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Internal Bridges and Barriers when implementing Value Based Selling - A case study seen from a Supplier Perspective.

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Internal Bridges and Barriers when implementing Value Based Selling

- A case study seen from a Supplier Perspective.

Abstract

Value Based Selling (VBS) often provides higher profitability and a stronger selling performance. However, academic literature remains sparse. Through a mainly qualitative case study with 46 salespeople and 9 managers, this paper identifies nine interdependent internal Bridges and Barriers for implementing VBS. Managerial implications are that all factors must be taken into consideration and well executed. Further, the sequence in which the identified VBS factors are implemented seems important. Additionally, VBS readiness and value proposition skills are lower than salespeople themselves perceive. The theoretical contribution is the identification of the nine influential VBS factors and suggesting that they are interrelated.

Introduction

How are companies going to cope with the transformation from a product and transactional selling approach to a more value oriented approach? Here companies are searching for ways to improve the commercial part of their business in order to come out on top and be able to compete in such a marketplace in the future. This paper will dive into the area of Value Based Selling in order to contribute to providing answers to above.

Theoretical framework

Based on existing literature and the findings in this paper Value Based Selling is defined as:

‘Value Based Selling is an integrated and focused organizational sales approach to customers, embedded on all levels and driven by top management, based on a deep understanding of the customer’s business, resulting in co-creation of quantifiable value for and with the customer.’

Customer value is here defined as ‘The difference between the perceived benefits received and the perceived sacrifices made by a customer.’ (Töytäri & Rajala 2015, p102). Value co-creation is about value-in-use, solutions and lifetime services, going beyond customers articulated needs (Terho et al. 2012). This includes multiple actors and always the customer (Vargo & Lusch
2016) to form a balanced initiative where value emerges through interaction, subjective construction (Haas et al. 2012) and in a deeper relational commitment (Töytäri & Rajala 2015). Additionally, both customer value and value co-creation are deeply imbedded in the VBS construct.

VBS provides higher profitability (Töytäri 2015), a strong selling performance (Terho et al. 2015) and sustainable competiveness and profitability (Lindström 2014). Further, it is important in determining if you will succeed in the market (Töytäri & Rajala 2015). Despite this, academic literature on practical aspects of VBS (Töytäri et al. 2011) and how implementation relates to the performance of the organization remains sparse (Terho et al. 2012). Furthermore, VBS as a concept is just emerging in industry (Töytäri et al. 2015).

Research question
The research question in this paper is ‘What are the internal bridges and barriers when implementing Value Based Selling as a supplier?’ Through a deductive approach, various factors will be examined to determine if they are indeed bridges or barriers when implementing VBS.

Methods
The case study in this paper is conducted in cooperation with a globally operating industrial B2B company. The company is a market leader within its industry. The study is mainly quantitative in nature. However, quantitative aspects have also been included. As the academic literature is sparse on VBS the aim is to add to this literature by using the following methodology. In chronological order the data was collected as follows: Semi-structured interviews with three HQ sales excellence managers. A Garuda behavioral Focus Profile, which measures individual work orientation, was completed by 43 salespeople from the three involved countries. Observation on country level two-day managers training and two-day salespeople training in three countries. Surveys on VBS related questions with 46 salespeople from three countries before and after above sales trainings. Semi-structured interviews with six local sales managers including two country managers and 12 salespeople from three countries.

Results
Using above methodology it was possible during the case study to identify 12 different factors that could be bridges and barriers when implementing VBS. The conclusion suggests that nine of those factors will provide a bridge to becoming more VBS oriented when well executed. When not well executed they will become barriers for the implementation. The nine factors are:
Prioritization by Management, Training & Skills, Anchoring & Follow Up, Behavioral Profiles, Systems & Tools, Incentives, Value Propositions, Communicating and Aligning VBS Strategy and Change Management. The remaining three factors cannot be substantiated as providing bridges or barriers in the VBS implementation: Role-plays during sales training, National Culture, Sales people age & seniority & job tenure.

It is also suggested that the nine factors are interdependent. Therefore, a successful VBS implementation is dependent on all nine factors being addressed.

The theoretical contribution of this paper is in enriching existing VBS literature by bringing out nine factors that have an influence on implementation of VBS and suggesting that they are interrelated. How these nine factors range in their importance and the actual strength on the dependency among the factors is encouraged to be pursued in future research.

**Practical and managerial implications for companies**

An identified managerial practice is that it is important to focus on all of the nine identified factors without omitting any factors and to ensure to execute them well. Furthermore, management should consider the sequence in which the identified VBS factors are implemented.

The paper also suggests how a VBS training program may be structured, what skills to be trained and how to conduct VBS trainings for management to implement.

It is suggested that VBS readiness and value proposition skills are lower than salespeople themselves perceive. Furthermore, Integrator behavioral oriented profiles are more VBS oriented than Result Seekers. For management this is important from a strategic hiring point of view.

Moreover, when management wants to introduce a tool assisting VBS implementation it should be appealing and informative for salespeople to use. It should not be introduced as the first step in a VBS implementation process and it should especially assist in quantifying customer value.

Finally, top management attention is recommended and management should support and monitor the VBS implementation on each level all the way to and including the salespeople level. A major part of the VBS implementation is to see it as a process (not a project), allowing enough time in the process and to have a focus on the ‘why’ before focusing on the ‘how’ and ‘what’.
References:


