SUCCESSFULLY SELLING SERVICES: DEVELOPING SALESPEOPLE WITH THE REQUIRED COMPETENCES

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ABSTRACT
Purpose: The aim of the study is to provide insight into the competences and management of manufacturers' salespeople selling advanced services and hybrid offerings
Design/Methodology/Approach: An exploratory research design was adopted, using interview data from sales managers in seven firms in the Information & Communication Technology (ICT) sector
Findings: Five competences and management practices were identified: salespeople's knowledge; creation of productised offerings; adaptive selling; teamwork/internal networking; sales control/reward systems.
Originality/Value: Sales is one of the key challenges for manufacturers looking to become more servitized. This study extends and refines previous research in this field by identifying a number of competences and management practices required by manufacturers to enable the salesforce to become more effective at selling advanced services and hybrid offerings.

KEYWORDS: Advanced Services, Competences, Salespeople, Sales

1. INTRODUCTION

Manufacturers face many challenges as they become more servitized (Barnett et al. 2013; Löfberg et al. 2015). One of the most intractable challenges is how to help salespeople, previously used to selling products, become better able to sell advanced services (Baines and Lightfoot 2014) and hybrid (product/service) offerings (Ulaga and Loveland 2014). Building the sales capabilities to sell these offerings represents an important and formidable challenge for many manufacturers, more used to selling tangible products (Ulaga and Reinartz 2011). Salespeople, therefore, require new competences including greater knowledge of customers' business problems and processes and the need to become more 'service savvy' (Reinartz and Ulaga 2008). Developing these new competences could require changes in the selection, training, and recruitment of salespeople (Sheth and Sharma 2008). Despite this emerging recognition of the role of salespeople in servitization, research on the required competences of salespeople and their impact on sales management remains limited.

The aim of this study is to provide insight into the competences and management of manufacturers' salespeople selling advanced services and hybrid offerings. The study uses qualitative methods, namely seven interviews with managers from the Information Technology and Communications (ICT) sector. Findings extend previous work in terms of manufacturers' approaches to developing more successful salespeople and sales organisations by identifying the competences they require. The paper continues with a review of relevant literature, a description of the study's method, presentation of the findings, followed by the study's contribution to theory and practice, limitations and areas for further research.

2. LITERATURE
2.1. The Role of Sales in Servitizing Firms

Selling advanced services and hybrid offerings not only implies that manufacturers need a new set of capabilities, but also a different go-to-market approach; specifically around how to interact with organisations in their network, particulary customers (Sheth and Sharma 2008). In a sales context, this has been described as 'value-based selling' (Anderson et al. 2007); that is, helping customers to understand the value of offerings (Storbacka 2011) and becoming a solver of their problems (Kindström et al. 2015). To do this, salespeople need to understand the customer's business model

and manage a complex network of relationships in both customer and vendor organisations (Piercy and Lane 2007; Ulaga and Loveland 2014). Value-based selling also includes a wider role for salespeople, that of understanding and explaining the firm's brand values to customers (Kindström et al. 2012). Consequently, salespeople have to devote more effort and attention to providing customers with explanations of the value that is offered, both in terms of what the firm can offer (what its brand stands for) and how this specifically benefits those customers (Kindström et al. 2015).

For many manufacturers, base services (Baines and Lightfoot 2014), such as repair and warranty are add-ons to the product sale; whereas advanced services and hybrid offerings are more about delivering a solution to a customer's problem. In this respect, suppliers' knowledge about customers (e.g., their operational processes) becomes more critical as the complexity of the offering increases (Saccani et al. 2014). Indeed, this knowledge is valued by customers when offerings involve taking over previously in-house operational processes (Raja et al. 2013).

Selling advanced services and hybrid offerings is more complex than selling base services and requires additional capabilities, since what is being sold is the outcome of utilising an offering for the customer; for example, availability of a product (Baines and Lightfoot 2014). Transforming a sales organisation to one capable of selling these offerings is, therefore, one of the key success factors in making service-led growth successful (Smith and Maull 2014). At the same time, this transformation is one of the most challenging, since the enduring product-focus in manufacturers' sales organisations is amongst the main hurdles that must be overcome (Reinartz and Ulaga 2008).

2.2 The Required Competences of Manufacturers' Salespeople

The competencies that are required of salespeople in servitized firms are different from those of conventional product-centric salespeople (Davies et al. 2010). For example, Ulaga and Loveland (2014) identified self-confidence, flexibility and suitable questioning techniques for the analysis of customer needs. Equally, salespeople in servitizing organisations require contextualised technical expertise and a customer-oriented attitude rather than the commonly-used persuasion model, which dominates in most product sales organisations (Paiola et al. 2012; Ulaga and Loveland 2014). Since the traditional persuasion model is less applicable within the service context, salespeople no longer merely need to have an extrovert personality with charisma and a pushy attitude (Sheth and Sharma 2008). Instead, they need to have strong networking capabilities and be able to create value with, and sell value to, the customer (Ulaga and Reinartz 2011).

Baines et al. (2013) identified the competences required for selling advanced services, which include: service-centricity (a service mindset), relationship building, flexibility, authenticity (genuine commitment to the delivery of successful outcomes for customers), technical adeptness (an understanding of the operational aspects of their products) and resilience (a capability to work at the frontline with customers) (Baines et al. 2013). Whilst these competences are important for servitizing manufacturers, it would appear that many of them are also required by salespeople in more traditional product-dominant manufacturers. It is, therefore, perhaps the extent that customer needs have to be understood, from a business rather than technical perspective, that sets manufacturers' salespeople selling advanced services and hybrid offerings apart from those selling products and base services.

An important consideration for manufacturers is how to recruit new salespeople who have the required competences or retrain existing staff (Baines et al. 2013; Bettencourt and Brown 2013; Ulaga and Loveland 2014). While recruiting new staff may seem desirable, it may not be practical in many cases and a firm may need to remain focused on retaining or re-educating their existing salesforce. Thus, manufacturers need to develop approaches to retrain their salespeople in value-based selling (Kindström et al. 2015). They might also consider job rotations, where salespeople perform tasks in strategic business units that are focused on the delivery of services to customers

(Lay 2014). This will provide them with first-hand knowledge of how services are delivered by the manufacturer and received by customers.

Based on the reviewed literature and aligned with the study's aim, the primary research question for the study is 'What are the required competences and management practices of salespeople for advanced services and hybrid offerings'?

3. METHODOLOGY

An exploratory qualitative approach was adopted (Miles and Huberman 1994) given that research on salespeople in servitizing firms is a relatively under-explored topic. Seven interviews with managers from firms in the ICT sector were conducted to generate insights into this topic. This sector and these firms were selected because they offered advanced services and hybrid offerings. The companies were purposively selected, with the interviewees having long-standing experience (10+ years) within B2B sales organisations. The interviews were semi-structured using an interview guide, which was based on some of the key themes identified in the literature. Questions were included about their company's product/service offerings; the structure of their sales organisations; their go-to-market strategy with regard to different customers and their key sales-related competences. Interviews lasted on average just under an hour, were recorded, transcribed and analysed within NVivo 10.

Data were deductively analysed using themes identified from the literature (Gibson and Brown 2009). The identified themes (set out in the next section) gave some indications of the predictors of sales performance. Gibson and Brown (2009) recommend a repetitive process to make sure that all relevant data is considered, even if new themes do arise later within the analysis. Thematic saturation was considered to have been achieved when no new themes emerged from the data and a final coding structure was achieved (Silverman and Marvasti 2008).

4. FINDINGS & DISCUSSION

4.1 Salespeople's Knowledge

Findings from the study support the importance of salespeople's knowledge (Saccani et al. 2014). Successful salespeople need to have both technical and product-related knowledge *and* extensive knowledge about customer organisations. Technical and product-related knowledge is not limited to a thorough understanding of the company's offerings and their product specifications; it also includes profound expertise of how products work in an operational environment. Salespeople also need to keep abreast of technological developments within their industry. The findings of this study are in line with existing literature and support the view that knowledge is one of the most important predictors of sales performance (Weitz 1981). In terms of customer knowledge, findings from the study are in-line with the existing literature that emphasises customer knowledge as a prerequisite for a successful shift towards hybrid and service offerings (Raja et al. 2013). As one manager noted:

> "With existing customers, it is quite important to put oneself in the position of the customer; to better understand him, to know what he is doing and what his business drivers and concerns are. Based on this knowledge, you should make some suggestions for improvements, where can technology supports the business processes" Director of Sales.

Thus, customer knowledge is characterised by a deep understanding of the customer's organisation, its processes and wider industry. Sales organisations need to embed this knowledge within their selling processes.

While prior research emphasises the importance of customer/industry knowledge for servitizing manufacturers, within our study we found that it does not supersede the importance of technical and product-related knowledge, with both being important. Thus, without technical expertise, the

selling organisation will probably not be able to develop the required customer relationships, since customers still appear to assess a vendor's capabilities based on technical expertise and competencies. Our study also suggested that organisations should consider having both customer-centric and technology-oriented sales roles, to ensure that both types of knowledge are present within the sales organisation; for example, customer-related account managers and technically-focused pre-sales consultants. One manager noted:

> *"Questions about technology are more an area of pre-sales support and consultants. They really have to know about bits and bytes, and how the boxes work. This is not required by sales representatives"* Sales Director.

Nevertheless, it is still important for account managers to have both technical and customer knowledge, since he/she has primarily responsible for integrating all the information for the customer. Finally, with regards to the key competences of salespeople, the need for 'boundary spanning' individuals appears critical (Story et al. 2017); that is, the ability to contextualise many pieces of knowledge in order to present a single 'story' both internally and to the customer.

4.2 Creation of Productised Offerings

In order to generate competitive advantage, manufacturers are often urged to create unique tailored customer solutions (MacDonald et al. 2016). Data suggests that organisations currently offering complex solutions are shifting towards a more modularised form of offerings (supporting Valtakoski 2017). Several interviewees noted a shift from custom-tailored solutions towards 'predefined solutions' or 'productised services'. As one interviewee noted:

> *"We sell productised services, which are advantageous for us, since higher standards are easier to sell. You can even operate them more easily. You can show the customer the services that he can get and you can back this up with service level agreements and even measure the performance retrospectively"* Sales Manager.

These offerings are characterised by more standardised service descriptions, pricing and processes, resulting in decreased complexity but increased profitability.

Interviewees reported that customers of ICT organisations are looking for comparable and exchangeable offerings in order to maintain a balance in power between themselves and their suppliers. So, large single-vendor outsourcing deals are being replaced by smaller multi-vendor deals and customers no longer seek wide-ranging solutions that cover a multitude of products and services but instead wish to keep knowledge within their company in order to stay 'independent' from their suppliers. This finding echoes the complementary capabilities identified by Story et al. (2017), whereby customers do not wish to completely relinquish knowledge of product operation to suppliers to avoid over-reliance on them (Burton et al. 2016).

The research has also shown that in order to improve efficiency most vendors are not creating customised solutions from scratch, but rather using 'predefined solutions' to fulfil the customer's needs. In this sense, productising services is similar to Kowalkowski et al.'s (2015) notion of an 'industrializer', whereby previously customised solutions are standardised to improve repeatability and scalability. Besides the increased complexity resulting from individually creating solutions, organisations have also found advantages from more standardised offerings in terms of streamlining the sales process and organisational planning. By creating pre-defined solutions, firms have overcome several issues usually associated with selling solutions, such as the long lead times in defining and implementing the solution and the unpredictable costs involved.

4.3 Adaptive Selling

Adaptive selling is about the flexibility and openness of salespeople to vary and adapt the selling approach and style from one customer to another. This research indicates that sales are very context-specific and sales performance is not only related to individual salespeople's competences and behaviours but also having the right sales approach for the right situation. Thus, for advanced services and hybrid offerings, value-based selling approaches (Kindström et al. 2015; Ulaga and Loveland 2014) appear most appropriate and firms need salespeople with the correct competences to do this. However, we found that sales approaches cannot be generalised for all target segments and customers; and it is important to identify the customer- and project-specific variables and adjust the approach accordingly.

Data also showed there is a need to adapt organisational and individual styles. At the organisational level, firms need to adapt their 'go-to-market' strategy and allocation of accounts/territories according to their own and their customers' needs. At the individual level, adaption needs to take place depending on the approach and style of account managers and the particular sales situation. As one manager noted:

> "There are some all-round talents that can play as a 'forward', a 'midfielder' or even a 'defender'..however, there are few of this type… In the end, everyone, including me, has their own profile, their own personality. Everyone has developed their own personal goals and are working to improve themselves. Usually, to get an allocation, it is easier and more pragmatic to look at the type of customer and which customer type fits the account manager" Director, Sales and Marketing.

Adaption may also take place depending on the required sales role; for example, 'hunters' and 'farmers'. While hunters focus on acquiring and developing new customers, farmers take care of existing customers and look to increase business with them (Sheth and Sharma 2008). If the hunter/farmer model is a suitable sales approach for an organisation, it has to be considered within its go-to-market strategy. Factors to be considered in defining whether this is the right approach include existing customer relationships, size and characteristics of target customers and the services sold to them.

4.4 Teamwork/Internal Networking

The study confirmed the necessity of collaborating with internal colleagues and peers in customer organisations (Ulaga and Loveland 2014). In all firms, the sales approach included multiple individuals (rather than a lone salesperson), with customer employees horizontally connected to employees of the vendor. Within the vendor these connections are at different levels of the firm, including sales, engineering, marketing and senior management.

Interviewees emphasised the importance of specialist roles within the selling team, such as pre-sales consultants or solution-focused account managers. These roles were generally aligned to a particular specialism, rather than the accounts per se, and individuals perfoming these roles were included in discussions with customers by account managers if needed. One manager noted:

> "On the one hand, there are many good salespeople, as well as a lot of very good engineers. However, an engineer who you can send to a customer and who explains complex issues from a sales perspective, including a unique selling proposition and why it costs that much, what you can do with it and why it is better than others, is very rare" VP, Solution Sales.

Thus, within a manufacturer selling advanced services or hybrid offerings, sales is not a 'one-man show'. Instead, it is necessary to collaborate with colleagues from various departments to fulfil customer requirements.

4.5 Sales Control/Reward Systems
Sales control systems and, in particular, incentives to motivate and reward salespeople are important predictors of sales performance (John and Weitz 1989; Menguc and Barker 2003). They are useful in supporting organisational growth and change by focusing salespeople and sales organisations on organisational objectives (Roberge 2015). Data from this study revealed a difference between salespeople and sales-related engineers/consultants who had different variable elements in their remuneration:

> *"Pre-sales consultants have…between 10% and 20% of their income variable. In turn, this means that 80% to 90% are fixed income without any relation to performance. This is completely different for account managers and sales representatives. They all have the 60:40 model. This means that 60% are fixed income and 40% depend on their performance"* Director, Sales.

Thus, incentives play a major role in the ICT sector by focusing sales activities towards particular business areas (e.g., advanced services), Indeed, the study has further shown that by not offering completely individualised solutions sales efficiency can be increased, since sales cycles are less extensive and pre-sales efforts for creating tenders more limited. One manager noted that this also benefited the salesperson's remuneration:

> *"Since you are earlier in the [selling] process, your topics are already clearly shaped, you are much more focused and you are faster. We can see that we earn more money this way"* VP, Solution Sales.

Based on a structured offering and sophisticated incentive compensation schemes, organisations are able to focus their salespeople's activities on those offerings which are strategically important. If rewards systems are applied appropriately, they support the extrinsic motivation of salespeople and can direct sales activities according to organisational strategies. As such, any organisation that wants to increase sales or change the direction of salesforce activities should review their existing reward system or introduce performance-based compensation based on different offerings.

5. CONCLUSION
Sales is one of the most significant challenges manufacturers face on their journey to become more servitized, as salespeople need to sell more complicated solutions. The aim of the study was to provide insight into the competences and management of manufacturers' salespeople selling advanced services and hybrid offerings. The study focused on the ICT sector, one which has a greater degree of servitized firms that many other sectors. Five competences and management practices were identified in the study: salespeople's knowledge; creation of productised offerings; adaptive selling; teamwork/internal networking; sales control/reward systems.

The study highlights the importance of salespeople having both technical/product-related knowledge and customer knowledge. While the latter is generally highlighted as being key for advanced services/hybrid offerings, this study has shown the former is highly valued by customers and can be considered a prerequisite of developing strong customer relationships, so in this respect our work refines Saccani et al. (2014) who emphasise the importance of customer knowledge. Productised (or modularised) offerings appear to provide benefits for both vendors and customers, although their importance is only starting to be appreciated (e.g., Valtakoski 2017). For vendors, these offerings allow more efficient provision through decreased complexity and increased standardisation. For

customers, they allow easier comparison of offerings from different vendors, thus preventing them from becoming locked into one relationship. This finding echoes Story et al. (2017) in terms of customers not wishing to be over-reliant on a small number of suppliers. In terms of adaptive selling, previous work has highlighted the role of value-based selling (Kindström et al. 2015), and this study suggests the need for greater plurality in selling approaches depending upon organisational, customer and individual salesperson requirements. The study supports previous research (Ulaga and Loveland 2014) in terms of the need for salespeople to develop internal and customer networks, to strengthen links between vendor and customer organisations. Finally, firms have the opportunity to focus sales activities towards particular business areas (e.g., advanced services) through designing appropriate remuneration schemes (Ulaga and Loveland 2014).

Taken together these factors provide a set of competences and management practices which provide practitioners with guidance on how to develop and manage the salesforce within servitizing manufacturers. However, the study is not without limitations, notably the focus on the ICT sector. While this has provided rich insight into the phenomenon under investigation, findings cannot be generalised to other setting and further research could consider these, which may be less likely to have such a focus on advanced services and hybrid offerings, at this time.

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