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EFFECTIVE MANAGEMENT OF GLOBAL DISTRIBUTION NET-
WORK OF A GROWTH COMPANY

Master of Science Thesis

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Mahlamäki

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ABSTRACT

AHMAD KHAN AFRIDI: Effective Management of Global Distribution Network of a Growth Company

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Growth companies face numerous challenges on their journey from SMEs to MNCs and ultimately public limited companies. The growth can be achieved organically and/or through acquisitions, but in both the importance of marketing channel and distribution network cannot be ignored. Therefore, companies are forced to design their distribution network and make effective distribution management strategy that can achieve and afford the fast growth. This research explores the effective management of a global distribution network of a growth company.

The research employed an explorative and qualitative case study. To achieve the objective of this study, both theoretical and empirical research were conducted. Theoretical section covers different components related to distribution network of a growth company by analyzing different literature. This literature is used to create a preliminary framework to guide this research. Thematic analysis was used for qualitative data. The data was collected through semi structured interviews and from two workshops designated for this process. The data is later used to inductively refined the preliminary framework into a final analytical framework for the effective management of distribution network.

The findings show that three main components for effective management of distribution network for a growth company are: total offerings, market segmentation, and distributors. Several factors related to these components were discovered by using in-depth empirical research. Furthermore, the discovered results emphasize on the importance of customer understating for effective management of distribution network for a growth company. Especially the linkage of the total offerings and market segmentation to managing distributors was considered important for the effective management of distribution network of a growth company.

This research contributes to the body of knowledge on the global distribution network and its effective management for a growth company. The three important components found in this study, should be helpful for managers when designing and managing the global distribution network for a growth company. It also explains how and where managers need to concentrate when managing distribution network.

PREFACE

In December 2016 when I had finished all my relevant courses for the master's degree, I was offered with a sales trainee job in one of the prestige and fast-growing company in Pirkanmaa region of Finland. Special interest in sales management and my employer requirements for distribution management, play a big role to choose this topic for my thesis.

This Master's thesis completed my studies for Master of Science in Industrial Management and Engineering at Tampere University of Technology. Studying a Master's degree program and writing thesis while working has been a difficult challenge but at the same time it has been an excellent learning process which provide me with valuable knowledge. Finalizing this thesis along with degree has been a great achievement in my life and I am thankful to many people who influenced and led me into the path of finalizing this degree.

First and foremost, sincere thanks to my supervisor Tommi Mahlamäki for the valuable advice and feedback for my work. I would like to express my great appreciation to my work supervisor Tuomo Niskanen who has provided me this opportunity and full support during the research process. I wish to extend my thanks to all the colleagues and interviewees for sharing their insight knowledge and giving me their precious time.

Finally, special thanks to my dear parents for everything they have done for me and helping me get to this point in my life.

Tampere, 20.11.2017

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List of Symbols and abbreviations		

B2B	Business to Business
DIS	Dynamic Interaction Segmentation
DPA	Distribution Portfolio Analysis
MNC	Multinational Corporation
SME	Small and Medium-sized Enterprises

1. INTRODUCTION

According to Rayport (2005), winning the game totally depends on the way companies choose to go to the market. The purpose of this thesis is to design a distribution strategy for a growth company and how a growth company can effectively manage its distribution network. Company growth is a generic term and it refers to increase in size. Most researchers use company's turnover change as a measure for growth, also known as organic growth (e.g. Hoy et al., 1992; Hubbard and Bromiley, 1995; Weinzimmer et al., 1998). Change in number of employees along with new customers can also be considered as a measure of growth (e.g. through acquisitions). However, North and Smallbone (1993) has found that these two measures are strongly intercorrelated in context of SMEs rather than among large companies (MNCs). Therefore, growth company in this thesis refers to established and long-lived SME growth which is in transition phase from SME to MNC and growing both organically and through acquisitions.

This chapter explains the background and importance of the research, which follows problem formulation and purpose of the study. At the end, main research questions including sub-questions has been identified and the structure of this study is illustrated. The structure is explained with the help of a diagram so that it gives guidance regarding to the content of different chapters.

1.1 Background

Companies face numerous challenges on their journey from SMEs to MNCs and ultimately become public limited companies. The growth can come organically and/or inorganically but in both, the importance of marketing channels and distribution network cannot be ignored. Growth companies try to increase their market shares in current market by introducing new products and at the same time look for new market for their current and new products. Therefore, companies are forced to design their distribution network and make effective distribution management strategy that can achieve and afford the fast growth. Furthermore, Churchill and Lewis (1983) identified four factors in their research which are important as the business grows and develops in context of a company. These factors are: 1) financial resources, 2) personal resources, 3) system resources and 4) business resources (including distribution process).

These factors could determine the ultimate success and failure of a company, one out of four factors is distribution process.

To reach new market, most companies try to sell their products through independent dealers. This is true for those companies that export physical products to foreign markets, trying to reach the end-user in the target market to increase their sales and make a profitable business. According to Kotler and Keller (2012), most manufacturers sell their products through distributors, where Coughlan et al. (2001) explain the importance of distribution channel management and its structure. Cultural differences, different languages, no local expertise and scarce resources make companies to depend on local dealers to sell their products to end-users. It is not possible for a company to have sales subsidiary in every single market but instead it's important to understand how to manage and allocate the resources in the most efficient and productive manner (Kotler and Keller, 2012). This especially concerns for a growth company that trying to enter new markets and compete with local and multinational companies. Cavusgil (1998), Lindgren and Rosendahl (2004) explain that the growth of small companies depends on making partnership with foreign distributors and dealers which are locally present. Bello and Gilliland (1997) and Hollensen (2011) state that the importance of local partner and distributors is necessary for the export companies as they have good understanding of local market and have existing contacts.

The discussion above concludes that using local distributor is the good strategy for a growth company which is entering new markets. For example, Hollensen (2011, p.557) calls it a sensible decision to use local distributor at the beginning to market entry.

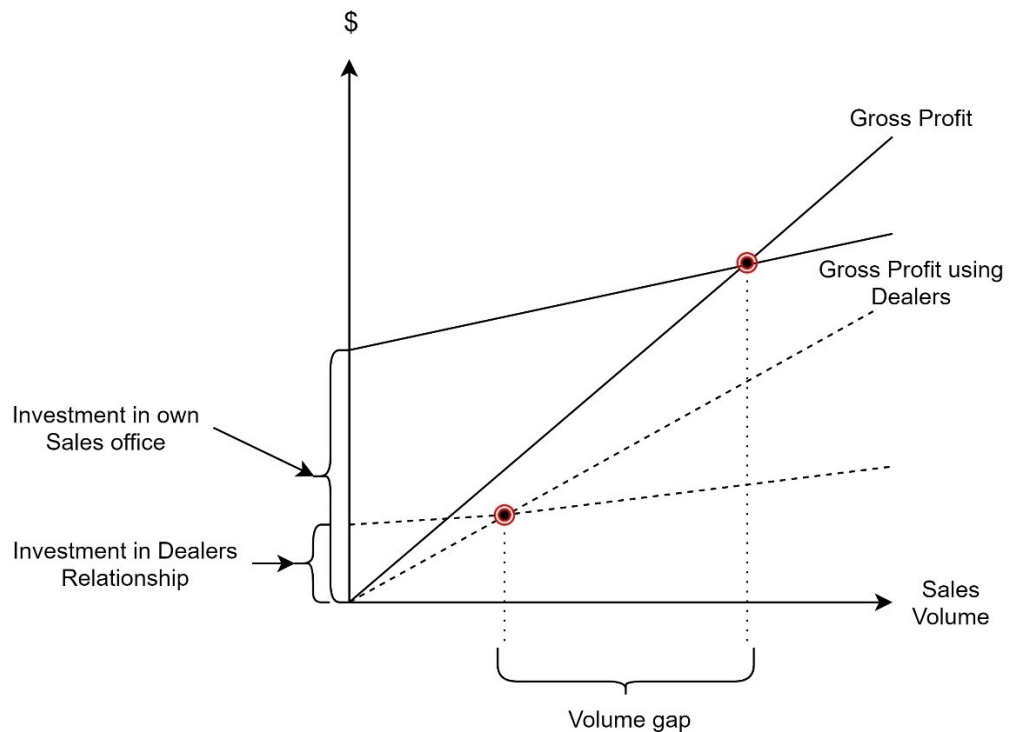


Figure 1. Investing in own sales office vs. investing in dealer relationship (Adapted from Kotler and Keller 2012).

Distributors normally take larger commissions which can affect the profitability of a company but on the other hand, Kotler and Keller (2012) explains that company sales office is more expensive than using local distributors, specifically at market entry where the sale volume is not that high. As Figure 1 shows that using distributor in a new market costs less than having company sales office but this adds other challenges, e.g. to manage and their selections per a company values and offerings. Therefore, distribution management is the core question in different researches (e.g. Kotler and Keller, 2012; Czinkota et al., 2011; Rosenbloom, 2012; Donaldson, 2007; Anderson and Coughlan, 2002; Gorchels et al. 2004 and, Friedman and Furey, 1999).

Several researchers figure out the difficulties to succeed in exporting activities. Song et al. (2008), for example point out for technology intensive companies that the main reason to fail and not having effective growth is the inability of a company to present their product effectively and efficiently to targeted customers. Moreover, one of the worst bottleneck to export activities in Finnish companies is a well-planned distribution strategy (Rajala. 1997). Therefore, it is important for a growth company to design the distribution network so that it can access new markets and have the best management practice regarding distribution strategy. By understanding customers' needs in the target market and provide competitive total offerings, growth companies can adjust their distribution network to be more efficient and effective by choosing valuable distribution partners or dealers.

The main purpose of this study is to design a framework for effective management of distribution network for a growth company. However, it also contributes two other important factors in sales and marketing. First, it explains the importance of understanding customer's needs and target market segments to design distribution network. This section covers the understanding of customers and design proper total offering according to those needs. Second, this study proposes how to select distributors as per company total offerings and then effectively shares the value-added roles among different distributors. Over all this study presents a guide to distribution strategy for a growth company which includes design and effective management of global distribution network.

1.2 Problem Formulation

After extensive study of dealers' network strategies, distribution strategies and their selection, I find that there is a research gap related to a growth company distributors' strategy. Most of the existing literature regarding to distributors is covering distribution channels and dominated by huge multinational corporations (MNCs) (e.g. Krafft et al. 2004; Dutta 1995; Shervani et al. 2007). Some focused-on sales channels of technology related start-up companies only (e.g. Knight 1997; Gabrielsson and Gabrielsson 2011).

As growth companies, which are passing through the stage of SMEs towards large corporations are completely different than start-ups and MNCs. Therefore, distribution strategy of growth companies are different which has the characteristics of both start-ups as

well as MNCs combine. Growth companies faces very harsh global competition from MNCs and distribution network is one of the key factor to be competitive in different markets. They have limited credibility and resources as compared to MNCs and their innovative products need explanations in detail to the end-users. For example, Brettel et al. (2011) explains the same characteristics for start-ups.

This research is based on a global distribution development of a growth company. The main aim is to increase and accommodate the growth which will also decrease the research gaps in different ways. First, this study contributes to understand customer needs in targeted markets and second it contributes to the variety of research method in distribution network due to its empirical nature. Over all it gives a holistic approach to distribution network management in a growth company which shares the characteristics of MNCs and same time the start-ups.

1.3 Purpose of the Study

The purpose of this research and study is to investigate, design and manage the distribution network of a fast-growing company. As an outset for this study, there are several reasons. For example:

1. *Company is growing very fast organically and inorganically therefore, there is a need for new a distribution strategy and design.*
2. *As an SME (in the past) company has no proper distribution network management and process. Now on foot step to become large enterprise, company needs a new distribution network management system.*
3. *As the company is growing by acquisition which increases its product portfolio, therefore there is a need for new markets and new distribution partners.*

These characteristics and challenges can be found in most of the growth companies and therefore the outcome of this study can be utilized in companies that are growing both organically and inorganically. However, this study can also be used as a base for SMEs to think about their distribution strategy when they need fast growth and improved distribution network management. The conclusion of this study may increase the understanding of the distribution network management in both SMEs and large Enterprises.

1.4 Research Question

In order to achieve the objective and examine the research problem stated above, the main research question has been identified to clarify the direction of this study. The research question is:

How to effectively manage the distribution network and its development in a growth company?

The sub questions that support the main question, have been formulated. The sub questions are:

1. How to locate and design total offering per the requirements and needs of end-users?
2. How to define customers segments and understand their needs in context of distribution network design?
3. How to manage and select appropriate distributors per customer needs and company's total offering?

1.5 Context of the Study

The case company is a Finnish company in this research. The case company is the manufacturer of drilling consumable for rock drilling which includes different applications, e.g. mining, construction, well drilling and tunnelling. The company has started its operation in 1985 and since then the company grew every year non-stop. During last 31 years, the company has delivered its products and services to several customers in over 115 countries through its huge dealers' network. The company's business is divided into three Strategic Business Units: Down the Hole, Top Hammer and Digital Services. Currently the company has 263 employees and is still growing. Total revenue in 2016 was 63.9 million euro and listed as a public limited company (Plc) in 2015.

The case company has huge dealer network in several countries and export large amount of its products and services. The company's main headquarter is located in Finland and has 20 own sales and service points as well as active sales networks in 115 countries. In addition, the company has five manufacturer units which are located in Finland, South Korea, UK, Australia and USA. Recently the company has acquired three other companies which increases its product portfolio and made it possible to give complete solution to its customers. The company is looking to increase its market share in Africa and South America due to their huge mining industries and fastest urbanization. Case company is competing with several global brands which includes large MNCs from Sweden and Japan. The case company is famous for its quality products and customizable solutions for its customers.

Due to the fastest growth rate and on the footsteps to become a MNC the case company is developing its distribution network, hence the case company setting provides opportunity to study distribution network in a growth company and can be considered as the best choice for this study. And also, the case company believes on the distribution network is very important for comprehensive analysis and empirical research.

1.6 Disposition

Disposition considers providing an overview for the reader about the structure and content of the thesis.

Chapter 1: In this chapter, the author describes the research gap in current researches which provides the research a topic for this thesis. The author also explains the objective of this thesis. In addition, the case company and its suitability for this study is shortly introduced.

Chapter 2: It introduces the reader to research topics by providing relevant information and existing literature review. Chapter 2 explains the theoretical background and should provide the readers with a starting point to better understand the conceptual framework for this research.

Chapter 3: The case study methodology that is employed in this research are discussed in chapter 3 which also includes the empirical part introduction and its setting for conducting this research.

Chapter 4: It consists of the main findings of this research and contains the results of workshops and interviews conducted for this study.

Chapter 5: This section provides the analysis on the research findings that how to develop and manage the distribution network effectively for a growth company. Analysis is based on research as well as empirical data that has been collected. At the end, the framework for the effective management of distribution network for a growth company is presented.

Chapter 6: The main aim of this chapter is to conclude and summarize the conducted research. This chapter also provides the answers of all the research questions that was raised during this research. Furthermore, the implementation of the research and managerial implications are presented. At the end, chapter 6 discusses the limitation and future direction of this research.

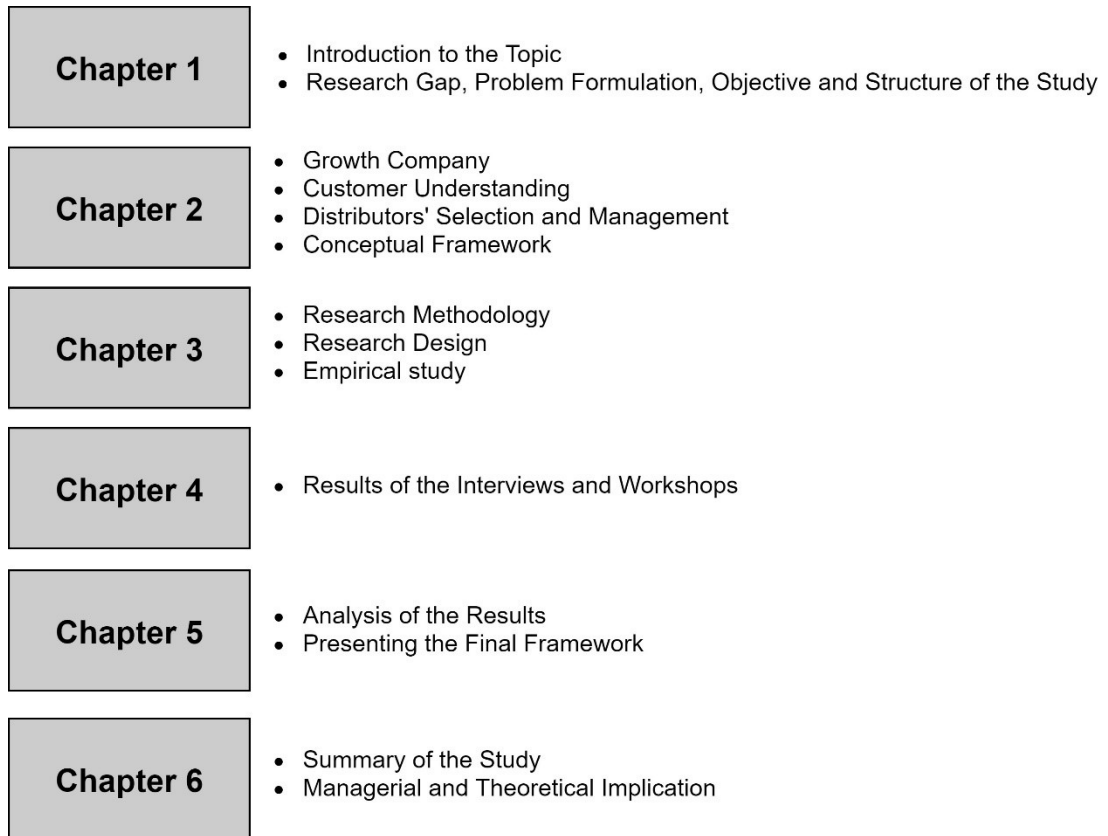


Figure 2. Structure of the study

The above figure shows the structure and illustration of this thesis which was briefly explained earlier. It also presents different elements of each chapter so that the readers have brief overview.

2. LITERATURE AND THEORY

This chapter is based on the academic research that are currently existing and presents relevant information to the readers, that makes a foundation for understanding the design and outcomes of this research. The step by step information in this chapter should provide a base for the readers to comprehend the fundamentals of distribution network and its management as well as at the same time position this study in the overall practice and academic context. It serves as a starting point to acquaint with this research subject and its process. There are four sub-chapters of the literature review for this research which was also followed by the empirical research process for this study. First part is based on the understanding of end the customers, on which the distribution network would be based on. Next section explains the global distribution network in details and its relevancy for this research. Third sub-chapter analyses the distribution selection and its management on the basis of first two sections. The last section combines the relevant theories from first three sections and outlines a preliminary conceptual framework for effective management of distribution network for a growth company.

2.1 Growth Company

Company growth is a generic term and refers to increase in size. Due to heterogenous nature several indicators have been proposed to identify growth company (Delmar et al., 2003). These indicators include the change in employment, profit, sales, market share and other factors (e.g. Delmar et al., 2003; Ala-Mutka, 2007). One can find justification as well as drawbacks in each of these indicators. Furthermore, Murphy (1996) stated that one indicator might hinder performance in another one. However, there are three indicators which related to this case study as well as they are commonly used in growth research; growth in sales, growth in employment (e.g. Gilbert et al., 2006; Chandler et al., 2009) and growth in market shares (e.g. Gilbert et al., 2006). According to this study context, these three indicators refer to organic growth (sales growth), acquisition (employment growth and distributors growth (market share growth)). The case company is facing growth in all these three basic indicators. But the biggest challenge for the case company is distributors growth and its management, by keeping market share growth at the same time.

Sales growth indicates that company products and services are competitive and customers are accepting them in the market. Employment growth through acquisition may show the company future growth strategy. Market share growth may refer to the fact that company has been accepted among potential customers (distributors). Davidsson et al. (2009) suggest that companies must develop competitive advantage before going to a significant growth. This can be done by identifying and successfully exploiting of their resources'

uniqueness. This means that companies must confirm their market strategy before scaling their operations. Effective management of the distributors network would be one of the market strategy where growth companies can get competitive advantage.

Management literature contains several growth strategies. For example, Arbaugh and Camp (2000) explains that major strategic challenge for a growth company is to manage its growth. Furthermore, Weinzimmer (2000) suggests that strategy is the most important determinant of company growth. Three primary strategic collection for growth has been identified by Dsouza (1990):

- 1) Build strategy (e.g. vertical integration through organic growth)
- 2) Expand strategy (e.g. product differentiation and resource allocation through acquisitions)
- 3) Maintain strategy (e.g. market dominance through effective management of distribution network)

Case company has already implemented the first two strategies and now to maintain the growth, the third strategy (networked strategy) is a paramount importance.

Lockett et al. (2011) mentioned Penrose's work in their journal and they consider her work as one of the most comprehensive theory of growth. She studied growth through acquisition and organically in the 60's (Penrose, 1995). However, Thompson (2001) presents one more i.e. "strategic alliance" along with organic growth and acquisitions.

2.1.1 Organic Growth

Organic growth can be defined as natural growth of revenue and human resources that is associated with increase in sales of products or services (Penrose, 1995). According to Lockett et al. (2011) that growth achieved without acquiring new business outside the company is known as organic growth. This means that organic growth requires internal generation of resources, for example, hiring and then provide training to them (ibid).

The two definitions above illustrate that the organic growth represent natural and typical decision to grow. Furthermore, it is appreciated by the investors as it doesn't involve extra cost (Hoch et al. 1999). Growth pattern in organic growth is smoother as there is no need for sudden changes while the company grows (Collins and Porras, 2005). Hence, the organic growth is the most controlled way to grow but also slowest due to this nature (ibid). Kukko (2013) summarised some of the characteristics of organic growth which is illustrated in table below:

Table 1. *Characteristics of organic growth (Kukko, 2013)*

Organic growth	
Characteristics	Use of internal, resources, special knowledge and unused productive services within the company to generate growth
	New employees' recruitment with similar competencies
	Typical growth strategy for smaller and start-up companies
	A smooth but slow growth without any sudden and dramatic changes
	Understanding of existing knowledge inside the company
	Repeated replication can narrow knowledge base and the organisation becomes increasingly simple
	Internal managerial abilities are crucial

Most of the researchers associated organic growth with smaller and new start-up companies (e.g. Penrose, 1995; Delmar et al., 2003; McKelvie et al. 2006). Opposite to organic growth, large company growth is associated with acquisitions (Anslinger and Copeland, 1996). As the case company is not a smaller company and on the foot step of a large company, therefore case company follows both of the growth strategies. Acquisition growth strategy is explained in the next section.

2.1.2 Acquisition growth

Acquisition growth can be defined as growth achieved by acquiring new existing companies along with external resources (e.g. Penrose, 1995; Vermeulen and Barkema, 2001; Chui, 2011). Hence, acquisition provides a fast growth along with quick access to new resources and knowledge (Vermeulen and Barkema, 2001).

In addition to acquire greater market power and thus become bigger, there might be several other reasons for acquisitions (Pasanen, 2007). Some companies buy competencies or production capacity, other may be interested in new products or resources necessary for their growth (Stewart, 2001). Rapid entry to different markets could be a basic reason for some companies along with buying out competitor (ibid). Lockett et al. (2011) consider acquisition growth strategy as a base for broadening the knowledge of a company and without a problem associated with path dependence.

Acquisitions concurrently bring a company new products and services, new personnel, new process and new distributors etc. This leads to increase in diversity because of large scale growth in knowledge and resources and restructure the resources and knowledge base (Ireland et al. 2001; Lockett et al., 2011). On the other hand, new knowledge and new combination of resources enhances the new growth opportunities (Lockett et al., 2011). Kukko (2013) associates some typical characteristics with acquisition growth which are presented in Table 2.

Table 2. *Characteristics of acquisition (Kukko, 2013)*

Acquisitive growth	
<i>Characteristics</i>	Challenges and change in a company
	Enrichment of the knowledge base by quick access to knowledge and resources
	Diversity of companies can create clashes and tensions
	Need for time and attention from managers along with capital
	Mostly use by large companies

As acquisitive growth is mostly related to MNCs, Pasanen (2007) considers it as growth strategy option for well-established SMEs too. The case company has used the above-mentioned growth strategies and now planning for the third basic growth strategy “networked growth”. Networked growth (maintain strategy) is presented in more details in the next section.

2.1.3 Networked growth

Kukko (2013) mentioned in her research that several researchers considered networking as a third growth strategy along with organic and acquisitive growth (e.g. Powell, 1990; Peng and Heath, 1996; Johannisson, 2000; Grandori and Cacciatori, 2009). Lechner and Dowling (2003) defines network growth is a growth when a company make a relationship with other companies to access and create new resources. Lockett et al. (2011) explain it further by stating that this strategy is based on the idea where a company utilizes the resources of the network partners without spending capital to acquire them. These network partners could be distributors too.

Doz and Hamel (1998) argue that networking can support the growth from several angles. They further explain that networking provides more resources so that a company could concentrate on its core competencies and at the same time acquire new competencies along with learning new things. Networking can result in creating new strategic possibil-

ities and adaptability (Forrest, 1990). Lorange and Roos (1991) argue that the most beneficial circumstances of networking are when network partners' strategic goals converge and at the same time their competitive goals diverge.

Networking forms an inter-organisational relationship, which are deep, close and based on long term commitment (Easton, 1992). Network partners have mutual planning for business process even though they have separate operation process (Johannisson, 2000). Table 3, summarize the typical characteristics associated with networked growth.

Table 3. *Network growth characteristics (Kukko, 2013)*

Organic growth	
Characteristics	Utilization of resources of the partners without acquiring them
	Deep and close relationships, based on long-term commitment
	Interdependence, reciprocity, flexibility, mutual interest and common values among network partners
	Mutual business planning
	Managerial attention and efforts needed
	Trust and compatible objective among partners
	Evolution over time along with changes
	A stable but not static network

The above characteristics could be true for distributors' network. As the case company successfully implemented the organic and acquisitive growth strategy in the past. To become MNCs and maintain the current growth pace the case company needs a networked growth strategy. This could include effective management of distribution network to use distributors resources and knowledge base.

2.2 Customer Understanding

This section focuses on the customer value perception and its importance to understand their needs. There is an enormous amount of research available on customer value and customer understanding but most of that research is based on conceptual contributions with the main focus on sales channels. Empirical research is scarce in this field and especially in context of distribution network of a growth company. In this section, the theories regarding customer understating are inspected by taking into the account of their suitability for distribution management of a growth company.

Before the analysis of a distribution network current literature, it is necessary to perceive the importance of understanding end-customers. The case company recent acquisition and new product portfolios generate a need to formulate and understand its end-customers for distribution management. This end-customers' understanding will improve the case company ability to formulate a value propositions that inscribe the needs of its end-customers. The case company would learn different aspects that need to be addressed for distribution management by developing deeper understanding of its customers' businesses.

Customer understanding importance and its benefits has been widely mentioned and examined in different literature and research. Some research (e.g. Mont, 2001; and Kosonen, 2004) has explained the importance of customer understanding, which enables the responding to customer needs, followed with the new customer demands and provide competitive edge over rivals. Rollins et al. (2012) further note that it improves the business performance. One important task of distributors is to provide the valuable services to the end-users on behalf of manufacturer and Alam (2002) explains how service innovation can lead to better service offerings when manufacturer involves end-customers. This shows that customer understanding is the important part of the distribution development and its management which could affect the relationship between manufacturer and distributors. Rosenbloom (2012), argues that some companies look to the customer for frank opinions about their distributors. In the same way, it is important to understand the customers and their needs which could make a base for selecting new distributors and manage current distributors.

When a growth company grows both organically and inorganically, it faces a very dynamic environment. This dynamic environment is not only based on its increase in sales but also in new product portfolios through acquisitions, new markets and new customer base. For effective distribution development for such a growth company, the growth company must find out the elements and attributes that are valued by its new and current customers. Which means the growth company must do some analysis of customer understanding and figure out the needs, purchasing decisions drivers and trends of the potential customers (Aaker and McLoughlin 2008, 41-42). This can be explained by an argument mentioned in Gorchels et al. (2004) that companies pushed their end customers to buy from the wrong types of channels (e.g. Online) to save some money and as it was easy for the manufacturers. But later discovered that not all customers are happy with this approach as they needed extra services with the products, e.g. complementary products, local availability and credit services etc.

According to Gorchels et al. (2004), for distribution development and channel strategy, company must start with its biggest asset, "end customers". It is not possible that all customers will be happy with one approach in distribution network, the needs and requirements change with different market segments and different product applications. Therefore, it is important to design the value offerings according to the customers' needs and

understand their preference towards any channel modification during distribution development of a growth company (ibid). The understanding about end customers can provide some insight about customer perception and market development. At the same time, changes in the customer base, new market and potential new customers can be researched (Hooley Saunders 1993).

2.2.1 Customer Needs

Several studies support this argument that customer value helps companies to achieve sustainable growth in sales over period of time (e.g. Jaramillo and Grissaffe, 2009; Porter, 1996; Kumar and Petersen, 2005; Macintosh, 2007; Higgins, 1998). This seems true as several companies design policies and establish practices to identify customers' needs. Companies' strategies are based on those customers' needs and anticipated requirements. Hence it is very important to identify customer needs and requirements when making a distribution strategy and its management. To provide the solutions that offer greater value and benefits to the customers is very important for the growth and survival of the company (Saxe and Weitz, 1982). Furthermore, for designing marketing channel companies must analyse the customer needs and understand their requirements to establish channel objectives (Kotler and Keller, 2012). Hence, in this study the main scope is distributors network therefore the importance of customer needs for distribution management cannot be ignored especially in context of a growth company that increases its customer base and try to reach new markets.

Customer choice of distribution channel may be based on price, product assortment and convenience which also includes their own purchasing goals (Ansari et al., 2008; cited in Kotler and Keller, 2012). But according to Kaario et al. (2003) because of the changing role of sales the only price philosophy is the element of past. There are several other elements that emerge in the sales process. To achieve success in this competitive market companies must understand what elements customers value and how it can be achieved. Modern sale process is based on selling values and one of the dimension of this sale process is to bring value during sales process and even after the sales process (ibid). This can be achieved through distribution network but the important part is to understand the end-customers and their needs. Once a company understands the needs of end-customers then the next step is how to fulfil those needs. Distribution network is one of the medium to fulfil those end-customer needs, and companies design and manage the distribution strategy according to those end-customer needs.

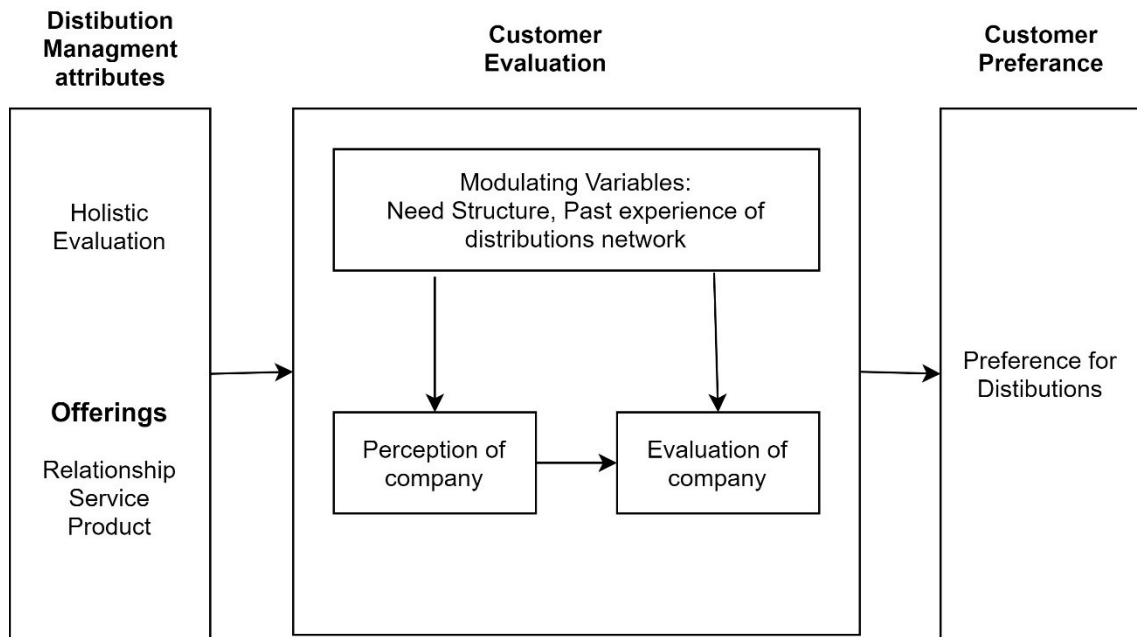


Figure 3. A framework for conceptualization of customer needs (Adopted from Khalid, 2002)

Figure 3 shows a conceptual model of the customer perception about company and its distribution design features. It can be divided into two major parts, holistic features of the distribution network and total offerings to the end-customers. Customers' needs for distribution network are perceived in a similar way, i.e. over all holistic and followed by offerings it provides. However, the importance of those two level could vary as it depends on the end-customers' experience of the company's distribution network and market segments where these offerings could be used (Khalid, 2002).

Analysis of customer needs will help to find out the elements and the attributes which customers consider valuable. This includes everything, e.g. their wants, what is their motivation factors, purchasing decision drivers and what is the trend of current and future customers (Aaker and Mcloughlin, 2008). The knowledge of customers' needs can provide some inside about customers' preferences and development of the market. At the same time, the research should be based on the new customers and changes in the customer base (Hooley and Saunders, 1993). Once the benefits and attributes which are important for end-customers are identified then the distribution network strategy can be designed and based on those benefits and attributes which are valued by the end-customers and at the same time provide proper support to the distribution network so that they can communicate and provide those benefits without any hurdle. The role of distributors is very important to fulfil those needs.

Identifying customers' needs and requirements is a challenging task and Courage and Baxter (2005) explained several ways to collect valuable data about customers' needs and requirements. For example, interviews, surveys, card sorting and group task analysis etc.

To get all the information how people think about different scenarios is not an easy task but providing enough information to choose from, makes their task easy. Therefore, in this case study the card assortment technique has been used to collect information about customers' needs and requirements. This method is based on selecting and sorting cards according to meaningful group (ibid). Afterwards, detailed interviews were held to understand the choice of their cards and reason for it. This way the author has collected details about customer needs in that specific market and at the same time the reason for those needs.

2.2.2 Market Segmentation

Understanding the end-user is based on finding the customer segments in current market with new product or vice-versa. The concept of market segmentation has been around for a long time (Wendell, 1956) and it is one of the important activity for marketing. In practice, there is much confusion surrounding this idea (Peter and James, 1987) as it intends to reduce confusion and help to better understand how to serve particular market. Segmentation of the customers help companies to better understand their customers and satisfy possible customer needs (Freytag and Clarke, 2001).

One of the essential aspect of a company distribution strategy is the diversity of its customers. Ignoring the necessity of this aspect could harm or prevent the company's desirable sales. According to Homburg (2012), there are two ways to address the diversity of customers. These two ways are prioritisation or segmentation of the customers. Customer segmentation is based on the idea to align market development with different customer segments and on the customer needs. Customer prioritisation is based on the concept of treatment according to their economic attractiveness. In this study, the author tried to use customer segmentation for end-users and customer prioritisation approach for the company's distributors. Furthermore, in this study customer (distributors) prioritisation is not only based on economic attractiveness but also base on the fact that how they will serve and provide according to end customers' needs.

It is impossible for an organization to fulfill all the customers' needs in a single market by single marketing strategy (Kara and Kaynak, 1997). Organizations try to identify segments through marketing strategies, which are discrete (Christopher, 1969), so according to Anderson and Narus (1999), segmentation is the process where the market is divided by similar requirements and preference for market offering. Segmenting market on the basis of benefits customers are seeking, always help identifying new market opportunities (Hooley et al., 2012). Moreover, Freytag and Clarke (2001) suggest a model for segmentation which is known as Dynamic Interaction Segmentation (DIS) Model.

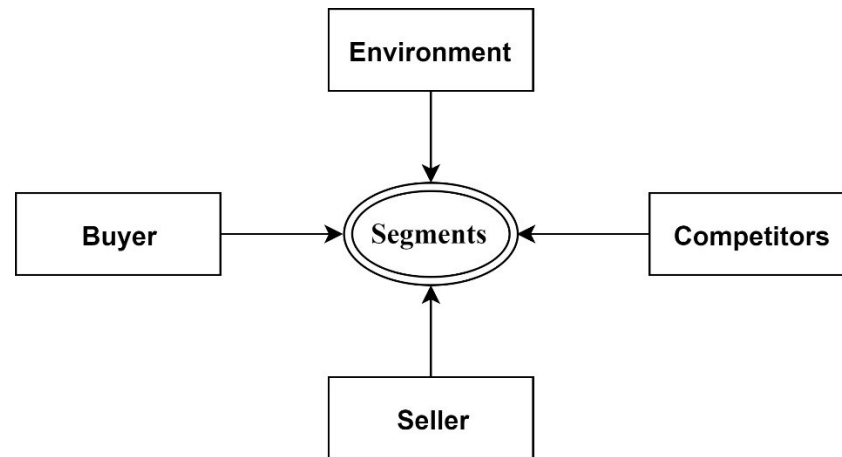


Figure 4. DIS Model (Freitag and Clarke, 2001)

The important variable of segment identification is the buyer's perception of their own needs. But these needs are also influenced by the competition and general changes in the environment (Hill and Hillier, 1978). Hence for a growth company competition increases as it targets the market shares of MNC therefore market segmentation according to customers' needs and general environment in that market is very important factor when considering distribution development and management.

The following table presents the typical bases for segmentation in business-to-business markets.

Table 4. Segmentation of business-to-business markets (Vitale et al., 2011).

Segment	Brief Explanation
By product offered:	Similar kind of product offering may consider one market segments.
By Size of account:	Similar ordering amount by customers can be considered as one market segments
By Industry:	All companies in same industry can be considered as one market segment.
By Geographic region:	Same geographic region can be considered as one market segments
Size of Customer company:	Similar size of companies can be considered as one market segment.
By buying behavior:	Similar preferences for buying products or similar needs can be considered as one market segment.
By Process and supply chain requirements:	Similar standards of inventory control and on-time performance can be considered as one market segment.
By Technology use:	Similar product or process technology can be considered as one market segment.

There are several bases for segmentation but a business must choose the strategy which positions it effectively against the competitors and makes the best use of its strength (Vitale et al., 2011). It is unimportant how the market segment is defined initially but the company should always be considering common and special needs that can be addressed by the company (ibid).

2.2.3 Total Offerings

Woodruff (1997) explains that the commoditization of industries is the one reason why supplier must develop their sales strategies. And distribution strategy is one of the core element of sales strategy that needs to be developed too in this context. In traditional selling the decision process is based on offering price and its cost, as total offering already fulfils the customer's existing needs. This increases customer buying power over the supplier (Matthyssens and Vandembemt, 2008). The new generation selling is based on focusing in the customer's business process and design total offerings that provide customer value.

Distribution network is one of the sale process elements that must provide a value to company's customers and facilitate the customers' unique needs and total offerings provided by the suppliers. According to Kotler et al. (2012) the total offering that provides benefits to the customers must be different and unique than the competitors, as understanding only customer needs is not enough. Hence distribution strategy must be unique and different which can facilitate the total offerings that gives a competitive edge on company's competitors.

It is important to understand the customer needs and the various customer value components when developing total offerings (Klanac, 2013). The three value drivers of customer value are product, service and relationship (Lapierre, 2000; Eggert et al., 2006). Hence, distributors must facilitate and communicate these total offerings by providing value for the end-customers through these components. Business-to business solutions are mostly based on the total benefits a supplier provides to its customers in which traditionally the role of goods are important. However, to make a key competitive advantage it is important to have variety of services in total offerings that would differentiate from competitors (Stremersch et al., 2001; Ford et al., 2002).

The concept of offering is based on the factor that provide value to its customers. Service and goods play distinct role in offering as various definitions from different authors indicates this fact. However, the context of offering can be based on several factors as shows in Table 5 (Pekkarinen and Salminen, 2013).

Table 5. *Offering concept by different literature (Perkkarinen and Salminen, 2013)*

Elements of offering	Context	Authors
Socio-political, Technological, legal and financial offering	Creative offering and project offering	Cova et al. (1994)
Goods, service, logistics and advice	Business-to-Business	Ford et al. (2002)
Price, service and goods	E-Business	Hedman and Kalling (2002)
Innovative bundles of industrial services and goods	Business markets hybrid offerings	Shankar et al. (2009)
Information offerings, solution platform, components of service and installed base.	Manufacturing industry and integrated solution	Brax and Jonsson (2009)
Goods, sacrifices, service and price vs. benefits	Integrated solution	Wikner and Andersson (2004)
Service element, technical and financial components	Project offer definition	Cova et al. (2002)
Integration, bundle, proactive/reactive and goods/partnership	Solution characteristics in literature review	Nordin and Kowalkowski (2010)
Salesperson, distributor, product quality and service with price	Partnering	Mackenzie and Hardy (1996)
Relationship, goods/service attributes and brand image	Value proposition	Kaplan and Norton (2000)

Distribution network is the key facilitator in most of these offering elements described by the various authors.

2.3 Distribution Network

Distribution network is the main focus of this section in context of a growth company. This section also provides an overview of the extensive research in this field. Distribution network theories are examined by taking into consideration of its suitability for business-to-business context.

Almost every company finds a way to physically deliver the product to the end-customers as most of the manufacturer do not sell directly to the end-users. Distribution channel is used to connect end-users with the product manufacturer which is based on an organised network known as distribution network (Cox and Schutte, 1972). In business study, the word distributors mean immensely different things for different researchers. In some research, you will find the word dealer and in other it will be presented as intermediary. According to Gorchels et al. (2004), they all mean the same concept of distribution; therefore, it can be defined functionally as a service providers to end-user and manufacturer. There are two types of distributors, *generalists* and *specialists*. Generalists provides a large number of different variety of products to a defined geographic region and on the other hand, the specialists are those who provides technical and application information about the few selected products which are carried by them (ibid).

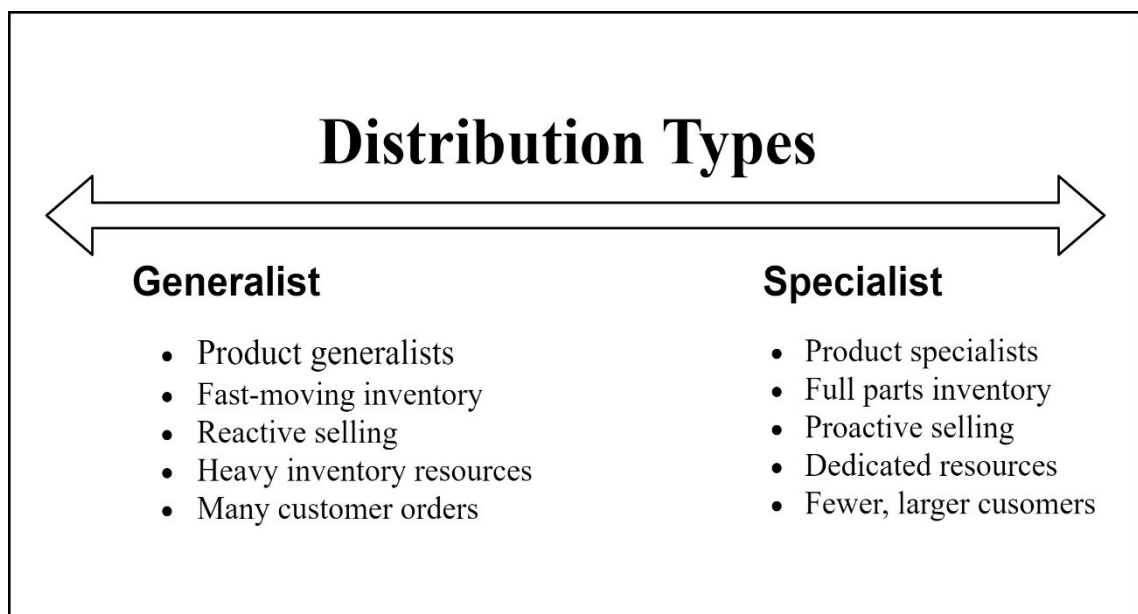


Figure 5. Two types of distribution (Adopted from Gorchels et al., 2004)

The case company is based on both of above distribution types as some market segments needs generalist distributors because of the products general use but some special market segments requires the specialist distributors as they need consultation and other services for using the case company products.

2.4 Distributor Selection

This section is based on a distribution selection procedure and aims to give an overview of the research in this field. Distribution selection theories are examined in the light of their relevancy and suitability for effective management of a growth company.

Stern (1992) explains that performance and selection of distribution partners is the key success factor of a marketing channel. Growth companies need strong distributors to

maintain the pace of their growth, extent their reach to other markets and be competitive. This was also illustrated by Rosenbloom (2012) that strong distributors are important for the success in a marketplace which would perform their tasks effectively. Table 6 summarize the importance of the distribution selection and its effect on the company by different researchers.

Table 6. *Importance of distribution selection*

Author	Importance
Kotler and Keller (2012)	Good distributors have wide coverage and extensive distribution network.
Kiatwisanchai (2007)	Good distributors proved smooth business transaction and can be relied on deliveries and payments.
Coughlin et al (2001)	Good distributors are committed to invest in achieving mutual objectives and goals.
Keough (2005)	Good distributors will recommend the suppliers' products to suppliers' end-customers.

Gartner group and CMP channel group's research in 1997 unveil that most of the end-customers go to the distributors for assistance. It further shows that those end-customers who are not loyal to any brand, ninety percent (90%) of those end-customers purchase according to distributors recommendations and even fifty three percent (53%) who are loyal to one brand, change their minds according to distributors recommendations.

Wrong distributors selection is one of main reason for half of export marketing failures and it is because of their lack of commitment to supplier products and poor technical experience (Donaldson, 2007). Therefore, Holmvall (1995) stresses on the importance of good and effective distributors' selection process. Companies need distributors to access different markets and hence they identify and select distributors that would provide market access along with value added service, e.g. cost of serve goals and needed total customer experience (Andersen, 1992). Root (1998) emphasizes on the proper selection process to select good distributors and suggests four selection phases:

1. Distributors profile
2. Locating distributors
3. Evaluating distributors
4. Selecting distributors

Distributors profile: First step of a distribution selection is to identify distributors profile by listing criteria for selection. For example, distributors capabilities (Andersen, 1992).

Those criteria could change according to supplier's own conditions and situations (Czinkota et al., 2011). Some distribution's profile criteria can be based on suppliers own requirement for success, i.e. do better than competitors (ibid). Friedman and Furey (1999) describes distributors evaluation checklist which lists most the important criteria for distribution profile. This checklist consists of four main categories, 1) General Management, 2) Financial strength, 3) Capacity/Resources and 4) Market performance.

Locating distributors: Most of the researchers explain that information to locate the distributor prospects can be obtained from variety of different sources such as trade publication, direct mail, government agencies, trade fairs and end-customers etc. (McMillan and Paulden, 1974; Mohr et al., 2005; Donaldson, 2007; and Rosenbloom, 2012). Personal visit importance was specially highlighted by Barnett et al. (1989). Apart from its expensiveness, personal visits create close relationships where supplier can evaluate the requirements of distributors and at the same time their competency in the local market (ibid).

Evaluating distributors: Once the distributors' profile created and they are located, the next important stage is to evaluate them. Researchers propose different ways to evaluate the distributors prospect. For example, Root (1998) prefers existing customers and bank to evaluate located distributors' prospect. Anderson et al. (2009) suggests market survey to understand end-customers' preference and their content with located prospects to deliver expected service output. Furthermore, Haas (1995) highlighted the importance of historical background of distributors' prospect, e.g. inventory capacity and use of marketing tools etc.

Selecting distributors: After the first three steps of this process, the last step is to select a distributor. To understand the future relationship, researchers stress to meet the distributors prospect in person (e.g. Cavusgil et al., 1995; Root, 1998; and Anderson et al., 2009). Managers' visits are important to understand and assess the capabilities of distributor's prospect and to determine management interest (Anderson et al. 2009). Market success mainly depends on distributor's effort and hence it's worth the money and time spent on the ultimate selection of distributor (Root, 1998). Incorrect selection can be costly and would need the entire process to start from scratch again.

2.4.1 Compelling Distributors

It is essential to consider that the distributors are independent businesses with their own objectives, plans, existing product line, key customers, goals and capabilities (Gorchels et al. 2004). Hence distributors selection should be balance with supplier strategic objective and as well as distributors.

Rosenbloom (2012), emphasizes on convincing the desired distributors as they do the same process to select their suppliers. Well established and large distributors are very

selective to choose their suppliers (Wagner et al., 1989). Acquiring competent and prestige distributors is itself a selling job. Hence specific stimulus can be used to acquire the services of competent distributors and supplier must communicate the benefits both party could get from a mutual relationship. According to Rosenbloom (2012), the supplier must clearly describe what kind of assistance and support will be offered. Desired distributors are selective to know exactly what a supplier can offer (Gordon et al., 1991).

Rosenbloom (2012), suggested several possible stimuluses that can be offered by supplier to its distributors. Following areas cover most of them from different literature:

- High quality and profitable products (Duff, 2002; Rosenbloom, 2012).
- Marketing and technical support (Ramaswami and Srinivasan, 1998; Rosenbloom, 2012).
- Quality relationships and mutual benefit policies (Jussaume and Tansuhaj, 1991; Wathne et al., 2001; Kingshott and Pecotich 2007; Rosenbloom, 2012).
- Management support (Rosenbloom, 2012).

It shows that convincing desired distributors that would benefit a supplier would need to be competitive and its offers must be unique that would help distributors to achieve their business goals and objectives.

2.4.2 Agreement

When the distributor selection process completed and supplier and distributor agrees on mutual partnership then supplier and distributor arrange and negotiate roles, responsibilities, profit model, terms and conditions. These are combined in a joint agreement that should be signed by both supplier and distributor (Anderson et al., 2009). According to Friedman and Furey (1999), possible terms and conditions can be described in following table:

As shown in Table 7, the agreement can be divided into four main sections. These sections are: 1) general issues, 2) sales and compensation, 3) inventory/facilities and 4) restrictions. These main four sections are further divided into several elements related to each section. Some of the elements could vary, because of several factors associated with each distributor e.g. contract renewal and termination etc. Most of these elements would also depend on the distributor type and its relationship with the case company. For example, how the case company wants to grow with them. (Friedman and Furey, 1999)

Table 7. *Distributors policies framework (Friedman and Furey, 1999, p.116)*

	Questions to address
General Issues	
Brand and Trademarks	What restrictions are there on using a brand name, logo, or other trademarks?
Contract Renewal	What is the term of the distributor agreement: What are the conditions for renewal.
Termination	What are the specific grounds for partner termination? Will warnings be provided?
Management Reporting	What information is the partner required to provide? How often?
Auditing	What kind of visits, inspections. Will be made? When/how often?
Ownership	Who takes the title to the product?
Sales and Compensation	
Sales Resources	Is the partner required to commit to a specific level of sales (or support) resources?
Compensation	On what basis are partners paid? What is the commission/discount schedule?
Bonus/Incentives	What incentives exist separately from the standard commission/discount schedule?
Pricing	Are partners allowed to discount prices? If so, by how much, and when?
Sales credit	Do partners get credit for sales in their territories, or just the ones they initiate?
Customer Collections	Who is responsible for customer billing and debt collection?
Terms of Payment	When is payment due from customers? From the partner?
Inventory/Facilities	
Inventory/Maintenance	Are partners required to stock a specific level of inventory?
Return Privileges	Can partners return unsold inventory? Under what circumstances? Any limitations?
Facilities Design	Are partners required to use specific interior or exterior layouts?
Inventory Displays	Are partners responsible for maintaining specified types of in-store displays?
Restrictions	
Territorial Integrity	Are partners confined to specific territories or markets?
Full-line Enforcement	Are partners required to carry the complete product line?
Resale Restrictions	Can partners sell to other distributors (e.g. Unauthorized, out-of-territory)?
Customer Restrictions	Are there certain types of accounts that partners are not allowed to pursue?
Exclusivity	Can partners sell competitors' products? If so, are there any limitation?

Table 7 shows comprehensive list of different policies what could be consider when writing agreement between the supplier and distributor. This study doesn't cover these different policies because they are not within the scope of this research.

2.5 Distribution Management

Channel management consists of the process that provide superior customer value for target customers and segments by designing a competitive set of marketing and distribution arrangement (Anderson et al., 2009). These arrangements can be executed directly through company own sales force and logistics system or indirectly by using distributors and their services. Furthermore, Rosenbloom (2012) states that channel management is a process to administrate existing channels to achieve the desired objectives by obtaining

the channel members' (distributors') cooperation. This definition illustrates that a process is needed to already existing channel with selected distributors. It further explains that distributors need gaudiness to cooperate and understand the objectives of distributors network. Therefore, companies need to design process and a system that supports distributors to contribute their capabilities and provides expected total customer value (Anderson et al., 2009). Following sub-sections discuss the few processes of distribution management which are the scope of this study.

2.5.1 Supporting Distributors

Most of the researchers conclude that supporting distributors is one of the key element of distribution's management (e.g. Shipley et al., 1989; Bandy et al., 2009; Rosenbloom, 2012). Furthermore, it is important for continuous information flow between supplier and distributor. Rosenbloom (2012) stresses on well planned process to support the distributors in their recognized requirements and needs, instead of trying for a quick fix when problem arises.

There are several ways to support distributors and due to scope of this study some are categorised in technical support, training, marketing and sales support. These are explained further below.

Technical support: When product operation needs technical expertise and can be used for different applications then the technical support becomes vital element of supporting distributors. The importance of technical support is also illustrated by different researchers (e.g. Narus and Anderson, 1988; Friedman and Furey, 1999; Anderson et al., 2009). Researchers explain different methods to provide technical support to distributors, e.g. Narus and Anderson (1988) mentioned designated technical representative for technical support, while Friedman and Furey (1999) stresses on internet and call centres available for technical support.

Training and coaching: Training means transferring skills and particular knowledge in a systematic manner through demonstrations, seminars and courses. Anderson et al. (2009) explains that training and coaching is the direct way of strengthening distributors' capabilities and resources. Furthermore, Dhotre (2010) consider it extremely important for the new distributors and even the existing distributors. Distributors competency can be increased with provided catalogues, product literature and videotapes (Narus and Anderson, 1988). Training provides benefits to distributors and increase their effective selling capabilities (Fridman and Furey, 1999).

To design suitable support programs, it is important that the suppliers clarify the relevant expectations from distribution network i.e. access of market, cost to serve objectives, different value-added services, superior customer experience and management professionalism (ibid). According to Rosenbloom (2012), implementation of training program must

be executed in a manner which is acceptable to distributors and must provide support to particular needs.

Anderson et al. (2009) identified two common types of training, one is certification program and another one is skills training. Certification provides competency in technical skills while skills training consists of specific topics of importance which includes interpersonal skills e.g. selling competency (ibid). Many distributors are small organizations with less experienced sales force, therefore suppliers often need to provide some basic sales training (Friedman and Furey, 1999).

Rackham and Ruff (1991) state that most of the training program participants forget more than eighty percent (80%) of learning within a month after participating in a training program. This finding underlines the importance of another capability building tool, “coaching”. According to Anderson et al. (2009), coaching means enhancement and improvement of performance, behaviours and desired skills by providing regular assistance, practice and counselling. Both supplier and distributor coach each other with skills and strategic levels. Strategic level coaching conducted by sharing wisdom of experience through joint annual planning and review process meetings which helps participants to recognized set of goals, activities and strategies for future. Skill coaching focuses on strengthening distributors on a tactical level. For example, supplier sales manager conducts joint sales calls with distributor sales person and follow it up with tactical advice (ibid).

Sales and marketing support: Demand for supplier products and services in distributors market segment is the most influencing success factors (Friedman and Furey, 1999). To generate a demand, supplier must support its distributors with minimum level of marketing support in its local market, e.g. effective branding and advertising etc. Many distributors don't have resources to generate demands by marketing.

Different literatures provide following strategies that can be used by supplier to provide marketing support in different marketing channel.

- Trade fairs (Rosenbloom, 2012)
- Marketing research (Narus and Anderson, 1988; Kotler and Keller, 2012; Anderson et al., 2009)
- Merchandising and special deals campaigns (Rosenbloom, 2012)
- Incentives (Kotler and Keller, 2012; Rosenbloom, 2012)
- In-store promotions (Friedman and Furey, 1999; Rosenbloom, 2012)
- Cooperative advertising (Friedman and Furey, 1999; Rosenbloom, 2012)

Lack of resources make it difficult for most of the distributors to identify emerging prospects by using regular market research and to adopt in changing market preferences (Anderson et al., 2008). Narus and Anderson (1988) suggests that supplier must support its distributors by offering market researches and ultimately enhance their competencies.

One of the good example of supporting distributors sales and marketing is Parker Hannifin (PH) corporation which was mentioned in Reddy and Marvin (1986). Market research department in Parker Hannifin (PH) collected all the invoices from their distributors as per contract. After analysis of all collected invoices from distributors plus department own profiles of potential customer globally, Parker Hannifin (PH) created customised report that included the analysis of distributors' product line sales by different customers, market segments and geographic region. Parker Hannifin (PH) shared this report with its distributors along with analytical software. This report provided forecast sales along with identified customer prospects and their contact information. This report also proposes creating new business strategies and Parker Hannifin (PH) didn't force its distributors to follow those proposes but rather they can create their own strategies for business development by analysing provided data.

2.5.2 Motivating Distributors

Most of the researchers agree that motivating the channel members (distributors) is one of the most crucial and fundamental aspect of channel management (e.g. Goodman and Dion, 2001; Gorchels et al., 2004; Rosenbloom, 2012). In this context, motivation refers to the action taken by suppliers to enhance cooperation with the channel members (distributors) to achieve desired distribution network goals and objectives. Dipp et al. (2006) emphasizes on the importance of cooperation and stated that without cooperation it's not possible to realize the overall objectives of the channel and its members.

Freeman (2003) explains that there are several ways to motivate distributors when it is considered to be lacking motivation, e.g. extra price incentive, marketing allowance, pep talk or distributors contest. But most of the time these quick fixes are temporary, therefore it is important for supplier to consider organised and well-planned motivation program. Rosenbloom (2012), suggested three basic aspects to motivate channel members (distributors).

- 1) Identify and understand the needs and problems of the channel member (distributors).
- 2) Offer support that is consistent with their needs and problems.
- 3) Present leadership through effective use of power.

Identify and understand the needs and problems

According to Kotler and Keller (2012), a supplier should view its distributors the same way as it views its end-customers by identifying and understand their needs and problems. So that it provides superior value to its distributors. Furthermore, superior performance can be achieved by distributors if supplier understands their needs and wants (ibid). However, most of supplier are unaware of or inconsiderate to the needs and wants of their distributors (Rosenbloom, 2012). According to Gorchels et al. (2004) that for sustainable

relationship with distributors, the supplier should understand their world, i.e. their financial imperatives, the business pressure they have and their capabilities along with how they view the supplier. These different business worlds of supplier and distributors effects the motivation factor of distributors and makes it difficult (Hollensen, 2011).

Narus et al. (1984) pointed out that distributors may have completely different problems and needs than supplier. Czinkota (2011) further explains that the difference which are creating the gap between the suppliers and the distributors can be categorised as:

- 1) Ownership
- 2) Cultural, geographic and economic distance
- 3) Rules of law differentiation

The ownership refers to the independent entities that has its own business goals. For example, distributors and suppliers are two different independent entities which can have different objectives. The distance can increase communication problems and at the same time geographic distance can affect physical distribution. Furthermore, the cultural differences could create problems, e.g. negative attitude towards each other because of separate culture. The difference in rules and laws could further increase the problems in the supplier and distributor relationship, e.g. trade restriction and customer duty (ibid).

According to Goodman and Dion (2001), it is important to understand what are distributors expectation from distribution's relationship which will able supplier to motivate them successfully. Donaldson (2007) stresses that personal contact will increase customer understandings and their behaviours. However, Rosenbloom (2012) explains that supplier should not rely solely on the regular information flow using existing communication system as some problems and needs are not obvious. Some needs and problems are beyond the regular system and therefore, some researchers (e.g. Friedman and Furey, 1999; Rosenbloom, 2012) has suggested four additional ways to understand more about distributors problems and needs.

- 1) Research studies of supplier's distributors conducted by their supplier
- 2) Third party research studies
- 3) Audit of marketing channel
- 4) Advisory councils of distributors

According to Rosenbloom (2012) research studies can be very useful but most of suppliers are reluctant to conduct them with distributors. Research conducted by third party, provides higher assurance of objectivity. Especially for those suppliers who do not have marketing research department (ibid). Meyers (1988) identified that supplier spent less than one percent of budget on distributors research studies. Furthermore, researchers (e.g. Friedman and Furey, 1999; Kovar, 2007) suggest to use research studies to identify the hidden needs and problems of distributors.

Distributors feedback is an important part of distribution development as well as identifying the needs and problems of distributors. It can be done by conduction survey and structured interviews. Surveys don't provide a complete insight of the causes as it only shows satisfaction or dissatisfaction. On the other hand, structured interviews provide main causes of any satisfaction or dissatisfaction and if conducted in large sample (several distributors), it also provides the key beliefs and themes among the distributors. (Friedman and Furey, 1999)

Marketing channel audit is another way to understand distributors' needs and problems. Cox et al. (1972) suggest conducting marketing channel audit periodically. Rosenbloom (2012) further explains that this audit should consist of gathered data that shows distributors' feedback about supplier's marketing program and any feedbacks from distributors. So that it conceals issues or problems in details about the relationship of supplier and distributors (ibid).

Distributors advisory council is a group which consists of both supplier and distributors representative (Friedmann and Furey, 1999). Sales manager should participate from supplier's side and selective distributors' representative from distributors side (Rosenbloom, 2012). Bego (1964) explains three important benefits of such advisory council. Firstly, due to recognition of distributors, they engaged more in the process. Secondly, unidentified problems and needs previously can be identified and discussed. And last it improves communication between the supplier and distributors.

Offering Support

Once the supplier identified the needs and problems of the distributors, the supplier should offer comprehensible support. According to Kotler and Keller (2012), this can include training and other capability building programs to motivate distributors and improve their performance. Muhlbacher et al. (2006) explain it further by adding technical assistance support, sales promotion support and special product displays support in supplier support offering. In addition, the supplier must arrange meetings with its distributors and discuss the required support they need to serve the customers (Friedman and Furey, 1999).

Perry (1989) proposes DPA (Distribution Portfolio Analysis) to identify and offer relevant support to diverse problems and needs of different distributors. DPA (Distribution Portfolio Analysis) categorizes distributors, which makes the supplier distributors' manager to focus more insightfully by considering them as a portfolio (Rosenbloom, 2012). Each portfolio category will represent a group of distributors that have similar characteristics. The main idea is to offer motivation support to each portfolio according to their needs and problems. As different types of distributors may have different requirements. For example, retailers might appreciate slotting fee/allowance as compared to a wholesaler who might be interested in training support (ibid). Hofsted (1980), pointed out the

differences of motivation factors for the different geographical regions. This would help to make relevant motivation strategies according to different portfolio requirements (Dickson, 1983).

Several researchers highlight the importance of proper and effective communication in motivation process (e.g. Kotler and Keller, 2012; Donaldson, 2007; Hollensen, 2011; Rosenbloom, 2012). This includes to keep in regular contact with distributors and maintain a consistent flow of relevant information. Good two-way intensive communication will improve performance of distributor by knowing that they are important members and make them follow supplier's strategy (Muhlbacher et al., 2006).

Leadership

Providing relevant leadership is another way to motivate the distributors in addition to training and offering support (Rosenbloom, 2012). The term "leadership" in this context can be defined as an exercise of power and authority to alter distributors behaviour according to supplier demands (e.g. El-Ansary and Robicheaux, 1974; Anderson and Coughlan, 2002). Coughlan et al. (2001) explains five types of power: coercive, reward, expert, referent and legitimate power.

Kotler and Keller (2012) consider coercive and reward power as an objective and impartial. Coercive power represents supplier's threatening behaviour to its distributors. For example, supplier can threaten its distributors by negative sanctions or punishment, or even threaten to terminate the relationship if distributor fails to cooperate. Because of the possibility of counterattack by distributor, coercive should be used as a last alternative even though it is considered to be very effective (Coughlan et al., 2001). The opposite of coercive power is reward power. Reward power consists of extra benefits provide to distributors for changing its behaviour according to supplier's demand. According to Kotler and Keller (2012), it is the most effective source of power as it generates better results than coercive power but this consideration should be taken in account that distributor might expect rewards for every behavioural change.

The other three sources (expert, referent and legitimate) of power are subjective in their nature and depends on the distributor willingness and ability of recognitions (Kotler and Keller, 2012). Coughlan et al. (2001), define expert power as a special power of supplier knowledge which is valuable for distributors. When that knowledge is transferred to distributor then the supplier needs to develop new expertise to avoid fading the expert power and gain a continuous cooperation from distributors. Referent power exist because of a supplier high respected position in the market and distributors considered it important to be associated with supplier. Written contract between supplier and distributors is the main source of legitimate power. However, cultural differences should be taken in to consideration as in several cultures written contract is considered as signal of distrust. (Coughlan et al., 2001)

2.5.3 ABC Analysis

Sales strategy of a company could be based on diversity of its customers. It could affect the company's desired sales if it doesn't understand the importance of this aspect. Customer prioritisation and customer segmentation are two ways to express the diversification of customers (Homburg et al., 2012). Segmentation is mostly based on buying behaviour of customers (Kotler and Keller, 2012) while prioritisation is based on economic attractiveness of customers (Homburg et al., 2012). Customer prioritisation is important when company resources are limited so that the company focuses its resources to the high potential customers. ABC analysis is a simple tool that could be used for customer prioritisation and their structure as shown in Figure 6.

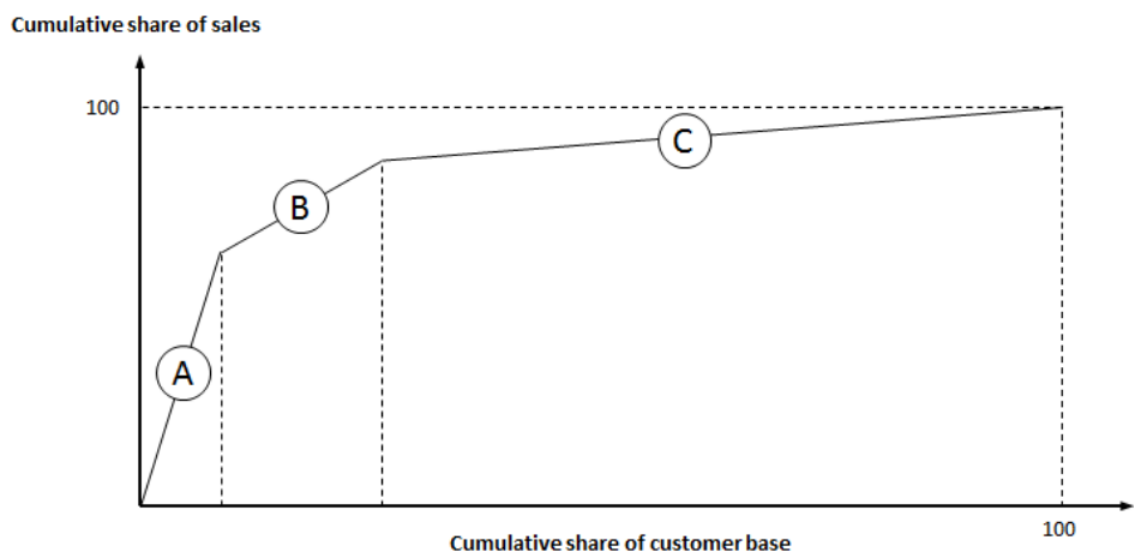


Figure 6. ABC analysis based on cumulative share of sales with respect to customer base (Homburg et al., 2012)

Homburg et al. (2012) explains that the ABC analysis is used to classify customers according to their economic attractiveness and divided into A, B, and C customers. The mapping of customers is based on their contribution to company's total sales revenue. Pareto principle explains that mostly eighty percent (80%) of sales revenue is contributed by twenty percent (20%) of customers. In context of distribution network, if we consider that Pareto principle is relevant, then a company could effectively manage its distributors by allocating limited sales resource efficiently and concentrate more on targeted distributors by providing more incentives. ABC analysis can suggest initial benchmark for the distributor related resource allocation. Ignoring the future potential customers is one of the weaknesses of ABC analysis.

2.6 Preliminary Research Framework

This section of the chapter introduces the preliminary research framework for this thesis that will also summarize the literature review. Framework illustrated in Figure 8 will be

constitute upon inductively in the final parts of this research. As discussed earlier, the research on distribution structure and its management for a growth company is scarce, especially when company is becoming MNC from SME. This limited previous research on distribution structure and its management for a growth companies makes it challenging to accumulate such factors and use a framework which already exist. However, studying and analysing several streams of literature with concept of distribution network structure and management of SMEs and MNCs, enabled the compilation of a preliminary research framework which is shown below.

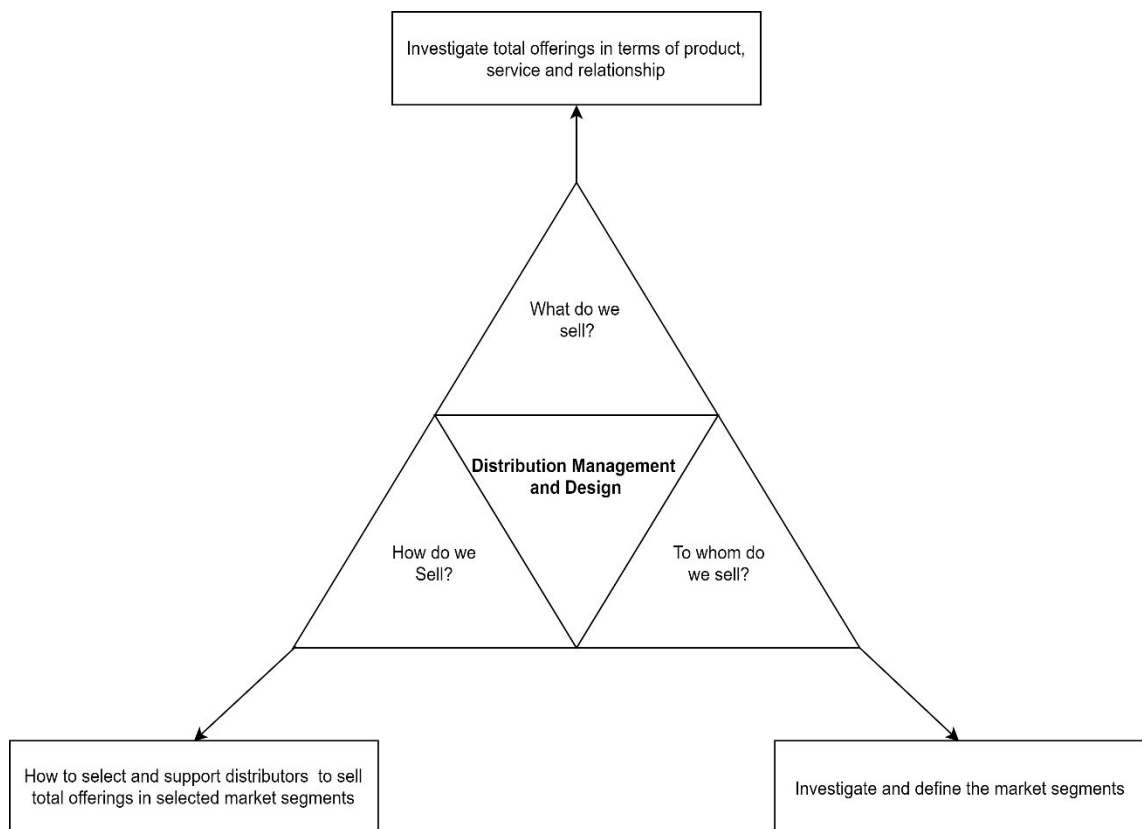


Figure 7. Three important questions for distribution network management and design.

Preliminary research framework for this thesis presents three important components that could affect the growth company's global distribution network structure and its effective management. These components are what do we sell (total offerings) (e.g. Kotler et al. 2012; Pekkarinen and Salminen, 2013), to whom do we sell (customer and market segmentations) (e.g. Mont, 2001; Kosonen, 2004) and how do we sell (distribution network) (e.g. Gorchels et al. 2004; Cox and Schutte, 1972).

Understanding the total offerings to end-customers is very important for effective management of a distribution network. The concept of offering is based on the factor that provides value to its customers and understanding total offering in different markets

would make a base for effective management of distribution network. Especially when company is growing and constantly improving its total offerings to its end-customers. Therefore, it is important to understand the end-customer needs and know the current and future total offerings (what do we sell?) based on those needs. So that design and effective management of distribution network would become a medium that would deliver the value of these total offerings. The question related to this component is:

“What are our total offerings in terms of product, service and relationship and how it can be improved further to maintain the growth level by using distributors”

The other important component of distribution network management is to know the serving market segments. The case company products are used in various applications in different market segments therefore, the company must have good understanding about end-customer applications and market segments (To whom do we sell?) based on those applications. Segmentation of the customers help companies to better understand their customers and satisfy possible customer needs (Freitag and Clarke, 2001). The question associated to this component is:

“Who are our customers, what are the market segments that use our products and how to improve further in those market segments to maintain the growth level by using distribution management?”

Once the company identify their total offerings and understands different customers and market segments then the important question arises that “How” the company can deliver value to those market segments with its total offering. Distributors play an important role “How” we can deliver those values to the end-customers. And “How” a company can effectively manage its global distributors’ network to deliver total value better than its competitors to its end-customers. The basic research question of this case study is related to this component, which is:

“How do we sell our total offerings to our end-customers and provide value by effective management of our distribution network.”

The component above of the preliminary research framework is very important with respect that when a company is growing very fast and needs to manage the global distribution network with limited resources. Therefore, the main research question mentioned in chapter 1 that how we can effectively manage the global distribution network of a growth company, would be based on all of the three components above. Also, this would be the guiding factors for this research’s framework.

The theoretical framework in Figure 8 has been used in order to illustrate the link between three important question in sales strategy (i.e. What, To whom, and How) based on literature review. Relevant answers to those questions are compiled by using both literature

and empirical finding and combined them into final analytical framework. This final analytical framework presents the factors that were discovered during this research and determine the effective management of global distributors' network of a growth company. Furthermore, this final analytical framework will be the base for managerial implication as well as analysis of the theoretical contributions.

Based on preliminary research framework in Figure 8, the question for semi structured interviews were formed as well as two workshops specially designated for this purpose.

3. RESEARCH METHODS

The goal of this chapter is to discuss the research methodology employed in this research and presents the empirical setting needed for this study. The research methods are utilized to generate and facilitate the empirical data and selected method is justified. First section explains the empirical research approach which follows to the research method selection. Third section introduces to and clarify the research design which consists of different steps of this study and unit of analysis. This chapter concludes with a revision of deployed methodology regarding aspects of the reliability, validity, generalizability and limitation of the study.

It is important to review this study and research objective before presenting the research methods. This review must also clarify the link between the objective, the empirical part and the literature review of this study. As mentioned in the beginning of the study, the main objective of this study is to evaluate and design the distribution network of a growth company and how it can be managed effectively. Every section of this thesis is related to this main objective of this study. This research also aims to fill the gap in the research regarding the distribution network which was mostly for MNCs and start-ups. By collecting empirical data this study is trying to narrow down the gap in the theoretical research about distribution networks. By discussing and comparing existing theories of MNCs and start-ups with empirical data collected, the author will have in depth understanding of distribution strategies and its management in context of a growth company.

3.1 Research Approach

The basic idea of research according to several definitions is, a systematic study done for a case study (e.g. Saunders et al. 2009 and Gummesson 1993)). By utilizing empirical data as a basis, case study helps to understand a real and complex phenomenon (Gummesson, 1993). Different case studies required different research methods, where most of these methods are applicable to almost every case study but according to Saunders et al. (2009) it is important to understand the main purpose of the study to select appropriate research approach. Olkkonen (1993) point it out the additional factors that affect the choice of a research e.g. existing knowledge, relevant material availability and desired results.

Two broad research approaches have been identified by previous research: inductive and deductive approach. Generation of theory from empirical data and its observation is the main concern of inductive approach, while deductive approach is concerning with confirming theory that generates from existing theories and research (Saunders et al. 2009). Hence, inductive reasoning can be called bottom-up research approach as research starts

from specific study or observation to more broader literature or theories. On the other hand, deductive reasoning can be understood as top-down research approach, because research progress from the more general study towards one specific study of research (Trochim, 2006).

We can consider induction as an alternative approach to building theory, therefore Olkkanen (1993) considers induction as the conduction of the general claim from special facts. Saunders et al. (2009) summarize induction to interpretivism and deduction to positivism. But the two types of research approach are not fully exclusive to each other despite their apparent contradiction, because deduction contain inductive elements and vice-versa (Ghauri and Gronhaug, 2002). In fact, according to Trochim (2006) most social science researches has benefitted from the combination of these two approaches. Utilization of both is referred as “*analytic induction*” (Taylor and Bogdan, 1984) or according to Dubois and Gadde (2002) the abductive approach.

As mentioned earlier in chapter 1.2, the distribution network management of growth companies have been under research and there is a lack of frameworks and compound theory which can be used for this study. Therefore, the analytic induction research approach has been used. To find absolute truth as possible to the phenomenon, this study has proposed a preliminary research framework which is based on a deductive approach for the purpose of managing a distribution network in growth company. Literature review chapter dealt with this deductive approach. However, due to lack of existing knowledge from the research area, deeper understanding of phenomenon is needed. Which is supported by inductive approach of research and preliminary research frame work will be revised on the base of empirical observation. Hence this study utilizes the analytic induction approach which is the combination of inducted and deductive research. The author first utilized the propositions from existing theories and then created a framework by using both existing theories and empirical observations. Patton (2002) and Saunders et al. (2009) stress on the importance of the combination of these two approaches.

The choice of analytic induction approach for this study can be justified that the research area of distribution network management for a growth company is very new and has very few theoretical foundations (e.g. Garnsey, 1996; Weinzimmer, 2000; Davidsson and Wiklund, 2000). Hence, it was important to first build the conceptual framework which would base on existing theories and later revise the same framework with the help of empirical data and results.

3.2 Research Method Selection

Research methods are one of the important tools and ways to proceed and solve the research question (Ghauri and Gronhaug, 2002). To solve the main research question: “How to effectively manage the distribution network and its development in a growth company?”, various research methods used for this study has been outlined in this chapter.

According to Gummesson (1993), research process consists of two methodologies for data generation. First, quantitative approach uses data collection and analysis to determine a relationship between the two different variables (e.g. numbers). Second, qualitative research method focuses on a personal experience from researcher and seek to explore the phenomena to understand it properly (e.g. words) (Mack et al., 2005). The effectiveness and superiority of above two research methods is often put into debate (Silverman 2005). But the important factor in the selection of above two methods is totally depending on the linkage between research method to the research objective and how it aims at solving the research problem (ibid).

In general, there are five categories of research conducted in the business studies, especially in Finland. These five categories are 1) Decision oriented, 2) Constructive, 3) Conceptual analytical, 4) Nomothetic and 5) Action analytical, as shown in Figure 8 below:

	Theoretical	Emperical
Normative	Decision Oriented	Constructive <div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block; margin: 10px auto; width: 80%;">Action Analytical</div>
Descriptive	Conceptual Analytical	Nomothetic

Figure 8. Business and management sciences research approaches (Kasanen et al. 1993 p.257)

The figure above shows that, research approaches are divided in different categories which depends whether the research is empirical or theoretical with respect to normative or descriptive.

As explained in previous section that there are very few theoretical foundations for this study, therefore the empirical study is the best option for this research. Hence, decision oriented and conceptual analytical approaches cannot be used for this study. Olkkonen (1993, p.68) mentioned that nomothetic approach consists of different observation that is analyzed with statistical method. Therefore, nomothetic research approach alone is not suitable for this research. Although the action analytical approach is the best research approach for this study as it consists of empirical research with respect to both descriptive

and normative approach. This is due to the fact that distributors selection on the base of customers' needs is inseparable part of the distribution network management. Hence, the role of customer segmentation must be understood before creating distribution network management framework for a growth company.

Action analytical research approach aims to deeply understand the problem but sometime with additionally normative and changing objectives for the research (Neilimo and Näsi, 1980 mentioned in Kihn and Näsi (2010)). Action analytical approach studies are mostly related to decision making process, management and the operation of an organization etc. Which requires strong connection between researcher and studies object and hence a case study strategy is common in such cases (Olkkonen, 1993). Therefore a case study in action analytical research approach has been chosen for this study as it requires the same approach, connection between researcher and study object.

The nature of this research is exploratory and qualitative. Following are the few reasons for the qualitative research method:

1. *Empirical research of distribution network management related to a growth company is scarce.*
2. *There isn't much information about distribution network management of a growth company and hence the preference of qualitative method for this research will provide in-depth exploration and understanding about the topic (Trochim 2006).*
3. *Qualitative methods are more flexible and provide comprehensive understating of the phenomenon under study and research (Tahvanainen and Piekkari 2005).*

According to Piekkari et al. (2010), a dominant methodology in qualitative industrial marketing research is a case study research. A case study provides a holistic and dynamic view of the phenomenon under research (Yin 2003). Further Saunders et al. (2009) stated that, to fully understand the context of the research, a case study strategy will be very useful. Cases are useful source of new ideas and hypothesis and at the same time it can be used to test the existing concepts and theories (Koskinen et al. 2005, p.155). Yin (2003) explained that case study method is preferred method when a "why and "how" question is posed as the main question. Hence, this research falls under the scope of case study method. In addition, due to the empirical nature of this study, new hypothesis and ideas should be developed or proposed.

Eisenhardt (1989) and Yin (2003) stated that, in the case study method data from several sources can be combined (e.g. observation, interviews and archives etc.) and this is the unique strength of case study method over other methods. Gummesson (2000) explains that case studies can be divided into two main categories. One is to conclude from limited number of different cases and the second type is employed special conclusion from a single case. The main purpose of this research is to design the distribution network for a company that grew organically and inorganically in last few years. Due to increase in

company's product portfolio for different applications, the effective management of distribution network is compulsory. The main interest of this study is to solve the above compulsory problem and get rich understanding of the phenomenon. Hence, single case is deployed in this research which ensures a better understating of the main problem of a company and may produce the result of general interest in the distribution network management.

3.3 Research Design

This section explains and discuss the research design of this study. Research design connects case study empirical data to its research question which leads to conclusion through logical sequence (Yin, 2003). So, we can say that research design connects different parts of the case study to each other and hence it is the important part of the study. The main research view of Yin (2003) and Eisenhardt (1989) is implemented in this study research design. Both researchers are considered as the main authorities in case study research.

There are two parts in this chapter. First part composes of the study steps which was taken for this research and second part will outline the unit of analysis for this study.

3.3.1 Steps of the Study

This subsection of above chapter outlines the different steps that was taken during the study. The summary of these steps has been illustrated in Table 8 and briefly explained in more details afterwards.

Getting started: The first step was to identify a research problem that is interesting and related to the case company future strategy. The problem was found after case company acquired new companies which increases its product portfolio. Due to enormous growth of the case company, there was a need for distribution development. At same time, the author found a research gab in field of distribution network for a growth company after reviewing the literature on global sales strategies.

Set-up the target: Once the problem was identified and the case company's decision to change the distribution strategy, authors met with the top management of the case company and defined the target and scope of the case study.

Preliminary research framework: Preliminary research framework was drafted by using analytic induction approach and based on a relevant literature review. On the base of empirical data, the preliminary research framework was revised inductively.

Literature review: Literature review was structured in four parts after reviewing of different literature on company distribution network. First part discusses the relevant literature, the second part explains the importance of customer needs and its understanding,

third part discusses global distribution network and fourth part reviews factor effecting distribution selection and how to manage it.

Table 8. Steps of the study (adopted from Yin (2003) and Eisenhardt (1989)).

Steps	Purpose
1) Getting Started	Identify a research problem that is interesting and related to case company future strategy.
2) Set-up the target	Discussion with the case company top management to define the process and final target of the study.
3) Preliminary research framework	Summarize the whole project in three main questions.
4) Literature review	In-depth understanding of existing research related to the study.
5) Understand the field	Arrange meeting with the distributors and case company employees.
6) Data analysis	Understand and analyse the empirical data and identify important trends.
7) Wrapping literature	Evaluation of empirical data through exiting literature.
8) Final framework	Summarise the findings from empirical data and existing literature.
9) Conclusion	Conclusion by presenting the research contribution and managerial implication.

Understand the field: The information was collected by selecting the case company's sales managers and some of case company's key distributors in Europe and Africa for face to face semi-structure interviews. According to Patton (2002), the interviews were based on semi-structured interviews as to ensure flexibility and appropriate probing. In addition, the author participated in the several workshops that was designed for case company distribution development project.

Data analysis: Analysis of the data wasn't only based on interviews but it also includes information gained from the company's internal documents and case company's distributor internal documents. The workshops provided extra analysis of the case company's internal distribution strategy.

Wrapping literature: Finding from the internal documents, interviews and workshops were reviewed and compared with existing research and literature review. Final analysis was made by linking literature review with empirical findings

Final framework: Preliminary framework was reviewed and updated according to the empirical findings with the help of chosen analytic induction approach.

Conclusion: Conclusion of this research was based on theoretical contribution and managerial implication of this research.

3.3.2 Unit of Analysis

The purpose of this chapter is to explain and define the unit of analysis for this research. Yin (2003) and Fletcher and Plakoyiannaki (2011) defines the unit of analysis as a major entity analysed in the case study. Yin (2003) further explains that a research could have one or multiple units of analysis, depends on the approach and purpose of the research. Unit of analysis is completely different than empirical unit of observation through which the actual empirical data is collected (Fletcher and Plakoyiannaki, 2011).

The unit of analysis depends on the several different aspects of the study, for example the research purpose and question and it varies in every research (ibid). The main purpose of this research is an effective management of distribution network in growth companies. Hence, the unit of analysis in this study is distribution development of a growing case company. Thus, the empirical units of observation are the interviewed sales managers and case company's distributors.

3.4 Data Collection and Analysis

For the proper analysis of the company and the market it is important to use sufficient and valuable data. Hence, the quality of data was carefully chosen and assessed. Quantitative and qualitative methods of data gathering can be used in case research strategy for required information and data (Gummesson, 2000; Saunders et al., 2009). For a deep understanding of the phenomenon, a qualitative method has been chosen as suitable research method for this research. Justification for qualitative method has been presented in section 3.2 of this chapter. In addition, the utilization of the statistical data is not possible because of limited observation group. There are two frequent classification of empirical data collection, primary and secondary. To be able to answer the research questions both primary and secondary data were used and selected for this research. The empirical data collected by researcher is known as primary data and any empirical data collected from existing material is called secondary data (Eriksson and Kovalainen, 2008, p.77). The basic source of information was primary data as researcher collected this data from the business expert and from the market with the purpose distinct to this research (Schiffman et al., 2010, p.42). Collection of primary data was based on in-depth face to face interview and two

designated workshops for distribution development. While secondary data was collected by using internal documents throughout the process of this case study.

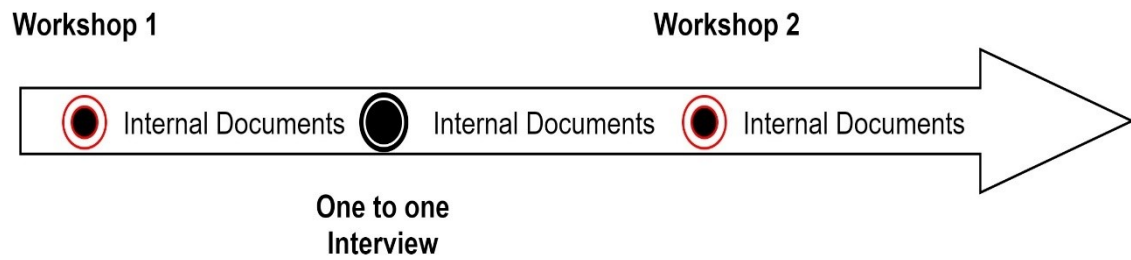


Figure 9. Research timeline

As an internal employee of the case company, the author could observe the working process, business development and business characteristics himself, which is chosen as relevant primary data. Blumberg et al. (2008) stated that the adaptability of observation in a research or case study makes it a vital primary source method and at same time supplement for other methods. As a sales trainee position, the author was able to get a clear understanding of the case company's business strategy, to attend important meetings and workshop designated for distribution development. Observation provides access to the information that other type of research might not offer and this is one of the main advantage of observation (Blumberg et al., 2008; p.380).

Another prospect the author had as an employee of the case company, was an access to the internal databases and documents of the case company. Which was used as secondary data sources by the author. Secondary data generally collected and recorded by someone else and for some specific purposes (Blumberg et al., 2008; p.202), thus some documents related to the organisation are only for internal use. Hence, the author was not able to provide the results of some presentations, but generally most necessary information was accessible freely on the case company website, e.g. financial data, business structure and annual reports. Apart for this, the author used country and market reports found in internet and also scientific articles, books other reliable sources for the purpose to investigate the topic from the theoretical point of view.

3.4.1 Workshops

The primary data collection process was started by attending one of the two designated workshops for distribution development of the case company. The workshops would then lead to one to one interviews, where participants can freely share their thoughts and ideas by having enough time and space.

A focus group sessions were conducted to support the workshops. Focus group consists of six to ten participants which are then brought together to discuss their opinions and experience around topics introduced by a moderator (Courage and Baxter, 2005). Key

benefit of such an arrangement is that the group dynamic can introduce topics a researcher never has thought to ask about. In addition, it also encourages participants to talk about things, which could have been missed in one to one interview. Furthermore, it stimulates new ideas and allows to capture information that might be time consuming to study directly. (ibid)

The main target of the workshops was to understand the needs and requirements of customers in different market segments. To achieve the target goals, the process was based on a famous card sorting technique that is designed to understand customers' needs (Courage and Baxter, 2005). In first workshop, five groups were created and each group had assigned one market segment and asked to select ten cards out of fifty (customer needs) as the most important for the assigned market segment (see Appendix 1). Second workshop was based on the results of the first workshop as well as cards (customer needs) selection in one to one interviews. Results were shared with the participants and the moderator has asked to evaluate the results in groups and suggest total offerings according to each market segment along with capability building for distributors.

3.4.2 Interviews

According to Courage and Baxter (2005), one to one interviews are a better choice if detailed information is needed and it is difficult to obtain from focus group workshops. Therefore, the other primary data for this study was collected by in-depth interviews as it is one of important part of qualitative research. The qualitative research interviews consist of three types; structured, semi-structured and unstructured (Koskinen et al., 2005). This research is based on semi-structured interviews because it allows the interviewee to reorganise his/her own thoughts and to highlight areas of specific interest (Harton et al., 2004). Semi-structure interviews are relevant for this research as this research covers a broad problem area, therefore as a researcher it is important to establish the necessary issues which could help to understand the situation in the case company (Blumberg et al., 2008; p.386). Semi-structure interview also helps the researcher to understand how the respondents interpret the situation and what they consider relevant about the research topic. It also enables the respondents to elaborate on their answers and provide additional information about the research topic. The time and day for interviews were selected according to the interviewees choice, as it ensures that they would feel comfortable and relax. This way they would provide valuable information by increasing their willingness in the process.

Blumberg et al. (2008) emphasises the importance of interview guide as it can be considered as a manual to the interviewer so that all the important areas can be covered and interview questions follow similar pattern throughout the research. The main target of the interviews was:

1. *To gather the information about customers' needs in the different markets and how customers perceive the value in different offerings from the case company.*
2. *To understand the distribution network and distribution management.*
3. *To gather information about distribution development in a growth company and its implementation.*

The guide was built to achieve the interview targets in such a way that it would reflect the research questions and cover the theoretical framework of this study. The guide was the list of pre-plan questions, which were very specific to the research and would collect the relevant data (see Appendix 3). The format was very flexible and for easier flow the pre-written cards were used for selection according to the needs of this research. The pre-written cards for selection helped to start the conversation and at the same time it helped the researcher to get a deep understanding of the interviewees perception about the questions and this research. Some questions were adjusted according to the interviewees' roles and relationship with the case company. The introduction and purpose of the research were explained at the beginning of the interviews. The selection cards and interview question were designed in a way that respondents could understand it very easily and open the door for conversation. The process of interviewing was made as effective as possible and total duration was one to two hours. All the interviews were recorded with the permission of the respondents so that nothing could be missed out and interviewer could focus on the answers and arguments.

Total sixteen interviews were conducted. It includes a CEO, a VP for one business unit, one product manager and seven sales managers along with six distributors from related regions (see Appendix 2). The interviewed sales manager and distributors were selected on basis of proximity of the region where they are operating. This way it was easy for the author to conduct the interviews face to face by short traveling. Another important reason for this selection was the company strategical choice of starting pilot program of distribution development in the near region first (e.g. EMEA).

3.4.3 Internal Documents

Internal documents were also used to gather empirical data from the case company apart from interviews. Internal documents based on written material. And hence, can be divided into four categories, which are public or secret and personal or institutional (Koskinen et al., 2005; p.133). The most interested to the researchers are these secret institutional. As these documents can be the results of long development process and sometime can be the only way to analyse past events, future plans and complex process descriptions (ibid). Therefore, the case company's internal documents are used as secondary data for this study which also supplemented the interviews.

As these internal documents are secret, therefore it is not possible to present these documents in this study. However, it is possible to mention that the distribution strategy was

used for analysing the company's goals and future plans whereas the distributors' agreement was used mainly for analysing the role of distributor in that network with the case company. This way it was possible to draw a picture of distribution network development plans which would be in line with the case company's sales strategy.

3.5 Reliability, Validity and Generalizability of the Research

Credible and valuable research for a research community must satisfy the requirements of reliability, validity and generalizability. This chapter discuss these three issues.

There are two concepts used by empirical researchers in context of an important part of the evaluation process of the study, one is reliability and other one is validity (e.g. Koskinen et al., 2005; Ghauri and Gronhaug, 2002). Burns and Bush (2006) refer reliability as stability of the measure and Koskinen et al. (2005) explain validity in terms of how and what a study supposed to measure. Yin (2003) divides the validity into two important types to ensure the quality of a research, one is construct validity and other is external validity. The concept of construct validity is to overcome the risks of intuitive interpretation. To achieve that, one must construct correct measures for the notion or concept under study (ibid). The concept of triangulation has been used to reduce the subjectivity of this study, e.g. several sources for data was used (i.e. company reports, websites and interviews). All these measures for a study enhances the construct validity of a research (Gibbert et al., 2008; Yin, 2003).

Domain establishment to generalise the findings of a study can enhance the external validity (Yin 2003). However, several researchers (e.g. Saunders et al., 2009) questioned the generalizability of the case study results, which is beyond the studied cases. But according to Yin (2003), case studies depend on an analytical generalization instead of statistical generalization. The main aim in analytical generalization is to generalize a set of results to a much broader theory instead to universes or populations (Gibbert et al., 2008). Fletcher and Plakoyiannaki (2011) interpreted analytical generalization in such a way that case study results can be transferred to case companies. If replication of a study predicts similar result, then the research external validity is always high (Yin 2003). The current research is based on similar concept of replication logic. Therefore, selection of the case company and steps of the study were described very carefully. This will ensure that the study can be replicated easily.

Related to the discussion above, a reliable study makes it certain that the explanation of the empirical research in such details that will give the same findings by following the same procedures. Gibbert et al. (2008) stated that, minimization of any errors or biases of a study is the main aim of reliability. Moreover, for increasing the reliability of this study, multiple sources were used for evaluating the data and at same time collection of data were justified in the methodological section of this study. Interviews were recorded and transcribed. In addition to this, case company's internal documents and existing theories

were used for data analysis. To improve the accuracy of the study, triangulation method is used to analyse the data (Jick, 1979). As reference to Saunders et al. (2003), by creating a confidential and an open setting for interviews, the biases of the interviewer and interviewee were minimized.

The author is quite confident about this research credibility and its value for the research community, on the bases of above discussion. Hence, the study can be repeated by other researchers if desired.

4. EMPIRICAL FINDINGS AND ANALYSIS

This chapter consists of main empirical findings followed by analysis of the empirical findings with discussions. The empirical findings were based on the conducted interviews and workshops designed for this process. The presented findings are according to the subject that were identified during the initial stages of this project. This chapter is based on three sub-sections which presents the whole process of this research. The first section of this chapter discusses the market situation and its understanding about different application markets and their needs. Customers' needs and understanding is presented in second section, where findings are based on two designated workshops for this purpose and one to one interviews. Third section is based on distribution network and its management of the case company in different markets. The final section presents the distributors selection, how to support distributors and their capabilities, which are the main themes of this study.

4.1 Understanding Market

This section explains the market situation in related industry of the case company. It also describes the current competitive situation of the case company. The author was trying to understand the market development and any changes in the related industry and at the same time the author wanted to know about the competitive position of the case company. So that the author has clear view about the growth strategy of the case company in different markets and the need of distribution management related to this growth.

4.1.1 Market Situation

Most of the interviewees were very optimistic about the market growth in different regions and see a good opportunity to increase the case company market shares as the pace of global market is picking up after recessions. Growth activities in the related industries to the case company means, more distributors in different market needed and distribution management becomes more crucial to be competitive.

“It can be well seen that there is huge growth in the market related to our industry. Construction is on the rise and mining industry is back on the track.”

Case company's new digital business unit considered to be a huge potential for different markets as most of the big companies are active in digital activities for the future. Case company's innovative digital product will reduce the manual work in rock drilling and will provide the complete drilling process solution digitally.

“With regard to the market, I see a great increase in digital products. For example, I am looking at project management for digital products that will surely grow. I see reduction in manual work and more emphasised on automation.”

Apart for the positive situation about the market growth, most of the interviewees described different development and market needs in their related regions. Author understood from the interviews that markets are very diverse in different regions and market trends are very different. Finding local distributors that has knowledge and expertise in related market is crucial.

“When you are global player, it’s a bit about the country where you operate, political issues must be taken into account for different regions and they are very different from each other.”

“Regulation in operating environment greatly influence businesses.

“The market is underlined by the need to find the right distributor, especially in those markets where there is strong potential for growth.”

One of the sales manager raised a point regarding to branding and its importance. Some market needs well-known brand and customers’ priority is based on that.

“If you look at my market then you must be well-known company, it’s the importance of branding that is being highlighted now days.”

The comment above shows that well-known company is important and a good distribution management could achieve this goal.

One sales manager described the importance of the internet and online selling in certain markets. But customers want technical support and face to face meetings in most of the situations and without proper capable distributor, it is not possible as company grows.

“The internet has great impact on our business where we gone to direct sales to certain customers. Selling directly saves us cost but as company grows it’s hard to manage more customers directly.”

It is a fact that nowadays most the companies are trying direct channel and using online sales, but it totally depends on the industry. Some industries depend on local contact that would support end-customers and at the same time support supplier for the availability of the products.

Almost every interviewee agreed that the market situation is very dynamic and mostly control by big cooperation, but customers’ needs are very diverse in different markets. To fulfil those diverse needs of customers, a local distributor is important who has good relationship with the end-customers and at the same time understand how to fulfil end-

customer needs. For the case company as its distribution network grows, the effective management of the distributors is becoming vital to be competitive and keep the pace of the growth.

4.1.2 Competitive Situation

According to all interviewees, the case company's competitive advantage is based on flexibility in customization and quality of the products. In some markets, the case company is well-known by providing a wide range of services with its distribution network. But as the case company grows, its distribution network grows and it's difficult to provide the same services in every market.

"I think our product quality and service attitude is the competitive advantage but keeping the same values as we grow the distribution management would play important roles."

One of the sales manager mentioned the new acquisition by case company and hence increase in its product offering as a competitive advantage. The case company has acquired two companies to widen its product offering and cover more market areas. It has also increased its distribution network which was associated with acquired companies.

"I think that our competitive advantage is now associated with particularly wide range of drilling consumables products and that we operated internationally in a very large area due to our comprehensive distribution network."

One of executive manager expressed a concern with large distribution network, where the case company must be competitive.

"We are in crisis and wants clarity on our comprehensive distribution network. It is important to categorized and mapped them."

One of the product manager mentioned the digital product and service of the case company. There is not competition related to that as the case company has patented digital drilling technology.

"There are currently no competitors in digital products in rock drilling and our company has an edge on our competitors."

He also mentioned the importance of the distributors, related to this digital product as its needs extra expertise and services to end-customers.

4.2 Customer Needs and Understanding

The results of two workshops specially designed for this process is presented in this section, which is followed by one to one interviews. In the first workshops, all the top management with several sales managers for different regions were presented. Selected distributors for chosen regions were invited for second workshop.

Afterwards each group was asked to explain the reason of their cards selection and if they would like to add something else. Next stage for the customer understanding was one to one interviews.

4.2.1 Workshop

Workshops were based to understand the customer needs and their requirements, and also to explain how the process will work. Four groups were created and had been assigned different market segments according to the rock drilling applications. The four markets were; well drilling, construction, mining and quarrying. After the cards selection, each group representative had been given a chance to explain their choice and why they think it's the best choice for that specific market. Surprisingly the choice of customer needs for different market were quite diverse. Each group results are presented below.

Well drilling group: This group preferred the product characteristics is the key customer need in this market segment of rock drilling. Value of money is the key priority in this market segment.

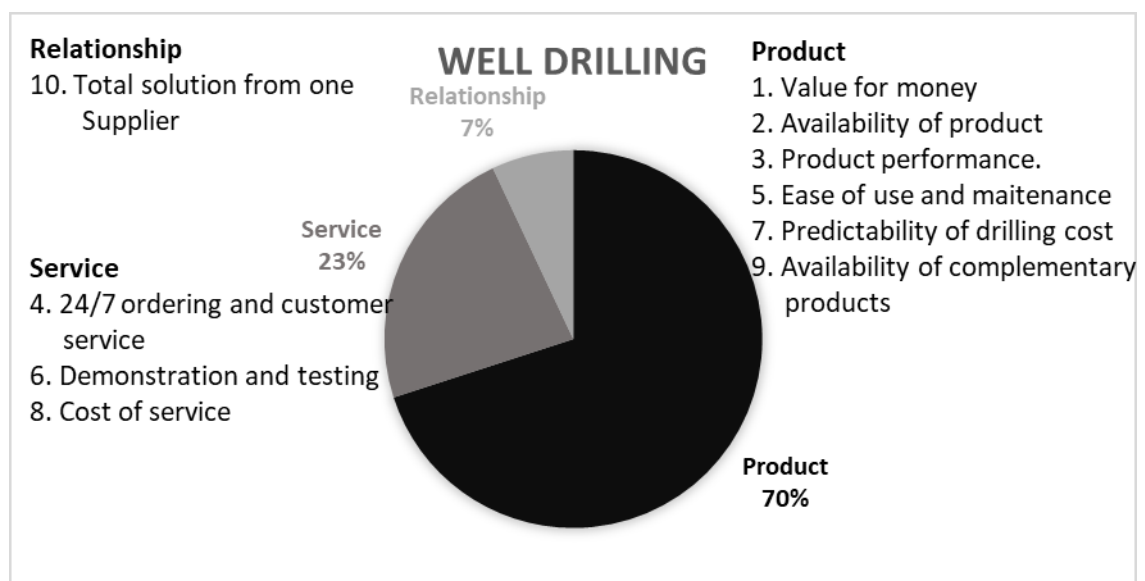


Figure 10. Well drilling group results in percentage of total offering.

“The drillers in this market segment is paid by drill meter and the management don’t want to hear any screaming from them, this is number one issue in this market segment.”

One participant pointed out that sometimes it is based on small projects, where there is one person company (i.e. driller and CEO is the same person). Hence the ease of use and product quality is an important feature for them followed by product availability in short period of time when they need it.

Construction group: This group preferred the availability of product on top of the product quality and performance, but mentioned that they are the key customer needs in this market.

“Basically, we thought that availability and cost is kinda like a base where everything starts and you have to have that in-order first, then start thinking about product performance, ease of use and brands.”

This group also mentioned that the expertise in this market segment is very important too, as most of the construction companies never done piling before, and they always need some support and advise.

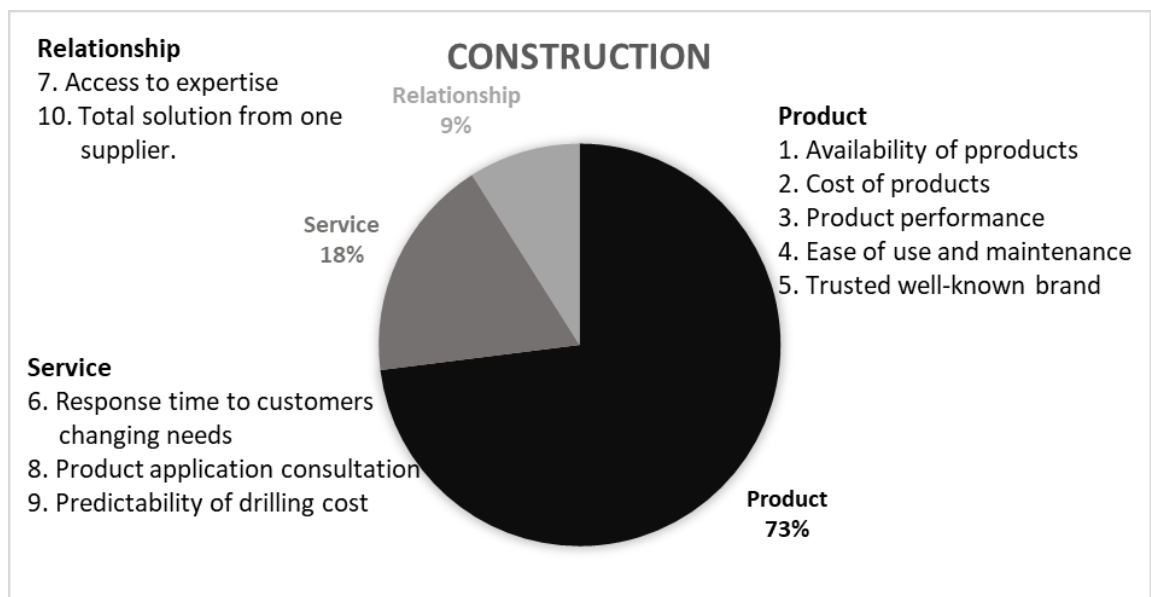


Figure 11. Construction group result in percentage of total offering.

They also mentioned that product performance is also very important as it is project based.

“If product fails during process or performance of the product is not according to their needs it is very likely that all project will delay because of this one issue and this give very bad reputation for the brand in the market.”

One participant mentioned that this segment is flexible and speed oriented and also needs some expertise. We as a company need more distributions that would complete this two customer needs in this market segment.

Mining group: This group mentioned active communication with cost and availability of product and all these are the attributes of a distributors.

“Mining is definitely big numbers game, it is fairly well forecasted they know what machinery they are using and what are their yearly consumption. Most of the mine we worked with the dealer mostly knows about these figures and technically they are quite active.”

“Availability of products, very important for us in a way even though it is well forecasted but it is hard to maintained their demands of the product and also we have structurally problem with our distributors in some developing markets where they don't pay us regularly and that's not necessary our availability but distributors availability as they can't pay and we cannot supply.”

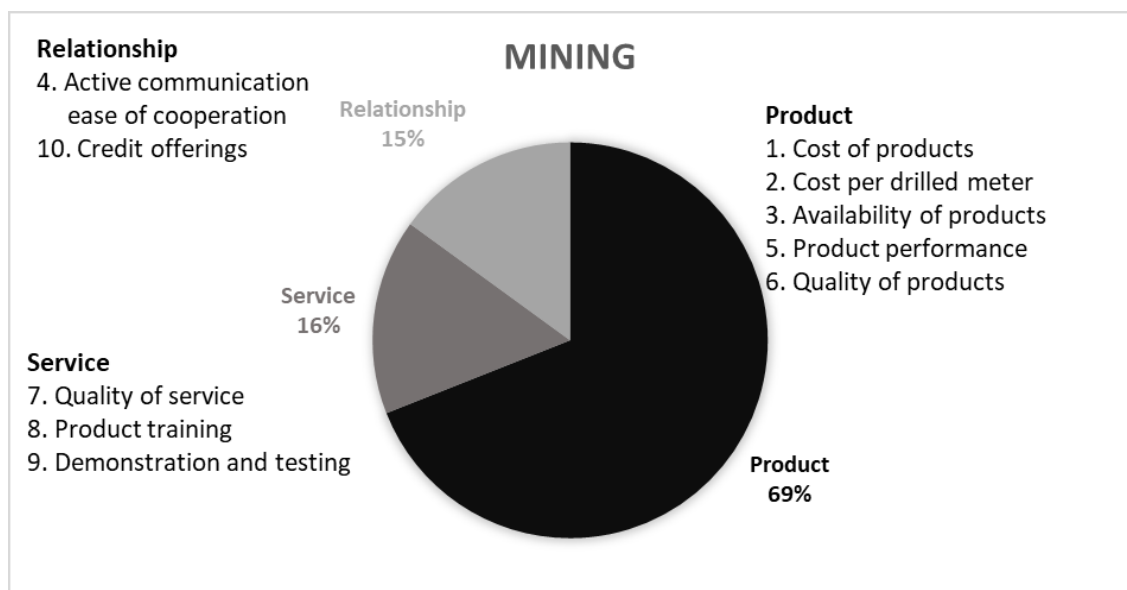


Figure 12. Mining group result in percentage of total offering.

This group also mentioned that active communication about drill per meter and value of money is very important in this segment. We need to train and explain to our distributors to understand the value of this active communication. One participant mentioned that in developing country in this market section customers always need someone that is available 24/7 for small enquiries. Hence training distributors to understand the products and explain the importance of the active communication is important need for this market segment.

Quarrying group: This group has similar needs as does the mining. Companies in this market segment are not as big as mining. However, cost per meter and product quality is very important.

“This market segments consists of very small organisation as compared to mining business is very competitive like high profit business, therefore they are very cost driven.”

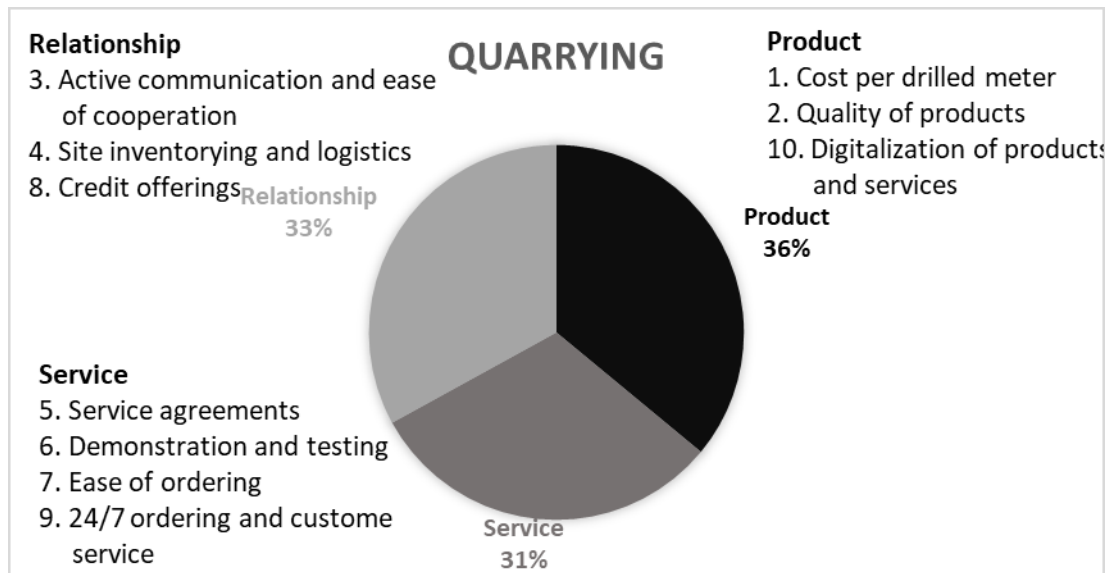


Figure 13. Quarrying group result in percentage of total offering.

Therefore, this group chose cost per drill meter as their first card for customer needs followed by quality of product. As one of the participant explains in the following way;

“They don’t want any surprise regarding the product.”

The group explained that this market segment’s customers are time conscious and if we as a company must appreciate their “time” needs. Further they mentioned that active communication with a good relation plays an important role and this must be consider choosing distributors in this market segment.

Combine Result: In this group combine results, availability of the product is one of the most important need that was also presented in all the other segments as shown in the Figure 14. Here the distribution management plays an important role as the case companies has good competitive advantage on the product quality and cost per drill meter.

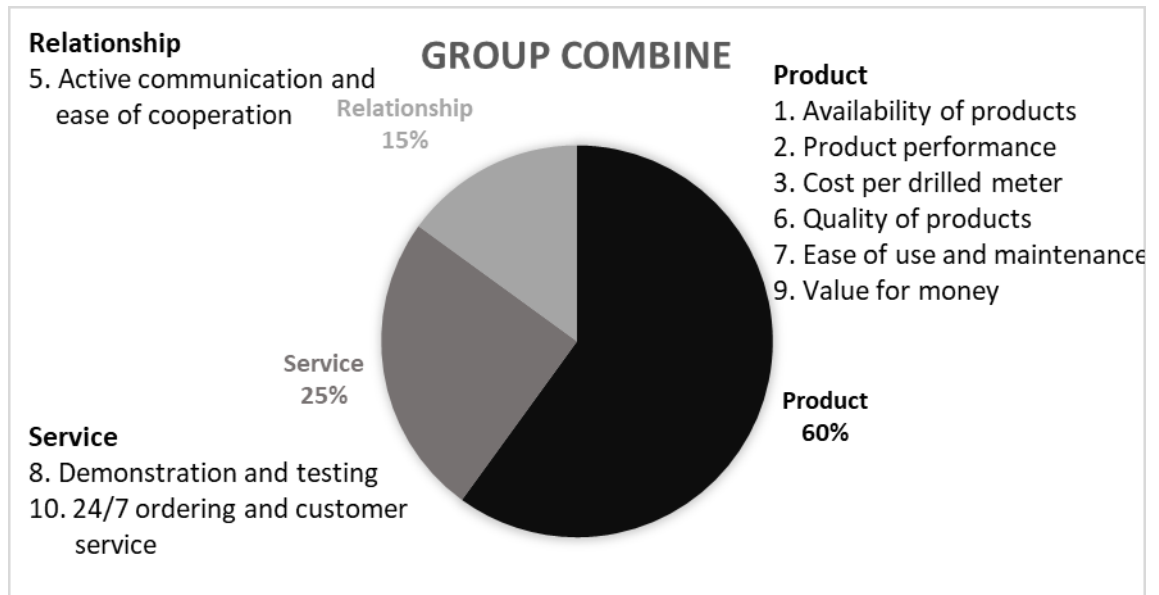


Figure 14. Group combine result in percentage of total offering.

In all the market segments, the main customer needs are to give value of their money. Which is the main characteristics of business-to-business market. Hence, the top three choices of cards in all of the market segments were product quality and its operation cost. As well as availability of products which needs to be improved by effective management of distribution network.

4.2.2 One on One Card Selection

Most of the case company's employees that participated in workshop has been given a chance to select cards for customers' needs in one on one interview. After sorting the cards, they were asked to provide an explanation of the selected priority cards and why they think it is the need of a customer in that specific market segment.

Total fourteen interviews were conducted, which includes a case company CEO, one business unit VP, eight sales managers for different regions and four distributors. The results of customers' needs' cards from one on one interview is shown in Figure 15 below.



Figure 15. Top 15 Cards for customer needs.

As shown in Figure 15, availability of products is the most important end-customer need. It clearly shows the importance of distribution management and its development in certain markets for the case company to grow. As the case companies has good reputation and competitive advantage in product quality and performance.

“Those customers are in hurry to purchase and if they can get the product from somewhere else quickly then they will take it.”

“Well, yes, availability of product is one of the important needs for end-customers, right now we do not have enough good dealer who will stock our products, therefore we always have emergency stock in our inventory.”

“The trend in project oriented business is the availability of product and often determine whether we are delivering the product in a certain time. The speed of delivery depends on the cooperation of distributors with us. Now we do a lot of calls to our distributors to understand the demands in the market and is the stock available. I think in future the common shared database with our distributors would be very helpful.”

The card selection in Figure 15 also shows that customer needs some extra services in this business. Hence case company distributors must be capable to provide those value-added services and fulfil customer needs.

“Off course, we need to give training to our distributors, otherwise they would not know anything about end-customer needs.”

“I choose product training and maintenance and that is the key factors in thinking about competitiveness and cooperation.”

“Offering expertise is important because it is not so unambiguous whenever we talk about our activities.”

Many of the interviewees also stressed on distribution relationship to provide value added activities to the end-customers. Distributors are the face of the company and company needs well prepared distributors, that would provide value added service too. Some mentioned the need of information about end-customer needs through distributors.

4.3 Distribution Network and its Management

This section is based on one to one interviews regarding the question about distribution network and its capabilities. In this open-ended interview, the author also asked about case company activities to support its distribution network and the same time investigate about the distributor roles in value adding activities.

4.3.1 Current Distribution Capabilities

The author tried to figure out the current distribution capabilities, its strengths and weakness in this section. Sales managers were very confident to share their views about current distribution network capabilities of the case company. The selected sales manager for this case study is covering different regions around the globe. Hence, the author has a very good view about the case company current distribution strength and weakness in several diverse regions.

Most of the interviewees mentioned weakness instead of strength of case company distribution capabilities and the main reason for that was case company competitiveness in products rather than distribution network. One sales manager mentioned that the case company’s biggest strength is its flexibility and good customer service. But he also mentioned that these two strengths of the case company is going down in ranking. The main reason for this down turn is, as company is growing very rapidly, and hence it’s hard to manage the same level service to all customer through distributors.

“The biggest strength is customer service and flexibility but it is very hard to maintain these with this growing pace and demands.”

This statement also shows that effective management of distribution network is vital for case company to be competitive as it grows.

One sales manager mentioned about the extra services that are provided for the big project customers. Where case companies provide container for consignment stock with grinding service and stock always ready to use. But he also mentioned that it is limited to some regions which are closed to case company.

“Big project customers are happy by doing cost per drilled meter contracts as they get extra services from us, e.g. grinding and consignment stock ready to use.”

It shows that for the case company to grow and keep the same level of service in other regions, it must have good distribution network that would provide same service on behalf of case company.

Most of the sales manager emphasized, that the weakness of case company’s distribution network is the lack of professionalism by its distributors. They explained that most of the case company’s distributors do not have sufficient knowledge about its products and that there isn’t any dedicated person for customers. The result is, bad customer service from our distributors and also lack of information about case company products in that market.

“The weakness is dealers, who sell everything but do not know much about the products. There isn’t any dedicated person for customer contacts. Our company must look for more professional distributors that have dedicated employees who has field experience.”

One product manager mentioned about the new digital product from the case company, where professional distributors is vital because of its complexity. Digital products in this industry need a project sales approach with an engineering, process-minded personnel and problem-solving skills.

“The new digital product (sense system) has different requirements than traditional products, we need a distributor must have engineering background employee that has good understanding about digital products. This product needs listening to the customers and customers’ problems.”

It was supported by the answer below about the importance of distribution network management.

“Since the product is not like traditional product in the market in drilling consumables, therefore it needs new kind of expertise to sell. Geologists understand that activities and it needs different type of activities as compared to normal product sales. This is off course a definite challenge for the distribution network.”

One sales manager mentioned very important point about the communication between case company and different distributors.

“We must start tracking about different project our distributors do and start tracking and keep records of those contracts or projects. So, that we know who are our end-customers and have they have been served.”

This was emphasized by one the other sales manager too, as the case company has many distributors to handle.

“Communication, daily communication and communication.”

The above two answers show the importance of distribution network management, as the company grows. Case company has enormous number of distributors and they are increasing as it grows, and entering in new markets. Where even the case company completely doesn't know how many distributors it is dealing with. This hinders good communication with distributors and good customer service to end-users. This was illustrated by the sale managers in following words.

“We have too many small distributors with too wide offering ranges of product and serving too many industry segments.”

“Through new acquisitions and new markets, the number of distributors contact has increased dramatically, and one of the challenge is how to manage them, and who is the one that needs to focus on.”

The answers above conclude that as the case company grows the importance of its distribution network management increases. Becasue the case company cannot provide the same level of customer service to its end-users or even to its distributors.

4.3.2 Selecting Distributors

This section investigates and present the selection of distributors and expected value adding activities by the case company's distributors. One of the key factor in manging distribution network is the ability to select viable distributors and manage the value adding activities in between. As value adding activities by the distributors is the key factor in distribution management, yet the case company does not have proper viable process that could implement it.

Now days the market is competitive and there isn't much to differentiate the products from competitors. Then the main differentiation factor is how you provide extra added value to the customers and differentiate your distribution network from competitors. This was illustrated by one the sales manager too.

“Good distributors are really those who have such sales networks that they really get there in the area. At present, most of the products are similar and do not have

much differentiation factors then the distribution network must be competitive to get the competitive advantage.

According to one the sales manager the most important characteristic of the distributors is to be recognisable in its market.

“The most important activity. The products do not sell themselves but instead sold by the distributors in the market. Therefore, the distributor must be well known in the market and have all sufficient capabilities to sell the products.”

One reason for creating and management distribution network is pooling the resources to achieve a competitive advantage and the answers above shows that those resources need to be viable and capable to provide competitive advantage.

“The distributor needs to be financially good with the resource side and have good ability to spend money in the market. It also helps that the distributors will pay on time and there wouldn't be much receivable for long time.”

One of the important factor which was mentioned in the end-customer needs, is the availability of the products. Financial stability of the distributors provides the opportunity that the case company product will be available in most of the market. Hence, the case company must not only emphasize on the payment capabilities of distributors, but must also investigate the ability and willingness to store case company's products close to the end-customers.

“One of the factor that a distributor needs to be able to handle storage and logistics activities, they must have the liquidity and the ability to handle the risks with us equally or sometime also alone.”

Most of the sales manager emphasize on a good communication between the case company and its distributors. They consider that a good communication is one of the important aspect of the good distribution management.

“Communication is really an important part of information sharing. Absolutely yes, distributors must have good communication capabilities, there need to be a network in where information goes fast and everyone get what they need and when they need it.

“The distributors must communicate important information with us and vice-versa.”

“Good communication capabilities must be one of the key requirement for any distributor.”

Table 9. Premium and regular distributors

Premium Distributors	Regular Distributors
Characteristics: <ul style="list-style-type: none"> • <i>Financial stability</i> • <i>Growth oriented</i> • <i>Establish and recognized in the market</i> • <i>Represents an important part of end-customers' spending</i> • <i>Significant for case company business</i> 	Characteristics: <ul style="list-style-type: none"> • <i>Financial stability</i> • <i>Growth orientation with case company lines.</i>
Role: <ul style="list-style-type: none"> • <i>Growth with case company</i> 	Role: <ul style="list-style-type: none"> • <i>Fill-in the distribution white-spots</i>
Responsibilities: <ul style="list-style-type: none"> • <i>Sales within specified geography and market segment through exclusive distribution right.</i> • <i>Joint business planning.</i> • <i>Active marketing and information sharing.</i> • <i>Local product management.</i> • <i>CRM</i> • <i>Technical support to end-customers.</i> • <i>Sales forecast, order processing, reporting and stocking.</i> • <i>Customer service.</i> • <i>Account payable/receivable management.</i> 	Responsibilities: <ul style="list-style-type: none"> • <i>Sales of specified product line for specified applications, geographical areas and customers.</i> • <i>Sales forecasting, order reporting/processing and stocking.</i> • <i>Customer service.</i>
Resources and Capabilities: <ul style="list-style-type: none"> • <i>Nominated persons, technical and customer service.</i> • <i>Certified with case company sales approach.</i> • <i>Industry applications and product knowledge.</i> • <i>Information system connected with case company.</i> • <i>Proficient business planning and reporting practices.</i> • <i>Warehousing and customer service facilities.</i> 	Resources and Capabilities: <ul style="list-style-type: none"> • <i>Application and product knowledge</i> • <i>Nominated contact person</i> • <i>Sales forecasting</i> • <i>Information systems connected with case company.</i>

One of the executive explained about the importance of the distributors capabilities. The distributors must have good knowledge about the market, and at the same time must know about the competitive situation in that market. In this way, the case company can get

important information from its distribution network about different markets and competition involved. It also helps in defining the specific strategy for some specific market according to the needs.

“The distributors must have good understanding about the country markets where they operate and most of the areas where it works. Then consider the networking side in the sense that the distributors need to have the widest possible access to other actors in the region so that useful information always flow to us. When we choose distributor, we need to look at its current product range so that we could understand its capabilities in different market segments.”

One of the sale manager illustrated the same point with emphasizing on the skills of the distributors.

“The distributors must have right skills, they need to be professional in their fields. Specially emphasized in the site evaluation, knowing the products very well and off course they must have the ability to talk to customers about their problems and needs regardless of their level.”

The answers above show that case company competitive advantage in its products doesn't reflect in its distribution network. In the conclusion, the above answers indicate that there is an urgent need for distribution management where above concern must be processed in systematic way as shown in the Table 9.

4.3.3 Supporting Distributors

This subsection illustrates the value-added activities need to perform by the case company to support its dealer's network. Almost all of the interviewees supported the perspective that supporting the distributors are crucial when managing distribution network. According to executive management, more attention must be paid to support our distributors, and it is one of the important part of our distribution development project.

“We must provide our expertise and business skills to our distributors. It must be like a family to whom they belong and taken care of.”

“I feel that background support in different situation and events play an important role in thinking of long-term commitment and common goals of the future.”

One of the executive management also emphasise the importance of follow up and expectation of a good performance from distributors after supporting them. He emphasized the healthy pressure on distributors' performance is good thing and that our distributors must support our well-known brand in their market, and also provide good quality service to our end-customers.

“Yes, we have to support our distributors in every way and offer the knowledge of market and our expertise. And it is a fact that our distributors must represent our well-known brand and provide good quality of service.”

“We need to identify the potential of the market and improve situation for all parties (distributors), but at the same time put pressure on the other side (distributors) in a healthy way.

The case company is growing continuously through acquisitions and organically and hence, the distributor’s network increases concurrently. Due to the increase in the distributors amount the support from the case companies to its distributors is reducing. This was also illustrated by one the sales manager. He thinks that there must be a contact person available all the time to support and provide important information to every distributor about the case company’s products.

“There are still many distributors who doesn’t have enough knowledge and understating about our products, therefore, it is hard for them to sell. The field experience and training needs to be more. It must be emphasized on how are we doing things here and communicate it properly. Maybe we can benchmark big companies that how are they doing this job.”

The answer above also shows that the case company is not a SME anymore and it is on the footprint of big organisation. Hence, the case company must develop and manage the distribution network accordingly and by benchmarking the big organisations.

Some of the sales managers were referring to the certain markets where distributors need competitive prices. Some markets are price sensitive and distributors need big support from their suppliers to provide competitive prices so that they can maintain the market share.

“Even though value based selling is good approach for price sensitive market but still in my market the competition is so hard that our distributors need big support in pricing from us, if they must maintain their market shares.”

“If we think what our role must be, I must be fast in my actions, be reachable and offer assistance whenever they need something, whether its price, inventory balance or technical consultancy.”

Many of interviewees stressed that supporting distributors in the different task is one the key factor of distribution management. Sharing expertise, proper training, marketing tools and information, support in price and availability of products for sure will help distributors to be successful in their business, which ultimately means successful case company.

5. ANALYSIS

This chapter contains the main findings and analysis of the empirical data above. The sections presented in this chapter will explain the distribution development and its management for a growth company. Furthermore, the main framework for distribution management for a growth company is presented.

5.1 Customer Understanding and Total Offering (What)

The case company's deep knowledge of its end-customers' needs and wants is the success factor of any growth company. To answer the question "what" (see conceptual framework in chapter 2) case company is offering to its customers is completely based on customers understanding. Empirical findings show that customer needs and wants are very diverse in different market and application segments. As for the case company, it is important to design and manage its distribution network in such a way that it gets regular information about its customer needs and wants through this channel. Another important factor of customer understanding for the effective management of distribution network, is understanding the customer needs will help the case company to select new distributors that are most relevant to case company sales and growth strategy. According to Hills et al. (2008) and Brettel et al. (2011a), the regular contacts with the customers are important to know more about them. As company customers base is increasing with its growth therefor it is getting difficult for case company to have contact with all its customers. Hence, the effective distribution management will help to get important regular information about end-customers' needs and wants. The importance of effective management of distribution network to understand the end-customers can clearly be seen in this comment from one of executive manager.

"Company is growing very fast; our customers are increasing day by day and the biggest increase came from two acquisitions recently. Most of the time we even don't know who is really our customers and what they do in certain market."

This was also illustrated by one of the sales manager in the following words.

"Communication is very important in certain application segments and we need proper channel for it."

Empirical findings of the research show that the total offerings are completely based on customer needs for different applications. It is also based on different markets and competitive environment presented in that market. Total offerings are the bundle package with distribution network that would be presented to end-customers. The case company must

think how the distribution network can add values to its complete offering to end-customers, and what support do the distributors need to fulfil total offering criteria. Following are the important customer needs (see Figure 15 in section 4.2.2), which were mentioned in empirical findings during this research and where effective management of the distribution network is important to fulfil.

Availability of products: It is one of the top customer need per case company sales managers and current distributors as shown in Figure 15 in section 4.2.2. Case company is operating in more than 100 countries and its practically impossible for the case company to have product availability in each of those countries. Case company has some small distributions and agents in certain markets but most of them doesn't provide storage service for the case company as well as the end-customers. As the case company grows in certain markets, the need for the availability of products grows too and effective management of the distributors is the only solution for the case company to fulfil this important customer need. Case company must define and select premium distributors in those markets and make sure that they provide full availability of the case company products to its end-customers.

Total Solution from one supplier: One of the important factor of any distributor is the complete complementary solution to the end-customers. Case company has several distributors which are not dealing with all of the solutions or products to end-customers. Case company's products are used in different applications and it has different distributors for each application sector. This makes it difficult to manage several distributors in one market for several separate applications. Hence, according to the concept of effective management of distributors network, case company must define and select few distributors that would provide total solution to its end-customers as it will make it easy to manage those few distributors rather than several distributors.

Demonstration and testing: Another important factor that was mentioned in customer needs were product demonstration and testing. Case company has several products that would need a proper demonstration and testing for its end-customers (e.g. case company's patented digital products) and as case company's customer base has increased dramatically with its growth. It is not possible to reach each and every customer for demonstration and testing. Case company needs to select few premium distributors in different markets and provide regular training, so that they would be able to demonstrate and test the products with case company's end-customers on behalf of the case company.

In conclusion, the empirical results show that the case company total offerings must be based on the following two factors

- Total offering per customer needs, applications and market segments
- Competitive products
- Total solution from one supplier

The case company must provide full support to its distribution network and manage them effectively to fulfil end-customers' needs by these complete offerings.

5.2 Customers and Market Segmentation (Whom)

Dannenbergh and Zupancic (2009) mentioned that for an efficient sales team it is important that they know their customers' potential and the extent that how this potential can be converted into sales revenue. Same can be true for distributors as they act as a supplier sales team and perform the same practices as a supplier sales team. Therefore, it is important to understand customers and market segments where potential is high. So that new distributors can be used and current distributors can be managed effectively to convert that potential into sales revenue.

According to empirical findings of this case study, the author found that there is no practical process of segmenting market and customers according to the different end-customers' applications in distribution network prospective. There wasn't any distributor selection criteria which would base on end-customers' application segments. Furthermore, empirical findings indicate that the case company needs to understand where they must focus and find new distributors in customers' application segments as shown in Figure 16 below.

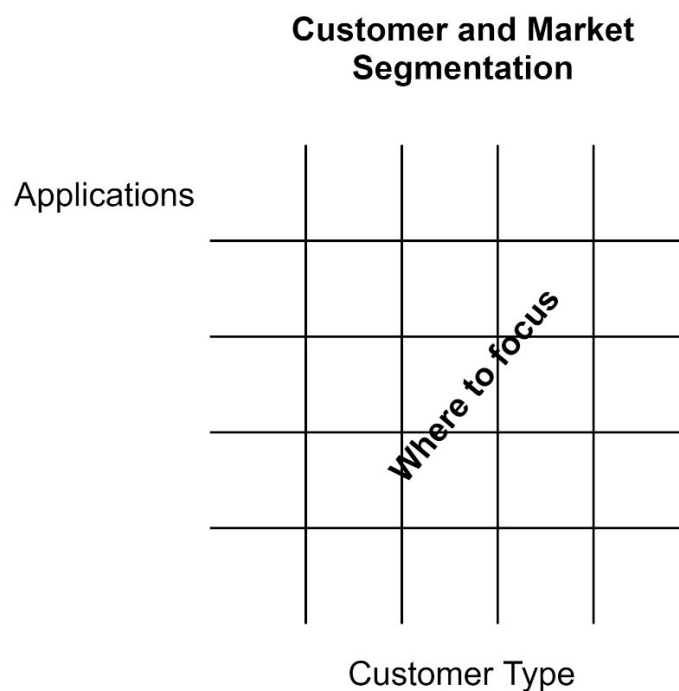


Figure 16. Distributors' growth plan

The distribution network can be segmented so that the case company has dedicated distributors for different end-customers' applications and customers' type. It should be possible that some distributors can cover more than one customer segment.

In conclusion, the case company distribution model must be based on end-customer application focused. Furthermore, the case company must focus on those segments where growth is high and lacking distributors.

5.3 Managing Distributors (How)

This is one of the important components of distribution network management and this case study. This section explains “How” the case company communicates its total offerings to its end-customers. The identified factors for distribution selection and support have been presented in the following subsections, which are based on the subject matter that was identified during empirical data analysis.

5.3.1 New Distribution Selection

New distributor selection was one of the explicit case company’s distribution management strategy success factors. As the case company grows and enters into new markets with new products, the importance of new distributor selection increases simultaneously for complete coverage and sales growth in designated markets.

Selecting the right distributors who are aligned with the case company’s total offerings and selected customer segments is important for the future success and growth of the case company. This conclusion is in line with Irani et al. (2011) research, who stated that selecting an efficient and suitable distributor is an important success factor for any distribution strategy. The suitability of distributors might be different for different companies because of different sets of requirements by each company, but from empirical data analysis, the case company interprets a suitable distributor as the one that is aligned with the case company’s total offerings and its designated customers’ market and segments.

Following three steps have been identified for selecting new distributors during this research by analysing the empirical data.

1. Locating distributors
2. Selecting distributors
3. Convincing distributor

1) Locating distributors: All the interviewees agreed that the case company needs new distributors for future growths and to be competitive in the market. That would represent its new vast range of product offerings (see section 5.2). Locating distributors must be based on the case company’s focused customer and market segments. The search for distributors must be based on those segments where growth is high and the case company doesn’t have any distributor.

2) Selecting distributors: There isn't any evaluating criteria for selecting distributors by the case company. Therefore, it is important to present selection criteria as distribution management and choose only those which align with case company total offering and distribution strategy. This can be illustrated from the following comment of one of the executive manager.

“We are in crisis situation, there is so many small distributors which are not economical viable for us to spend time with them.”

This statement shows that case company is not SME anymore and must behave like large enterprise. This presents strict criteria for selecting distributors. Selecting new distributors can be based on criteria which is explained in next section.

3) Convincing Distributors: All the interviewees agreed that there must be some convincing factors for the distributors to choose the case company as their supplier. And provide value added services to its end-customers. According to the empirical data, competitive product is the most important factor to convince the distributors, but care must be taken in some markets where the important factor is competitive price. This was illustrated by one of the sales manager as follow:

“In my region, there is strong competition in prices, prices are very low as compared to other markets and for the distributors if we don't provide reasonable price, there is not profit for them.”

Apart from this, the case company must provide its full support to its distributors to serve the end-customers as per case company requirements (see section 4.3.3).

5.3.2 Managing Current Distribution Roles and Responsibilities

The empirical findings show that the case company has a huge distributors base which includes some occasional purchasers and distributors with sales in only few thousands of euros. Two important reasons to conduct the ABC analysis on the case company is to illustrate the necessity of prioritising distributors, and secondly it will simplify the managing process of the case company distribution network. The results of this analysis can be challenged on the base that it was performed by using only one year of sales revenue. However, the magnitude of the result and top management interviews shows the validity of this claim. Furthermore, this analysis provides an illustrative example of a foundation for the allocation of resources as the case company grows.

It is well established from the case company's sales numbers and from interviews that the case company must prioritize its distributors and define the roles and responsibilities of selective premium distributors. Figure 17 presents the pareto chart of the annual sales per distributor in previous year.

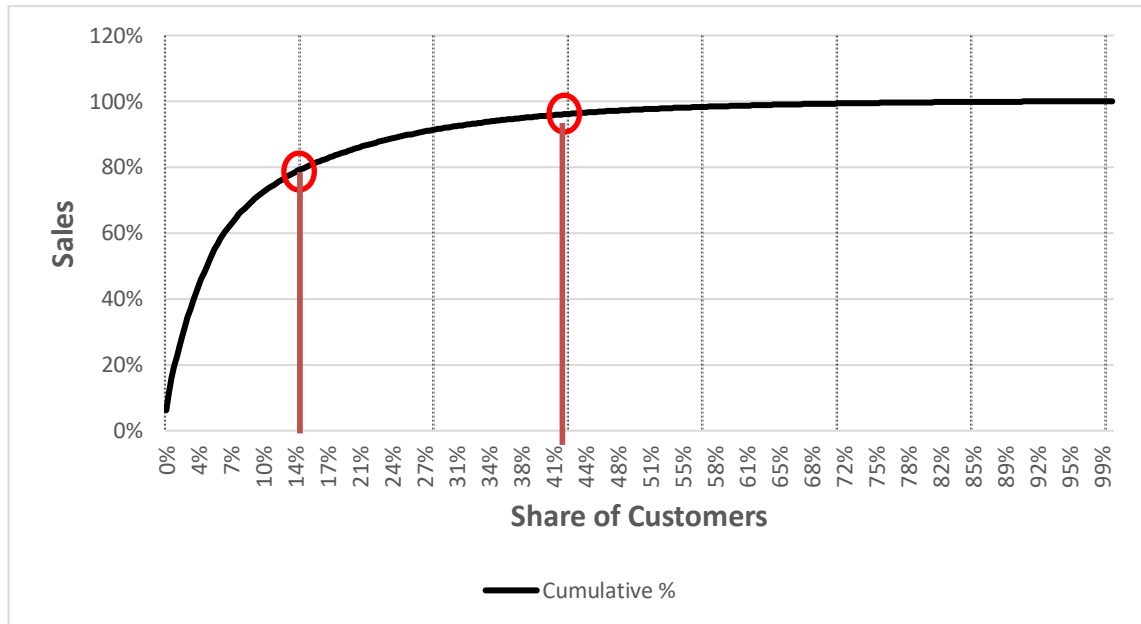


Figure 17. Annual sales per customers versus share of total sales (cumulative)

The two lines in this pareto chart points out two very relevant findings. Left line indicates that eighty percent (80%) of total sales comes from only fourteen percent (14%) of customers in total. The other line in the right shows that approximately sixty percent (60%) of all customers only contribute about five (5%) percent of the total sales revenue.

The empirical findings show that, as the company grows its distributors base increases too and hence it is getting hard for the case company to utilize resources to manage all these distributors. And at the same time hindering the case company's sales managers' efforts towards high volume distributors. Furthermore, it is assumable that a low revenue distributors require the same amount of time as high-volume distributors. Therefore, the case company must define the premium distributors for their effective management as company grow and divide it in three categories as per ABC analysis. Next the case company must define the roles and responsibilities with these distributors according to their classifications. Distributors classification is shown in Figure 18.

Those distributors whom are classified as A distributors must be premium partners and represents only ten percent (10%) of distributor base but in practical they will generate almost more than seventy percent (70%) of sales revenue. These could be considered as priority distributors where the case company will provide full support and resources. Those distributors which are classified as B distributors could be known as "dealer" which must represent certain threshold of total sales revenue. These distributors could be considered as potential premium distributors in future. The C classified distributors can be known as "occasional purchaser" and could be considered as non-priority distributors.

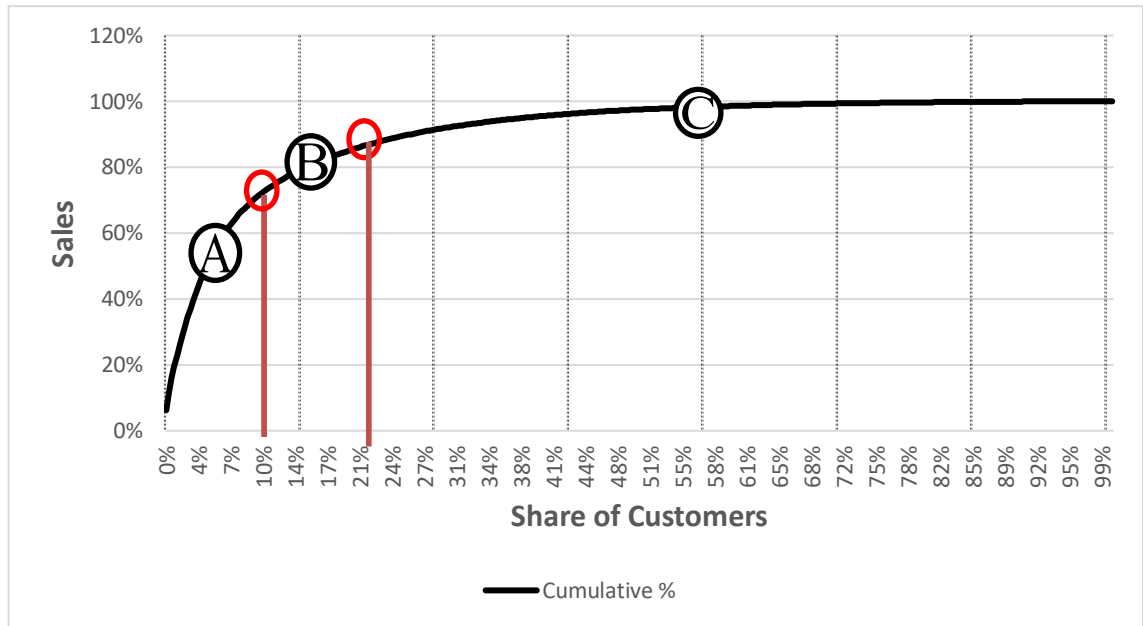


Figure 18. Distributors classification according to ABC analysis

The main idea of distributors’ classification is to define their roles and responsibilities in the case company’s growth, according to their classification as shown in Table 10.

Table 10. Distributors classification

Premium Partner	Dealer	Occasional purchaser
Investment into relationship	Potential future premium distributors	No investment into relationship
<ul style="list-style-type: none"> Comprehensive distributors agreement. Full product offering Agreed sales quotas Exclusive contracts Joint business development and marketing with joint budget Stocking Extranet access (pricing, availability and ordering) Dedicated training Partner days Full customer service to end-users Account payable/receivable management. 	<ul style="list-style-type: none"> Non-exclusive basic distributors agreement Full product offering in selected applications segments Fill in the distribution white spots Common sales target Small stocking Common training events Sales forecasting, order reporting. 	<ul style="list-style-type: none"> No agreement only general terms and conditions Generic and limited product offerings List prices Online service making transaction. Online and web based support

In conclusion, the case company must categorise its distributors by using two important factors. One is sales revenue and other is distributors future potential. The case company needs to focus on depth in the distribution network instead of wide coverage. This means more revenues from focused and targeted distributors to increase the net sales revenue.

5.3.3 Supporting Distributors

Several researchers have mentioned the importance of supporting distributors in their researches (e.g. Shipley, 1984; Shipley et al., 1989; Bandy et al., 2009). Furthermore, it is important for continuous information flow between supplier and distributor, which was also mentioned by several interviewees.

Empirical findings of this research indicate that supporting distributors is one of the important factor of effective management of distribution network. This was also mentioned by Narus and Anderson (1988) which states that through complete proper offerings for a distributor, the supplier could improve and strengthen distributor performance. Supporting distributor could have several elements which would depend on the company's distribution strategy. For example, Rosenbloom (2012, P. 356) and Kotler and Keller (2006, p.483) emphasized technical training as an important element of supporting distributors. However, according to the empirical findings of this research the elements of supporting dealer can be categorised into three important groups which was adopted from Narus and Anderson (1988).

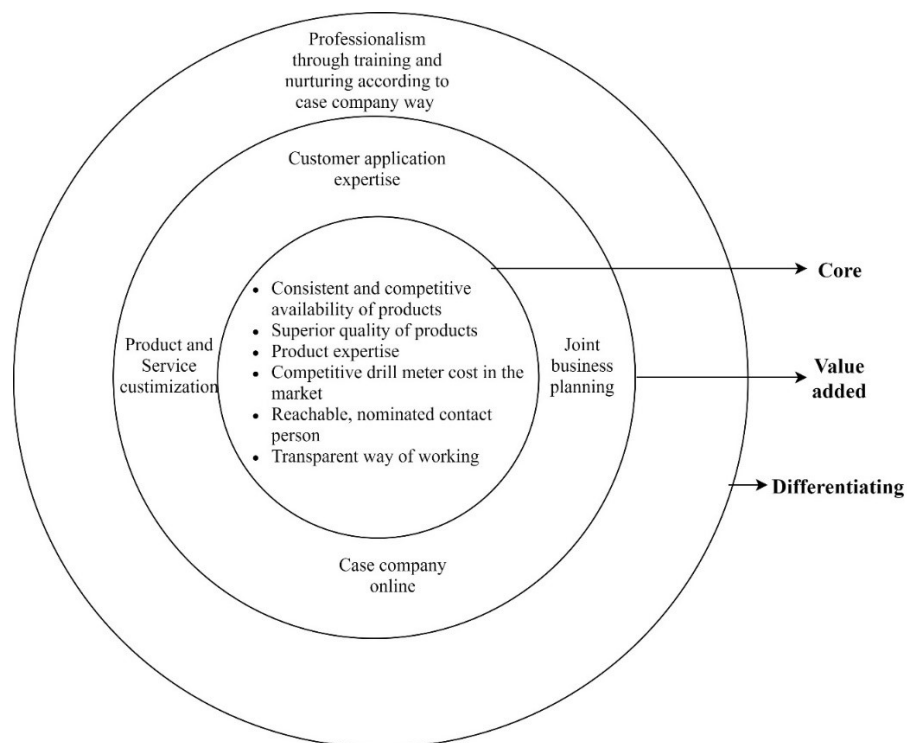


Figure 19. Supporting distributors (Adopted from Narus and Anderson 1988)

The three groups are; 1) core elements, 2) value added elements and 3) differentiating element. Figure 19 shows the elements of the case company in three categories to support its distribution network.

The inner circle in the Figure 19 represents the core elements that needs to be provided by the case company to its distributors. All these core elements were identified during an empirical research of this case study. The second circle presents the added value elements of supporting distributors. That would help the case company distributors to be competitive in their designated markets. The third and final circle represents the differentiating elements from the case company's competitors. It illustrates that how the case company nurture its distributors and be unique from its competitors, by providing a full support to its distributors network.

5.4 Final Framework for Distributors Management

This section presents the final analytical framework, which was developed by using analytic induction approach in this study for effective managing of distribution network for a growth company. This framework has been created by using limited existing theories with empirical findings of this study. The main aim of this study was to analyse components that has an effect on distribution network management, rather than to test and examine an existing distribution management model.

Figure 20 shows the final analytical framework, which consists of the factors that were discovered to determine the effective management of distribution network for a growth company. Previous sections discussed those factors extensively, therefore this section will provide rather summary of the final analytical framework.

Chapter 2.6 presents the preliminary research framework for this case study and highlight the lack of profound research and related framework for the area of distribution management for a growth company. The final analytical framework of this case study (Figure 20) has been developed by using preliminary research framework which are presented in Chapter 2.6 with empirical findings of this research.

The two important components that could potentially affect the effective management of distribution network of a growth company are "total offerings" and "customer market segmentation". These two components have emerged from the review of different literature (see chapter 2). Final analytical framework also consists of these two important components.

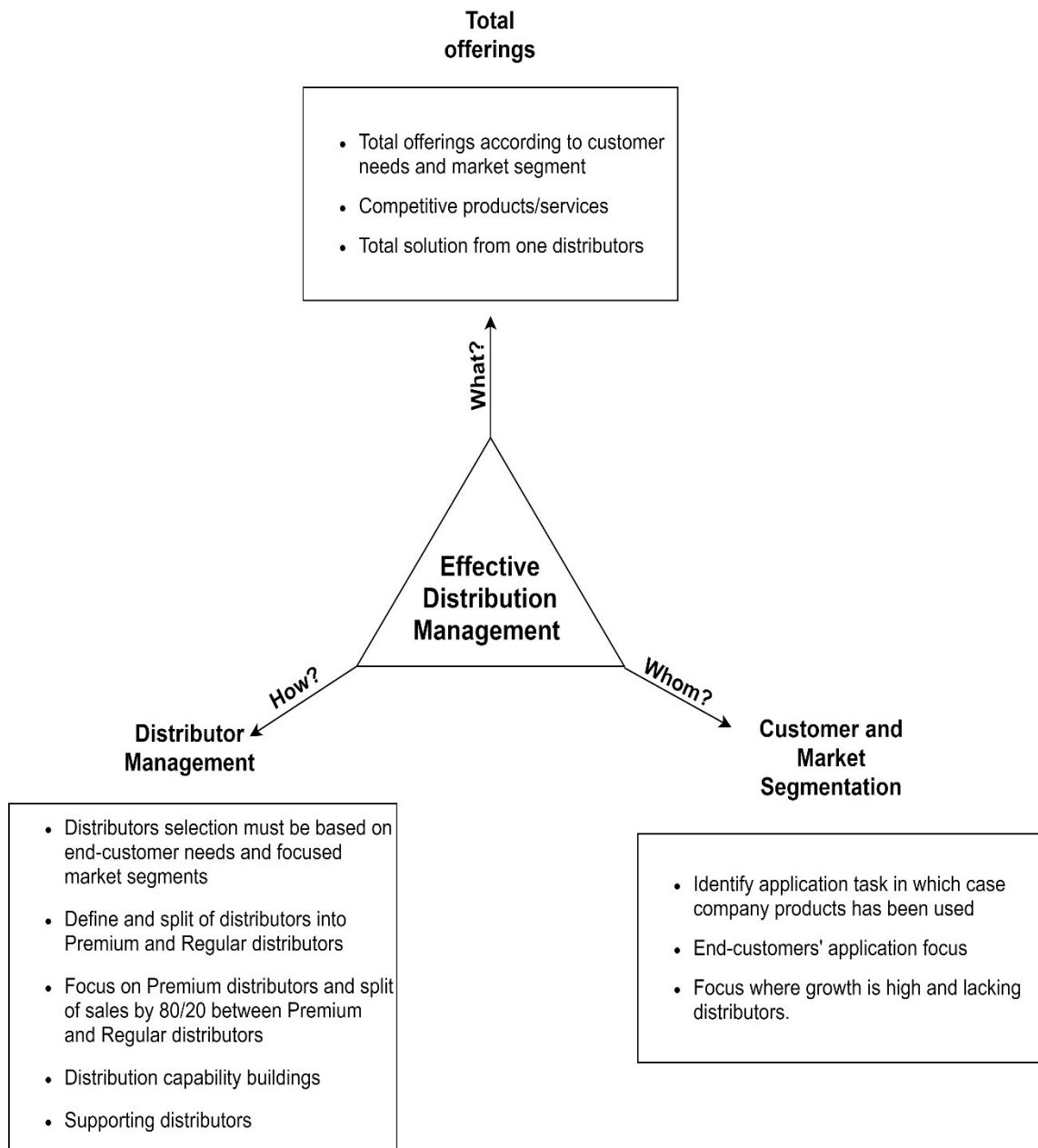


Figure 20. *Final analytical framework.*

The empirical findings reveal the importance of total offerings of different customer segments for the effective management of distribution network. It further shows that how distribution structure can be affected because of customer needs in specific market segments. When a company grows, it increases its customer base and to keep the pace of growth and smooth transition from SME to MNC, company needs to design its distribution network to be competitive. And to manage its distribution network effectively the company must understand its customer needs and market segments better than its competitor.

Furthermore, the empirical findings reveal that the case company must identify the application task where its products has been used. And focus on those end-customer applications to find new distributors and keep the pace of growth. It also reveals that current distributors must be segmented between premium and regular distributors. The case company must focus on premium distributor to define joint plans for growth. Distribution capability building and full support is important factor in these joint plans for growth with premium distributor. These factors are summarised in the final analytical framework in Figure 20 above.

6. CONCLUSION AND RECOMMENDATIONS

This case study's final section presents the summary of the key findings along with the theoretical contribution. This section further adds the managerial implication of this case study, which explains that how growth companies can effectively manage the distribution network and keep the pace of its growth. Furthermore, it also discusses the limitation of this case study with future research.

6.1 Summary of Key Findings

The main objective of this case study was to advance the understanding and management of the distribution network of a growth company. The main reason behind this objective was that the case company is growing very fast organically and through acquisitions. Due to this growth, the case company needs to update its distribution structure, and manage them effectively so that the case company can keep the pace of growth.

Furthermore, it was pointed out in Chapter 1 of this case study that the research on distribution management is dominated by start-ups or MNCs. Due to the limited existing literature on a growth company which is neither start-up nor MNCs (but instead on the path of MNCs), the author decided to implement this limited research with empirical content to define effective management plan for a growth company.

The summary of key findings is presented below which also answers the three sub-question on which this research was based on. After the analysis of existing literature and comprehensive empirical research, the author discovered three important components for effective distribution management of a growth company. These three components are derived from three sub questions and briefly presented below.

1. *How to locate and design total offering per the requirements and needs of end-users?*

Total offerings (What): Total offering for a company's customers according to their needs and wants will define the competitiveness of that company. Furthermore, total offering is the bundle package with distribution network that is presented to end-customers. Hence, it is important to know how the distributors can add values to a company complete total offerings for its end-customers. As shown in the final analytical framework (Figure 20), total offering should be designed according to customer needs and that particular market. In addition, the company products and services should be competitive along with distribution network (total solution from one distributor). Once the company understands its customer needs and define total offering accordingly then the company can choose new or manage

current distributors that would provide the best complete offering than its competitors. It is important for the success of the distribution management that it is closely linked with the total offerings of a company to its customers.

2. *How to define customers segments and understand their needs in context of distribution network design?*

Customer and market segmentations (To Whom): Customer and market segmentation are few of the important factors for further growth and find new distributors. It is also important to manage current distribution network and define their responsibilities according to the different market segments. For effective distribution management, it is important to understand end-customers and different market segments, where company products have been used and potentially can be used. Furthermore, case company should focus on those market segments where growth is high and case company is lacking distributors.

3. *How to manage and select appropriate distributors per customer needs and company's total offering?*

- 1) **Managing distributors (How):** Managing and selecting distributors emphasized on the factors that how a company communicates its total offerings to selected market segments. Managing current distributors roles and responsibilities along with choosing the new distributors that are suitable for the company and provide extra added value, is important for maintaining growth and competitiveness of a growth company. Moreover, it is important that a company provide full support to its distributors. A capable and efficient distributor that gets adequate support from its supplier increases the strength of wide distribution network which extends beyond the supplier's own capabilities.

Several factors were involved in effective management of distribution network for a growth company. First, those factors which was discovered during this study is rather general. This might indicate that the actual growth and effective distribution management factors for different companies are rather general. Second, those factors are not necessarily important for only growth company distribution management, but rather generic in scope and could apply to start-ups and MNCs distribution management. One important observation made during this study that effective management and design of distribution network is necessary to keep the pace of growth and be competitive in the market. Especially when a company is in the transition stage from SME to MNC.

6.2 Managerial Implications

The framework (Figure 20) presented in this study can be utilized in B2B companies. Which use a distribution network to sell their products to end-customers and are in transition phase from SMEs to MNCs. It was outlined during the course of this study that the effective management of distribution network is a strategically important part of growth companies. When a company grows organically and through acquisitions, its distributor bases increases too. To maintain the pace of growth with limited resources the effective management of distribution network becomes necessity. That's the reason that distribution management related matters require a significant amount of managerial considerations.

The empirical findings along with literature review of this research highlight that a well-managed distribution network is important element of the success of a growth company. Especially in its transition phase from SMEs to MNCs. The main aim of this thesis was to increase manager awareness related to distribution management and provide effective solutions for distributors network management when company grows very fast. The three important components and their relevant factors found in this thesis, should be helpful for managers when designing and managing global distribution network for a growth company. It also explains how and where the managers need to concentrate when managing distribution network.

The implications that have been obtained from the findings of this study may assist companies that are growing both organically and through acquisitions, where effective management of distribution network becomes necessity to keep the pace of growth and be competitive. Following three points present the implication when managing the distribution network of a growth company effectively.

- The strategic goals and objective must be defined clearly when designing and managing distribution network. And communicate it throughout the entire sales organisation. Focus on the behavioural change for both distributors and sales manager that would align with company's desire strategic goals to increase sales efficiency.
- Focus on understanding the end-customers and different market segments, particularly to know their needs and how to create related customer value. Customer needs and market segments identification will provide base to manage distribution network effectively. That would provide opportunities to increase customer satisfaction through distribution network and hence sales revenue.
- Prioritizing distributors for the effective management as distributor base grow with company growth. Support them by building distribution capability as per company distribution strategy. Distribution prioritisation is a key lever in simplified and effective management of distribution network.

The implications presented above should be deemed as recommendations rather than a definite truth. The main aim is to define distribution network management process effectively for a growth company, which might need a change in its distribution strategy. Therefore, it is important that the management and the staff review and evaluate the effects of this implication together before applying them.

6.3 Theoretical Contribution of the Research

As mentioned in section 1.9, the reviewed distribution network management literature is mostly based on start-ups or MNCs and mostly in B2C settings. The existing research on distribution network management for growth company is scarce. Hence, this research pays specific attention on distribution network management in context of growth company. Therefore, contributes to the existing distribution management research in several ways. First, this study contributes to understand customer needs and target market and second it contributes to the variety of research method in distribution network due to its empirical nature. Over all it gives a holistic approach to distribution network in a growth company which shares the characteristics of MNCs and at the same time the start-ups as it enters new markets or new products.

Moreover, this research presents a noteworthy contribution to existing theory in finding factors that determine effective distribution network management of a growth company. Such factors have not been used in distribution management before. Therefore, the findings of this study could open academic discussions.

Furthermore, an analytical framework on effective management of distribution network has been developed by using analytic induction approach. The main reason for choosing this method is due to the lack of existing frameworks in this area of research. Hence, the presented framework involves new ideas as it broadens the view on distribution network management regarding the growth companies.

6.4 Limitation and Future Suggestions of the Research

The case study methodology and empirical foundation limits the contribution of this research. Firstly, empirical data was gathered from one company to achieve the best relevant solution. This sets limitation for generalizing the case study research. Secondly, the researcher works in the presented case company. Therefore, participation in the case company's strategical meetings and workshops provides extra leverage to the author over the outside researchers. Hence, the authors understand the case company deeply than any outer researcher. Therefore, the similarity of research cannot be guaranteed. Although, the results and implication of this study related to distribution management of growth company should be considered relevant under the above-mentioned conditions.

Future research can be conducted more extensively within the same context. It is considered obvious that more research on growth company's distribution management is needed to fully understand the phenomenon. Hence, close the current research gap. Specifically, additional research is needed on the distribution management components of a growth company. These components can be researched separately and its effects can be studied on distribution network management. One of the interesting facts that this research leaves is the outcomes in terms of sales revenue growth, that can be obtained by using presented factors in analytical framework for distribution management. So that presented analytical framework can be tested and revised if needed.

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APPENDIX 1: CUSTOMER NEED CARD

Product

1. Quality of products	2. Wide range of products	3. Availability of products	4. Cost of products	5. Product performance	6. Availability of complimentary products
7. Joint development of products	8. Product performance agreements	9. Cost per drilled meter	10. Safety of product use	11. Ease of use and maintenance	12. Leadin-edge products
13. Value for money	14. Recyclability of products	15. Trusted, well-known brand	16. Life cycle cost of products	17. Digitalization of products	

Service

18. Ease of ordering	19. Product application consultation	20. Response time to customer's changing needs	21. Customization of the products	22. Demonstration and testing	23. Quality of services
24. Product training	25. Predictability of drilling cost	26. Cost of service	27. Cost per meter contracting	28. Service agreements	29. Simulations and estimations
30. Local manufacturing	31. Recycling services	32. 24/7 ordering and customer service	33. Grinding service		

Relationship

34. Total solution of from one supplier	35. Visibility of inventories	36. Access to expertise	37. Open information sharing	38. Long-term cooperation	39. Active communication and ease of cooperation
40. Named contact persons	41. Clean energy source	42. Sharing marketing tools and activities	43. Credit offerings	44. Joint investments and risk sharing	45. Site inventorying and logistics
46. Loyalty programs	47. Sharing of usage and consumption information	48. Shared code of conduct	49. Joint offering, process and system development	50. Joint ecosystem development and knowledge sharing	

APPENDIX 2: LIST OF INTERVIEWS

Interviewee	Role	Territory	Date	Time
Person 1	Sales Manager	Nordics	April 26, 2017	1h 21mins
Person 2	Sales Manager	Finland	April 26, 2017	1h 07mins
Person 3	Sales Manager	South Africa (region)	April 26, 2017	1h 17mins
Person 4	Product Manager		April 26, 2017	1h 08mins
Person 5	CEO		April 28, 2017	1h 03mins
Person 6	VP		April 28, 2017	58mins
Person 7	Sales Manager	Finland and Nordics	May 2, 2017	1h 22mins
Person 8	Sales Manager	Central Europe	May 2, 2017	1h 05 mins
Person 9	Sales Manager	Southern Europe and North Africa	May 2, 2017	59mins
Person 10	Sales Manager	Eastern Europe	May 2, 2017	1h 32mins
Person 11	Distributor		May 23, 2017	1h 20mins
Person 12	Distributor		May 24, 2017	2hrs
Person 13	Distributor		May 31, 2017	1h 16mins
Person 14	Distributor		May 31, 2017	1h 01min
Person 15	Distributor		June 1, 2017	1h 17mins
Person 16	Distributor		June 5, 2017	1h 06mins

APPENDIX 3: QUESTION OF SEMI STRUCTURED INTERVIEWS

Market Situation

Q: How do you see the market developing in your area within the next 2 to 3 years?

Q: What are the most important changes happening in the market place?

Q: Which are the demand expectations by market segments?

Q: In which sub-segments do see case company growth potential as most promising?
In which countries?

Customer Needs

Q: 10 cards selection according to priority and explain the reasons for the choice.

Competitive Situation

Q: Where does case company competitive advantage stem from?

Q: Which are the most significant weaknesses, particularly in distribution, case company should quickly address?

Distribution Coverage and Capabilities

Q: How would you describe case company's distribution capabilities? Strength and weaknesses?

Q: In which market segments and geographical areas case company needs to urgently strengthen distribution coverage and or skills?

Q: What are the most important "value adding activities" that case company's dealers must consistency be able to perform?

Q: What are the most important activities case company must be good at supporting its dealers?