play a crucial role (Grewal et al. 2015, Kumar, Petersen and Rapp 2014). The author carried out qualitative interviews as well a quantitative survey regarding management requirements. One of the output of the analysis was, that the motivation of employees will be an important factor for the performance of the sales team. The survey was carried out in 2021/2022. It shows that for salespeople, their financial benefit is not the most important motivation factor. Much more important seems to be to be creativity in terms of establish new solutions for the customer followed by the identification with the organization.

The author argued that there is a need for the management to react on the management style. Many companies use a financial bonus-system to motivate their salespeople. The salary level will be a must have but for a long-term engagement there are the degrees of freedom on the employee side more and more important. So the author argue that the creativity of an individual shall be improved on the organizational level.

The second variable is the “process” or the “structure” of an organization. The author therefore asked the interviewees about characteristics in a sales process. It is quite interesting that the majority of the interviewees answered that the processes are clear and the responsibilities are defined through the process. What is underrated in many processes is, that the structure and the processes itself are not flexible enough to react on market or customer behaviors. If sudden changes, like crises or a country will follow under and embargo, appear it is difficult to react for organizations on such forces from outside. In that way people argued to split up bigger processes in smaller ones to be more flexible and agile in shorter periods.

However, another variable seems to be more important. The worst rating of the survey lay on topic that non sales have not enough information or are too less involved to be on the same or equal level like salespeople. For example, a mechanical design engineer work on a specific part of a product or plant but do not know what the end products will have as a purpose. In that case the management have to bring non salespeople on the same level as sales and have to modify their information strategy.

The last variable of the three important facts are the resources. With resources the author does not focus on the tangible resources like laptop, phone, car and so on. These resources are available for most of the survey participants. In case of resources the author identified intangible resources like time to create solutions. In many feedbacks, salespeople argue that they use the same solution they have had in the past, but it fits not to all problems and would not be the best economical solution. For example and electric motor manufacturer will have special motors designed mechanically and electrically for special purposes. However, the mechanical dimensions could be adapted from project to project but for example the heat exchanger will be not adapted specifically which leads to a product which is not specific optimized.

One answer of an interviewee was:

“If there would be more time for creativity in daily business of the mechanical team and dispositions team, they could find a suitable technical and economical optimized solutions”.

The last resource which was argued by the participants was, that the support from non-salespeople is too less to provide optimized solutions. In standard sales situation salespeople are in direct contact with the customer and try to create a common solution for the problem. However, on complex products or plants, which needs an extra explanation, the support of non-sales it utmost important and have to be involved.

This correlate with the point above that these non-salespeople are not on the same information level. If such non-sale people could attend on customer meetings or meet the customers personally, it would help to engage these non-salespeople into solutions. This could create higher motivation and specific information on the whole project team.

The author argues that especially engagement of non-salespeople could have a high influence in long-term partnership agreements and may reduce fluctuation in the organization. The aspect of fluctuation was no focus in this article but could be a further avenue for research.

The author see that long-term relationships would be important for future B2B sales partnerships. Customers and buyers should have the goal for long term relationships. This will bring benefits on both sides, especially in solution sale business.

The author revealed from the research of different German and Austrian organizations that employees, processes and resource are crucial to keep and improve their performance. Especially, the resilience could be

improved in case that people work on the same information level and will be motivated to create solution for each situation.

The author argues to carry out further research on the above-mentioned topic and provide a long-term research which include further European countries.

V. CONCLUSION

This article describes the sales process from the beginning in the 1980's up to now. It filters out important milestones and highlight current used sales processes. The author emphasizes important moderators and variables and carried out qualitative interviews with different industrial companies in Austria and Germany. Recent crises like COVID-19 or the war in Ukraine revealed, that solution sales could also have downsides beside their benefits in "normal" times. Firms and organizations which have transferred their sales strategy from product-centered to solution sales find themselves in a vulnerable situation.

The author exposed that people, processes, and resources could have a high influence in the resilience of a firm. The management are forced to motivate employees not only with a financial bonus-system. Intangible resources as well as information will be important for organizations to engage their sales and non-salespeople in solution sales. This will lead to long-term partnerships with customers and help to overcome crises. There will be no common solutions for all B2B companies for their future business, but it will be utmost important to consider downsides of solution selling. Services and solutions will be the business-grow motor for the future.

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