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PROPOSAL FOR STRATEGIZING THE SALES ORGANIZATION

Improving the current sales performance of

MHG Tracking service in Russia

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Proposal for strategizing the sales organization. Improving sales performance of MHG Tracking service in Russia.

Abstract

The rising competition pressure and customer expectations make companies concentrate more on how the selling could better convey the results of the marketing to a successful outcome. The role of a sales organization in the overall business performance is particularly significant when strategic customer relationships have a high commercial value and require differentiated and advanced approaches. An efficient organization and management of sales activities corresponding to the corporate long–term objectives and business strategy should result in enhanced sales performance.

The aim of this study is to identify the key areas that influence the eventual sales performance in the case company, analyse the possible reasons for present sales inefficiencies, and develop a proposal for strategizing the current sales organization for MHG Tracking service that would be adapted to the B2B environment of the Russian cargo transportation and courier delivery industry.

The theoretical part of the research covers the theory concerning the role of sales in a company's overall business performance, processes and activities that constitute strategic sales organization development, building and managing selling process and strategic account management. The study applies a qualitative research method based on 9 in-depth interviews conducted with business executives from the two aforementioned target markets. The purpose for this data collection was to develop a better understanding of particularities of the chosen target markets, the specificity of their business operations, and the needs or operational challenges to be addressed by the service offering. The empirical part based on the synthesis of the proposed theoretical framework provides the analysis of the current situation in the target markets, the industry of analogical service solutions, and the present sales organization in the company.

The results of the research and its findings provide the company with an insight about the starting point in the sales planning process, and present the developed and justified propositions for structuring the selling process, managing different accounts on the basis of developed customer portfolio and strategies for key account management. Apart from provided solutions, the presented implications can be utilized by the company for an actual sales strategy development.

Subject headings, (keywords)

Sales performance, strategic sales organization, sales force management, value proposition, customer portfolio, strategic key account management

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1 INTRODUCTION

The rapidly changing market conditions and growing business performance standards make companies to switch their attention from the problem of how to produce/create a particular product or service and concentrate more rather on how to find a customer for this product/service. Therefore development of sales strategies, structuring selling activities and sales management is gaining a greater significance for customer oriented businesses.

Whatever the priority is given to, sales and marketing functions will always remain some sort of cooperation "partners" in an organization. However, without an effective sales organization and management, the performance of production and marketing functions will have no practical meaning once the sales revenue is not generated at a due level. Thus sales performance serves as a driver in changing the sales function itself. Depending on a company's business model, type of its offering, management priorities, etc different approaches could be taken to streamline the activities in the sales department making the results achieved across the team and in a target market.

In an open market economy a majority of newly developed market niches such as technology services quickly become saturated with competitors and imitators and finally commoditized. Internet based technologies significantly broaden the existing means of customer approach and service delivery. Thus SaaS (Software as a Service) based on cloud technology steadily becomes a common software delivery model for diverse business applications. More and more small-scale and aggressive businesses enter new markets crowding out the big players.

Hence a desired increase in sales volume in a target market which contains a vast variety of analogical solutions/ services can be managed only on the base of a properly developed sales strategy assuming sophisticated and strategized methods of customer approach.

The main objective of the research is to develop a proposal for strategizing the current sales organization for MHG Tracking service that would be adapted to the B2B environment of the Russian cargo transportation and courier delivery industry. The devel-

opment of the proposal will be based on investigation and answering the following research questions:

1. Who are the potential customers for MHG Tracking service?
2. What kind of advantages has the offering of MHG Systems Ltd against similar services?
3. How should the company organize and manage its sales of MHG Tracking service in the Russian market?

The theoretical framework is developed through an investigation and analysis of a range of subjects such as the role of sales in overall business performance, strategic sales organisation, sales performance management, sales approaches in personal selling, telemarketing selling method, value creation and positioning in B2B markets, and customer relationship management with the consideration of the specificity of doing business in Russia.

The synthesis of the theoretical part forms the structure of the empirical research of the study that is developed in interconnection with the studied theory. The research design outlines and justifies the methods used for the primary data collection and specifies the sources. The empirical part focuses on providing the answers to the stated research questions. The first part of the empirical study answering the first research question is developed based on the analysis of the selected target markets that allowed to build an understanding of operational challenges and needs of potential customer groups to be addressed via the service offering. The second part of the research provides the analysis of the current situation in the Russian tracking software industry and the evaluation of the MHG Tracking service against the existing alternatives that was required to identify the advantages of a company's offering for formulation of a unique selling proposition for the potential customers. The obtained results provide the answer to the second research question. The last and the main part of the empirical study concentrates on the strategic sales organization and management that should enhance the service sales performance in the chosen target markets thus answering the third research question. This part contains developed propositions on the sales force organization, optimization of the selling process activities and strategies for managing different accounts based on the suggested customer portfolio.

2 STRATEGIZING SALES ORGANIZATION

There is nothing short of a revolution taking place at the front-end of a manufacturing and service organization. It has been a long time coming, but it is fundamentally changing the way companies deal with customers and how they manage customer processes in their businesses. That front-end may be called sales, account management, or business development. The front end is where a company meet its customer, relationships are formed, and deals are done, or where relationships fail and business is lost.

The front end of companies subjected to fair competition is moving into an area of strategic customer management. The sales organisation is becoming a strategic imperative rather than a tactical tool. For many companies, the strategic management of customers and customer relationships has become a higher priority than conventional marketing activities, which is why major organizations are transferring resources from marketing to strategic sales and account management initiatives, to achieve better alignment and to reach the goals of business strategy. (Piercy & Lane 2009, 3).

2.1 Definition of business strategy

There are numerous definitions of this "exclusive" and somewhat "abstract" concept. Johnson and Scholes (2008, 10) state that a strategy is: "the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations".

Kenneth Andrews (1980, 18-19) gives this extensive definition of strategy: "Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities."

According to Porter (1996, 68-74) a strategy is the creation of a unique and valuable position involving different set of activities. Seeing a strategy in terms of activity systems only makes it clearer why an organisational structure, systems, and processes need to be strategy- specific. Tailoring organisation in a strategy, in turn, makes complementarities more achievable and contributes to sustainability. But the essence of the strategy is in choosing to perform activities differently or perform different activities than rivals. Otherwise, a strategy is nothing more than a marketing slogan that will not withstand competition.

2.2 Levels of decision making

Depending on the size of a company it can have several levels of management. Strategic management is the highest of these levels in the sense that it is the broadest - applying to all parts of the firm - while also incorporating the longest time horizon. It gives direction to corporate values, corporate culture, corporate goals, and corporate missions. Under this broad corporate strategy there are typically business-level competitive strategies and functional unit strategies. (The strategy hierarchy. [referred 08.09.2011]).

Corporate strategy

Corporate strategy refers to the overarching strategy of a diversified firm and answers the questions of "in which businesses should we be in?" and "how does being in these business create synergy and/or add to the competitive advantage of the corporation as a whole?" (Sharma 2009, 23).

Table 1 illustrates the strategic choices arising out of decisions at the level of a corporate strategy – vertical integration and diversification - through which an organisation can change or extend the scope of its corporate activities (Ellis & Williams 1995, 27).

Table1. Strategic options- corporate strategy (adopted from Ellis & Williams 1995, 27)

Strategic options	Product market implications
Vertical integration	
Forward integration	Scope of organisation expanded by including activities which bring the business closer to supplying the customer, e.g. a distributor acquiring a retail outlet.
Backward integration	Scope of organisation expanded by including activities which take the business closer to raw material supplies, e.g. distributor developing a manufacturing operation.
Diversification	
Related diversification	Organisation moves into new product-markets where it can employ existing competences – knowledge, understanding, skills.
Unrelated diversification	Organisation moves into new product-markets where new competences are required in order to be an effective competitor.

Business strategy

In comparison to a corporate strategy, a business strategy, another term for it is competitive strategy, relates to how a business seeks to compete in its chosen products-market. This may be e.g. on the base of price, quality or service. When a small business operates only in a narrow product-market, and does not have separate business divisions or units, corporate and business strategies are effectively the same. (Ellis & Williams1995, 20).Table 2 presents the main alternative business strategy options available for a company –market penetration, product expansion, product development and geographical expansion –where each describe the overall strategic thrust at the business level (Ellis & Williams1995, 26).

Table 2. Strategic options- business strategy (Ellis & Williams 1995, 26)

Strategic options	Product market implications
Existing products and/or markets	
Market penetration	The strategy is to increase the company's market share. This may be difficult in a mature market, where any growth is likely to be at the expense of competitors. Alternatively, companies may increase their market share by acquiring existing competitors.
Product extension	Derivatives of existing product are developed and sold into the same market.
Product development	Management's strategy is to develop new products, but to sell these products into their existing markets.
Geographical expansion	Geographical sales of product are expended out of the company's existing spatial markets.

Functional strategy

Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, supply-chain strategies, and information technology management strategies. The emphasis is on short and medium term plans. All functions are divided between departments so that each department attempts to do its part in meeting overall corporate objectives, and therefore their strategies to some extent are derived from broader corporate strategies. (The strategy hierarchy. [referred 08.09.2011]).

Considering its scope, a functional strategy relates to a single functional operation and the activities involved therein. Decisions at this level within the organization are often described as tactical. Below the functional-level strategy, there may be operations level strategies as each function may be divided into several sub functions. For example, a marketing strategy, a functional strategy, can be subdivided into promotion, sales, dis-

tribution, pricing strategies with each sub function strategy contributing to a functional strategy. (Levels of strategy. [referred12.09.2011]).

2.3 Difference between sales and marketing functions

It is a common mistake to believe that a sales strategy is the same as a well-planned marketing program. In fact marketing's purpose is to set the foundation for sales, to design a long-term approach that supports every sales call and presentation—by qualifying leads; establishing recognition of an organization, its products and services; by generating interest; by differentiating the business from the competition; by creating a higher perceived value. Provided that two functions are well integrated, an ongoing branding and marketing program accelerates a company's sales activities. (Donatelli [referred 05.10.2011]).

The aforementioned ideas can be also expressed as follows: "Marketing and sales present two distinct disciplines that usually must work together to realize a return on investment. Marketing activities put companies in the best possible position to make a sale. They "warm up" the market. The sales process is everything that a company does to close the sale and get a signed agreement or contract that includes meeting prospects, listening to their pain points, and come up with a product or service to solve that pain. The sales process works best when a lead is "warmed up" by marketing and waiting to be closed. Table 3 presents the main tasks of both functions within an organisation. (Andrews [referred 05.10.2011]).

Table 3. General activities of marketing and sales (Adopted from Andrews [referred 05.10.2011])

Marketing activities	Sales activities
• Developing a marketing strategy and positioning • Crafting a tactical marketing plan • Executing the plan through direct mail, web sites, print collateral, search engine marketing	• Cold calling or warm calling • Interpersonal interaction, networking • Developing relationships through face-to-face meetings • Making presentations • Writing proposals

As different activities of sales and marketing are concerned, metrics to measure and reward each group appropriately differ as well. Sales metrics are easier to define and track. Some of the most common measures are the percentage of a sales quota achieved, number of new customers, number of sales closings, average gross profit per customer, and sales expense to total sales. While the metrics for upstream and downstream marketers will vary according to the type of marketing job. The senior managers need to establish different measures for brand managers, market researchers, marketing information systems managers, advertising managers, sales promotion managers, market segment managers, and product managers. Given that marketers are engaged in sowing the seeds for a better future than in helping to reap the current harvest, the metrics used to judge their performance necessarily become more judgmental. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

2.4 Importance of alignment between sales and marketing

When sales and marketing work well together, companies see substantial improvement on important performance metrics: sales cycles are shorter, market-entry costs go down, and the cost of sales is lower. Both functions are responsible for a sequence of activities and events (sometimes called a funnel) that leads customers toward purchases. Such funnels can be described from the customer's perspective or from the seller's perspective. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

The Buying Funnel

There's a conventional view that marketing should take responsibility for the first four steps of the typical buying funnel—customer awareness, brand awareness, brand consideration, and brand preference. (The funnel reflects the ways that marketing and sales influence customers' purchasing decisions.) Marketing builds brand preference, creates a marketing plan, and generates leads for sales before handing off execution and follow-up tasks to sales. This division of labour keeps marketing focused on strategic activities and prevents the group from intruding in individual sales opportunities. The sales group is responsible for the last four steps of the funnel—purchase intention, purchase, customer loyalty, and customer advocacy. Sales usually develops its own funnel for the selling tasks that happen during the first two steps. These tasks include prospecting, defining needs, preparing and presenting proposals, negotiating contracts, and implementing the sale. Apart from some lead generation in the prospecting stage, marketing all too often plays no role in these tasks. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

The whole process presented by a typical funnel based on the customer's decision sequence is visualised in Figure 1.
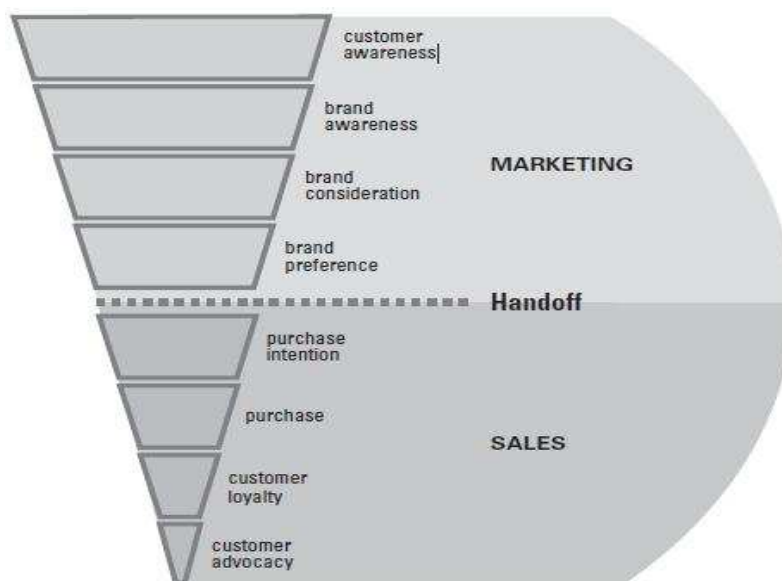

Figure 1. The Buying Funnel (adopted from Kotler et al. 2006, 11)

The first step assumes filling sales funnel by attracting potential customers. This is where marketing must take the lead in the sales and marketing relationship. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

Role of marketing in sales activities

The benefits from alignment of these two functions are even more substantial if the sales cycle is relatively short and the sales process is fairly straightforward. When the integration between two functions is achieved, marketing is able to assist sales activities in every step of the execution process. During prospecting and qualifying, for instance, marketing helps sales create common standards for leads and opportunities. During the needs-definition stage, marketing helps sales develop value propositions. In the solution development phase, marketing provides "solution collateral" - organized templates and customizing guides so salespeople can develop solutions for customers without constantly having to reinvent the wheel. When customers are nearing a decision, marketing contributes case study material, success stories, and site visits to help address customers' concerns. During contract negotiations, marketing advises the sales team on planning and pricing. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

However, marketing's involvement in the sales funnel should be matched by sales' involvement in the upstream, strategic decisions the marketing group is making. Salespeople should work with the marketing and R&D staffs as they decide how to segment the market, which products to offer to which segments, and how to position those products. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

Thus marketing feeds sales. It attracts the leads and shows potential clients that the company has a solution that will make their life or their business better. The reality is that some of those leads will turn into sales prospects - and many more will not. Simply stated, marketing takes the long-term view of customer relationships, paving the way for future sales and revenues. (Mayhew 2008).

On the other hand, the relationship between sales and marketing are affected by a number of factors such as a company's size and, as it was already mentioned, product life-cycle. Most small businesses (and most businesses are small) don't establish a formal marketing group at all. Their marketing ideas come from managers, the sales force, or an advertising agency. Such businesses equate marketing with selling; they do not conceive of marketing as a broader way to position their firms. (Kotler et al. Ending the war between sales and marketing, Harvard Business Review, 7-8/2006).

Summarising the discussion about the nature of sales-marketing relationship I consider the following quote to be the most concluding: "Marketing is the architect and the sales force is the builder. The market strategy is a key output from marketing's efforts, and the sales strategy must implement the market strategy. Accordingly, the sales force must understand how the firm develops a market strategy so that sales can creatively work within that framework to design and implement an effective sales strategy". (Cravens et all. 2011, 15).

2.5 Strategic sales organisation

The traditional view of the sales function as one component of the marketing communications mix, designed and controlled by the marketing department, looks increasingly dated. Market conditions and competitive realities have led to the evolution of a new type of sales operation in many companies, and the emergence of strategic sales organization. The new sales operation manages a complex strategic customer portfolio and works across functions to deliver value to customers. Therefore many important decisions and responsibilities associated with a marketing strategy are now located in the sale organisation. (Piercy 2006, 6).

The challenge is to reposition sales as a core part of a company's competitiveness, where the sales organisation is closely integrated into a company's business strategy (Gould [referred 27.09.2011]).According to Piercy [referred 27.09.2011] the strategic re-positioning of the sales organisation changes managerial priorities and requires several imperatives to be addressed by the management. These are summarised in Table 4.

Table 4. Set of imperatives to be considered in managing the transformation in a sales organisation(Adopted from Piercy 2006, 3-28)

Change imperatives	Meaning
Involvement of the sales organisation in strategy formulation and customer portfolio decisions	Positioning the sales organisation back in the centre of business and marketing strategy. Close involvement of sales executives in generating business strategy is required especially when company's customer portfolio is rather complex promising diverse opportunities and involving different types of risks
Intelligence developed by the sales force on the basis of competitive advantages	Building customer knowledge as a strategic resource for strategy formulation and building added-value strategies with major customers; developing market sensing capabilities for interpreting changes in the market environment
Integration or working across traditional organizational boundaries to meet customer requirements	Establishing the cross-functional relationships necessary to lead the processes which deliver superior value propositions to customers; managing the interfaces between functions and business units impacting on service and value as it is perceived by customers
Internal marketing or "selling" the customer inside the organisation	Using sales resources to "sell" the customer across functional and divisional boundaries within the company and across organisational boundaries with partner companies - sales and account management inside the company
Infrastructure align sales structure and process with business strategy	Focusing on developing the structure and processes needed to manage sales and account management organisations to match customer relationship requirements and to build competitive advantage.

This set of imperatives serves as a route to designing and developing a new sales role that links business and marketing strategy to customer markets, and which confronts the strategic choices which companies face in dealing with major customers (Piercy 2010, 349).

Creation and management of strategic sales organisation

There are three essential elements for creating strategic sales:

- *The value proposition* represents the entire scope of the organisation's total product and service offering, and forms the basis of the organisation's unique value proposition and competitive positioning.

- *Customer strategy* reflects the understanding of customers, their requirements and expectations, relative importance, and how they make buying decisions.

- *Sales process* engages the sales organisation with customers and, based on deep understanding of customers, specifies whether activity management or account planning is appropriate. (Piercy [referred 29.09.2011]).

Managing strategic sales is the second part of the strategic sales value chain that specifies the elements which give a sales strategy the best possible environment in which to succeed. They are:

- *Vision and mission* recognise the key sales management role in providing the leadership and direction for the sales organisation as a whole.

- *People and performance* specify the people required implementing the sales strategy and the nature of the performance required to be judged successful.

- *Motivation and development* ensure that sales management provides the necessary support to create a high performance sales organisation with highly motivated individuals and teams. (Piercy [referred 29.09.2011]).

The strategic sales value chain is illustrated below and includes the elements of both creation and the management of strategic sales.
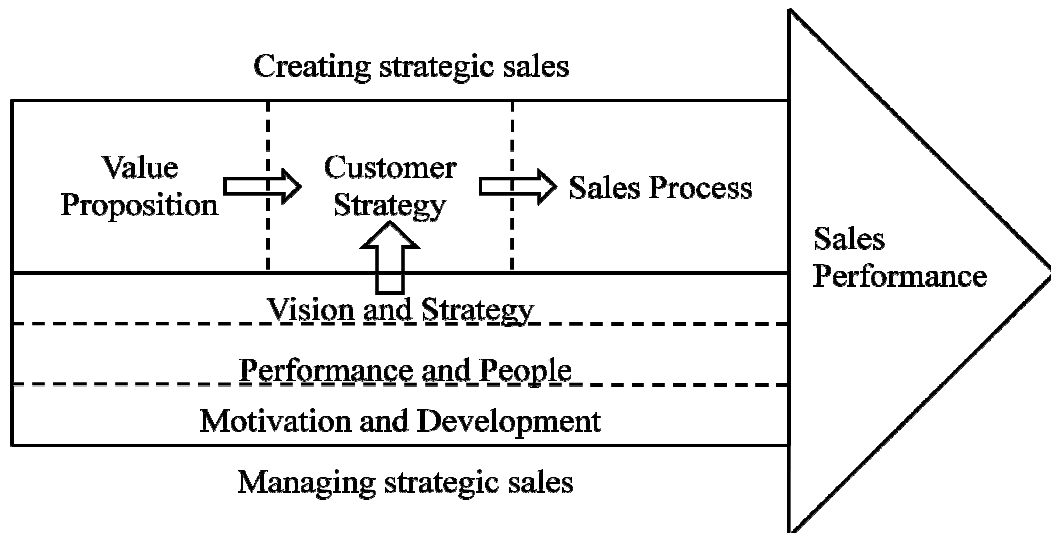
Figure 2. The strategic sales value chain (adopted from Strategic sales for business growth2010)

Although there is no universal approach to strategic sales organisation, this framework provides the basis for reshaping the "front-end" of a company to meet its full value-delivering potential. Change in the way sales is managed should be driven by realignment and new developments in a strategy leading to an overall design or template for the sales organisation of the future. (Piercy [referred 29.09.2011]).

Meaning of strategic sales organisation

As sales organizations move from individualized and unique processes and sales approaches to more consistent, uniform processes and methodologies, they are taking a more holistic, strategic approach to selling. Strategizing a sales process has the following advantages:

- it creates operational efficiencies through utilisation of one set of tools that is created and shared across the organization to save time and allow individuals to focus their efforts on selling;

- it improves the information-sharing process since every person is thinking about the sales process in the same way, consequently they are able to better communicate a prospect status to a colleague;

- it allows an organization to better understand the portfolio of prospects and how to effectively move the right prospects through the sales process;

- it helps to increase sales through building the appropriate tools and methodologies introduced through training, reinforcing the utilization of the tools and management support through effective coaching, performance management and development, and incentives. (Sitrin [referred 03.10.2011]).

Hence, the standardization of the sale process has a direct effect on the organization's effectiveness that can be measured based on sales, market position, customer satisfaction, and profits, relative to competition and internal objectives (Cravens et al. 2011, 4).

2.5.1 Basic types of sales organizations

Provided sound practices are followed in setting up the sales department, the resulting structure takes on features of one or more of four basic types:
- Line organization
- Line and staff organization
- Functional organization
- Horizontal organization

The grouping of activities into positions and the charting of relationships of positions causes the organization to take on a structural form. The first two types (line and line and staff) are the most common. Functional and committee organizations are rare. Most sales departments have hybrid organizational structures, with variations to adjust for personalities and to fit specific operating conditions. (Bhasin [referred 05.10.2011]).

The sales department's structure evolves from the needs of the business. The customers, the marketing channels, the company size, the product or product line, the practices of competitors, the personalities and abilities of the personnel are some of the factors affecting the organizational structure of the sales department.(Bhasin [referred 05.10.2011]).Table 5 briefly summarizes main the characteristics as well as the advantages and disadvantages of each type of a sales organization.

Table 5. Types of sales organization(Adopted from Havaldar 2007, 53-55)

Line sales organization	
Frequency	It is the oldest and simplest sales organizational structure. It is widely used in smaller firms and in firms with small numbers of selling personnel
Characteristics	All managers have line authority to direct and control subordinates; used in small firms / departments
Advantages	Simple organization, clear authority, quick decisions, low cost
Disadvantages	No support to line managers from subordinates who have specialized knowledge / skills; less time for planning / analysis
Line and staff sales organization	
Frequency	It is often found in large and medium sized firms, employing substantial numbers of sales personnel, and selling diversified product lines over wide geographic areas
Characteristics	Specialist staff managers are available for senior marketing / sales managers. Staff managers' role is to assist / advise line managers. It is used in medium and large size organizations
Advantages	Better marketing decisions; superior sales performance
Disadvantages	High cost and coordination; slower decision making; conflict may arise if staff managers' role is not clear
Functional sales organization	
Frequency	Some sales departments use functional organization
Characteristics	Each functional specialist has line responsibility over salespeople. It is used by a large firm with many products / market segments, minimizing line authority to functional managers
Advantages	Qualified specialists guide sales force; simple to administer
Disadvantages	Confusion due to more managers giving orders to sales force
Horizontal sales organization	
Frequency	Rarely used by corporations and large companies
Characteristics	In pure form it consists of two core groups. A group of senior management responsible for strategic decisions and policies, and a group of empowered employees working together in different

	process teams. Used by a large firm with many products / market segments, delegating line authority to functional managers
Advantages	Qualified specialists guide sales force; simple to administer; increased interaction of employees from the different departments; better understanding of responsibilities
Disadvantages	Confusion due to more managers giving orders to sales force

2.5.2 Forces driving sales organization

For some time sales organizations in companies have been under powerful company and customer forces that have re-shaped the sales force role and operation. The major forces acting to re-shape the sales function in organizations are summarized in Figure 3. (Piercy & Lane 2009, 8)

Figure 3. Forces driving the sales organization (Adopted from Piercy & Lane 2009, 9)

The implementation of new types of marketing strategy, driven by customer relationships and value, requires the realignment of sales processes with the strategy – many sales organizations have inherited structures and processes that were set up to do a quite different, largely transactional, job. At the same time, multi-channeling and the growth of internet-based direct channels compete with the traditional salesperson. Moreover, in most places management wants more for less and the issue is enhanced productivity. Higher productivity in sales is very attractive if a company achieves both top-line and bottom-line effect at the same time – sell more, cheaper, and profit rises as well as the volume. The escalating demands from major customers assume the demands for en-

hanced service, new types of relationships, and greater added-value by business-to-business customers of all kinds. (Piercy & Lane 2009, 9-10).

2.5.3 Specialization within Sales Organization

Generally many companies expand one of the basic sales organization structures in some specialized design, in order to increase the effectiveness of their sales force. The bases of this specialization are factors such as:(a) geography, (b) product, (c) market, and (d) a combination of these factors. (Havaldar & Cavale 2007, 5.6).

Geographic specialisation: situation when sales people are assigned separate geographic regions of responsibility. They will be tasked with all the activities required to sell all of the firm's offerings to every potential organisational customer in "their" region. This approach tends to be adopted by companies whose customers purchase a range of products and in markets where there are minimal differences in buying patterns across the regions. (Ellis 2010, 329).

- Advantages: better market coverage and customer service, more control over a sale force, quick response to local conditions and competition.
- Disadvantages: limited specialization of marketing tasks. (Havaldar & Cavale 2007, 5.7).

Product specialization: this approach involves a set of different sales people for the overall market, each sales person is responsible for a particular line of products. It is well suited to companies that offer a wide range of products that are of high value, technically complex, and diverse in application. Such products typically require specialist knowledge on the part of the sales person and skilled selling techniques. (Ellis 2010, 329-330).

- Advantages: each product gets specialized attention from the sales force; closer alignment of sales and production possible.
- Disadvantages: sometimes more salespeople contact the same customer, resulting in customer dissatisfaction and a higher cost due to a duplication of efforts. (Havaldar & Cavale 2007, 5.7)

Market specialization: this type of a sales organization structure reflects a high degree of marketing orientation on behalf of the selling firm. By basing the structure of the sales force around the needs of specific customer groups or segments, it facilitates the sales of products with multiple applications to a wide variety of markets. (Ellis 2010, 330).

- Advantages: meets needs of specific customer groups, implements customer-centered philosophy of the company, improves understanding of customer businesses, increases control over the allocation of the selling efforts.
- Disadvantages: geographic duplication, possible higher selling and administrative expenses. (Havaldar & Cavale 2007, 5.8)

Many firms use some combination of specialization organizations, called hybrid or combination sales organization, with a view to minimize disadvantages and maximize advantages of specialization organizations (Havaldar & Cavale 2007, Ch 5).

2.6 Structuring and managing the selling process

The sales process identifies, defines, and collates all of the activities required to acquiring a new customer, pulling them into a systematic chain of events that is measurable, repeatable and sustainable. The process becomes a road map, leading sales people through the labyrinth of a complex sales cycle, determining the best route to the close, and enabling the full transition to solution selling. (Lewis [referred 12.10.2011]).

It is important to note that the sales process is not a sales methodology or an endeavor to "script" the sales professional. It is, as already mentioned, a roadmap that shows the major milestones of how the sales opportunity is developed. For each step in the process, there should be documented data outlining typical activities associated with the step, assigning who is involved in which step as well as what this salesperson should get from and offer to the customer at this point in order to continue to the next step in the process. (Lewis [referred 12.10.2011]).

On a wider level, the sales process (or indeed processes – many companies will have several for different products, new and existing customers, national and local accounts)

should encompass all existing methodologies, tools, and practices. It should work in-hand with existing key account management applications introduced further in this research paper. Therefore, the sales process must be unique, as opposed to some broad-brush sales methodology, for each organization, and for each market situation. (Lewis [referred 12.10.2011]).

Steps in the sales process defined

The sales funnel visually describes the sales process from the initial contact to the final sale. The sales process can be broken down into key steps on sales force's path to closing a deal. A typical sales funnel presented in Figure 4 shows the stages of development of potential customers into buyers where on average approx. 0,3 % (6/1800 * 100%) of all leads will reach the "Closing" stage. (Sales Opportunities Funnel Chart.[referred 14.10.2011]).

1800	◁	Prospecting
1/5 or 360	◁	Original contacts
1/4 or 72	◁	Qualification
1/3 or 18	◁	Presentation
1/1 or 18	◁	Offering
1/1,5 or 12	◁	Handling objections
1/2 or 6	◁	Closing
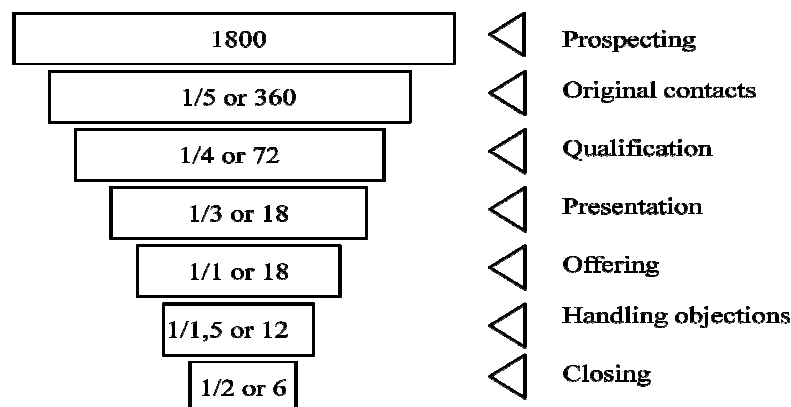
Figure 4. The Typical Sales Process (Adopted from Sales Opportunities Funnel Chart.[referred 14.10.2011])

Step 1: Prospecting. At this first stage of the sales process, the salesperson is generating qualified leads or finding new opportunities among the existing customer base. Prospecting can take many forms including networking, seminars, marketing, trade shows, and cold calls. The purpose of this step is to identify a qualified decision maker. (Keelan [referred 14.10.2011]).

Step 2: Contacting. This stage represents a series of attempts over time to reach a prospect by phone, including leaving a voice mail or by email. It is the time to start the relationship with a prospect, to introduce the company and ask questions in order to assess a prospect's situation. (Brauner [referred 14.10.2011]).

Step 3: Qualifying. In this stage a salesperson classifies a customer assessing the revenue potential and costs associated with a customer opportunity to decide if it is worth pursuing further. The goal of this step is to convince the decision maker to move ahead with an in-depth evaluation of a company's solution. (Keelan [referred 14.10.2011]).

Step 4: Presentation. This stage is the time to demonstrate to the decision maker that the company can really deliver the goods and ensure a win for both the customer and the salesperson. The goal of the presentation is to show the value of the proposition and push the customer to request the salesperson to submit a proposal. (Keelan [referred 14.10.2011]).

Step 5: Offering. It is the step when a sales person formulates a company's offering adapted (or in cases with key accounts totally customized) to the situation of the buyer. The main task of the seller is to match the needs and preferences of the buyer with an offered solution in the best possible way. (Clements [referred 14.10.2011]).

Step 6: Handling objections. At this stage the main task of a salesperson is to find out what is preventing a prospect from buying and propose solutions to those objections or concerns. (Clements [referred 14.10.2011]).

Step 7: Closing. It is the final stage of getting the contract signed. In other words closing is the goal and the previous steps are just means to get there. At this stage a salesperson should start building loyalty with a new customer addressing their ongoing needs by providing enduring value. (Clements [referred 14.10.2011]).

Measuring the sales process

When the subject of applying measurement and metrics to the sales process comes up, appears a problem of finding an appropriate level of precision to something so variable

as a sales cycle. In fact with relevant tools and methodologies sales managers are in the position to place more objective indications into the process, allowing trends to be detected earlier, sales skills to be accessed more precisely, and abnormalities to be defined and managed far more accurately and objectively. An analysis can be developed regarding lag time, time on task, drop-off rate, closing ratios, profitability, and many more. The traditional style of management relying on history, instinct, and "gut feel" in fact fail to meet the real-life demands of today's market. The reason is simple – different sales situations that require different sales processes will yield different metrics. (Lewis [referred 10.10.2011]).

The benefits of the sales process

The evidence would point to numerous benefits that would accrue to an organization that can design, implement, manage, and optimize a sales process including:

- Integration of existing technologies, practices, and methodologies
- Shorter sales cycle
- Greater forecast accuracy
- Faster detection and response to market trends
- Skills and performance needs analysis
- Massively increased sales productivity
- Aligned and coordinated resources
- Increased, predictable revenue
- Decreased costs

What remains to be thoroughly researched in the degree to which the automated tools can help in the management and optimization phase of the selling process. For those organizations engaged in complex B2B selling, their livelihood will depend on their ability to build and maintain a high performance sales organization through the design, implementation, and management of the optimal sales process. (Lewis [referred 10.10.2011]).

2.6.1 Types of sales relationships

Some buyers and sellers are more interested in building strong relationships with one another than others. There are four types of relationships between buyers and sellers: transactional, functional, affiliative, and strategic. (Tanner 2010, 13.2).

Transactional Relationship—each sale is a separate exchange, and the two parties have little or no interest in maintaining an ongoing relationship. The name of the brand and reputation of the company make no difference, price is the most important aspect while switching costs are insignificant.

Functional Relationship— limited, ongoing relationships that develop when buyers continue to purchase a product from a seller out of habit, as long as their needs are met. This kind of relationship introduces the possibility for cross-selling due to small price, quality, and services differences associated with the products. From the buyer's perspective consumption of the proven product reduces his costs.

Affiliative Selling Relationship—more likely to occur when the buyer needs a significant amount of expertise from the seller. Buyer's trust is the key issue in managing these relationships. It involves more risk for the seller since it requires the acceptance of responsibility for the buyer to a certain extent.

Strategic Partnership—buyer and seller commit time and money to expand "the pie" for both parties. Both companies work very closely in an ongoing relationship striving to benefit one another since it has direct effect on their own business. (Tanner 2010, 13.2).

2.6.2 Types of selling approaches

A salesperson's selling approaches will differ, depending on the type of relationship the buyer and seller either have or want to move towards. There are essentially three types of selling approaches:

Transactional selling – it is a sales approach where salespeople focus on maximizing the outcomes of individual transactions rather than on long-term relationships with customers. Transactional salespeople try to make a sale on every call, have little regard on customer's unique needs or priorities, and typically are not very engaged in the service aspects that follow the sale. Transactional selling focuses more on one-way sales presentations, often called sales pitches, in which the salesperson strives to persuade the buyers to make an immediate purchase. These sales pitches vary little from customer to customer, and salespeople are not practically interested in seeking feedback from buyers during their sales calls. (Ingram et al. 2009, 24-25).

Consultative selling - it is an approach to selling in which customer needs are used as the basis for the sales dialogue. It marks a major transition from the salesperson as the provider of information and the customer as the recipient to a much more collaborative interaction — one in which the customer's needs, not the product — is the focal point of the sale. There are three primary differentiators that mark a consultative salesperson: they ask more questions, provide customized vs. generic solutions, and make more interactive calls. (Richardson 2008).

Consultative selling is all about the dialogue between the salesperson and the customer. The salesperson learns about customer needs before talking about his product. Product knowledge is transformed into a tailored solution when the solution is delivered and positioned based on the customer's needs and language. (Richardson 2008).

Enterprise selling - this selling model requires deploying a multi-tiered sales force, as well as major account personnel who are stationed close to or can get themselves close to the various constituents throughout the targeted enterprise that need to be approached and developed in order to maximize account penetration in the large enterprise account. An enterprise selling model is a very consultative approach where advanced needs analysis is being done throughout the organization in order to truly adapt and design the sales process around the account objective. Many companies don't have the capabilities or required resources to go this deep into the selling process in order to have a better chance at success. Account coordination and sales management is extremely important in this model for coordination of multiple constituencies in the organization as required by the sales process. (Rowe [referred 30.10.2011]).

2.6.3 Sales force performance measurement

Each of the components of a selling organization is measurable to some extent. Sales force investment, sales force activity, customer results, and company results are usually the easiest to measure. Costs, sales, and profit data are maintained in the corporate accounting system. Activity data can be obtained through reporting by sales people or sales managers. The productivity driver, people's motivation and culture are more difficult to measure, but a number of criteria can be assigned for measuring these areas. Figure 5 describes some components of the measurement companies use to assess how well their sales forces are performing. Each area of sales force productivity can be measured. Measuring sales force productivity is valuable because these measures provide a basis for improvement programs. (Zoltners et al. 2001, 43).

Sales force productivity drivers	Competency, remuneration system, working condition, career perspectives
People and culture	Knowledge, skills, attitudes, behaviors, motivation, sales person success profile, employee satisfaction, turnover
Sales force activity	Account planning, targeting, calls, reach, frequency, hours, coverage index, maintenance, prospecting, needs assessment, demonstrations, proposals, evaluations, solutions, customer service
Customer results	Customer satisfaction, customer retention, customer loyalty, return rate, complaints, returns, message memorability
Company results	Sales , profit, orders, collections, sales per rep, market share, value perception

Figure 5. Sales force measurement. (Adopted from Zoltners et al. 2001, 44)

2.6.4 Sales force motivation and development

Motivation is a process in which needs and desires of the sales force are identified and satisfied so as to direct their behavior to towards achievement organizational sales ob-

jectives. Motivated sales people desire to expand their activities though making more sales calls, working in a team, planning sales presentations, improving relations with the customers, dealers, supplying timely feedback to the higher officials regarding changes in market conditions, consumer preferences, complaints, suggestion etc since motivation materially affects work performance, it is a matter of great importance to the business. (Trehan 2006, 285).

There is a variety of ways to motivate people, including financial incentives, the fear of losing a job, self-fulfillment goals, and the development of goals for the organization or groups within the organization. Motivation usually is enhanced if employees are empowered to accomplish their goals even when a departure from the routine response is required. People who are inhibited from using their initiatives will eventually lose interest. (Aaker 1998, 283).

Another aspect that has an enormous influence on the effectiveness of the sales performance is a sales force training policy of the company. Competency-based training is one of the most potent tools at a manager's disposal for producing highly efficient sales representatives (Gillis & Beauchemin 2000). It is the process of acquiring specific skills to perform a job better or to become qualified and proficient in doing some jobs. Training focuses on using appropriate techniques to transfer expert knowledge and skills, which are intended to positively change perhaps an average salesperson's current behaviour. Usually, an organization facilitates the employees' learning through training so that their modified behaviour contributes to the attainment of the organization's goals and objectives. Training can be defined as the process of teaching, informing, or educating people so that they may become as well qualified as possible to do their job, and they become qualified to perform in positions of greater difficulty and responsibility. (Salesforce competence development, Far East journal of psychology and business, 3/2011).

2.7 Strategic customer management

The core responsibility of the strategic sales organization will be strategic customer management – placing the management of the customer portfolio and its implied investment decisions at the centre of the business strategy (Piercy & Lane 2009, 8). Stra-

tegic customer management can be characterized as the shift from sales as a tactical activity concerned only with implementing business and marketing strategy to a strategic process that aligns corporate resources with customer needs and confronts the hard decisions about investment in customers and the risks in dependence. (Piercy & Lane 2009, viii).

Importantly, there are two sides to strategic customer management. The first relates to the strategic management of customer portfolio – making investment choices between different types of customers to deliver the goals of marketing strategy, and also playing a role in shaping that strategy. The second component relates to the management of strategic customers – building relationships with the potentially dominant customers in the company's portfolio, some of which may be classified as strategic accounts and handled differently to the rest. These are important strategic decisions which impact directly on the profitability and risk profile of the company's business. (Piercy & Lane 2009, 31).

2.7.1 Management of the customer portfolio

In industrial markets, sales situations are increasingly characterised by fewer, larger, and more complex purchasing organisations, and in consumer markets there has been a massive shift in power to the retailers (Cravens et al. 2011, 25). Therefore very large customers are powerful and demand customised sales and account management, and are challenging for the supplier in terms of profitability. Small- and medium-sized accounts require yet more different approaches, mainly because of the cost of serving them. The strategic challenge is to match sales efforts and approaches to different pats of a complex portfolio of customers, to balance revenue and profitability with business risk. These choices impact substantially on corporate performance. (Piercy & Lane 2009, 14-15).

The customer portfolio is a way of describing the mix of different types of customers that a business has. A simple model for analysing the customer portfolio is shown in Figure 6. (Piercy & Lane 2009, 44).
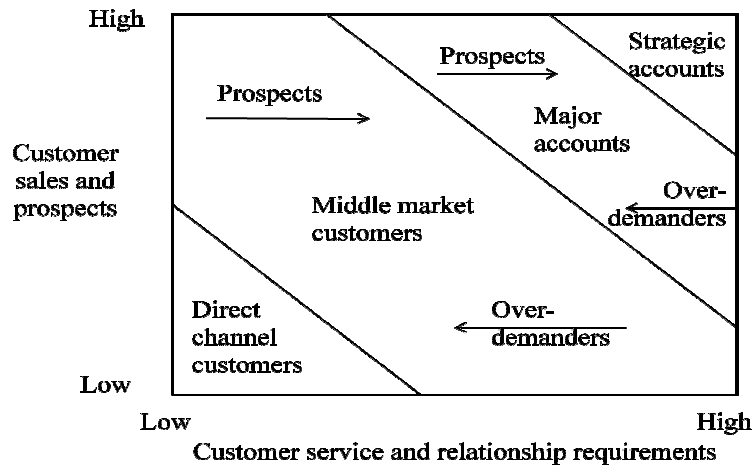
Figure 6. The customer portfolio (Adopted from Piercy & Lane 2009, 45)

The generalised model in Figure 6 uses customer sales and prospects compared to customer service and relationship requirements to identify direct channel customers, middle-market customers, major accounts, and strategic accounts. These different types of customers differ in important ways that strategic decision-makers need to understand. The difference is not only in growth and profit prospects but also in investment demands (service and relationship requirements), and importantly in level of risks to which a company is exposed. The overall portfolio can be considered as an investment matrix where:

Direct-channel customers – small accounts with low relationship/ service requirements. Commonly, this will involve direct sale from the company website, but also include telemarketing approaches and other routes to market that do not demand sales organization resources, such as third-party intermediaries.

Middle-market customers – accounts with moderate to high relationship requirements. Often it is the most profitable part of the portfolio and each customer is likely to have a moderate ability to demand lower prices and better terms or customized value offers.

Major customers – accounts that buy a lot and have high relationship/ service requirements. However, they are not partners or members of an alliance with the seller.

Strategic customer–these are different accounts that will be few in number. A collaborative and joint problem-solving approach by the seller may be appropriate to win a

strategic supplier status. This is a different business model, and is no longer a conventional buyer-seller relationship. (Piercy & Lane 2009, 47-48).

Sometimes customer development strategy may mean some larger customers are progressively moved towards the direct channel because they are consuming more resources than they justify. In this case they are over-demanders in terms of how much they want from a company compared to what they buy. (Piercy & Lane 2009, 46).

2.7.2 Key account management in inter-organisational relationships

Another term for an organizational customer in B2B markets is an "account". "Key" accounts are those considered to be strategically important by the selling organization and willing to enter into relational exchange. (Ellis 2010, 331). Strategic account management strategies and structures have been developed in many companies as a way of developing close, long, and collaborative relationships with the most important customers and meeting their needs in ways which the traditional sales force did not. (Homburg, A configuration perspective on key account management, Journal of marketing, 4/2002).

Growing buyer concentration in many markets mandates collaborative relationships with strategic accounts as strategic suppliers, but the cost of a partnership and the growing dependence involved underlines the needs for a careful choice and evaluation of performance (Piercy, The hidden weakness in strategic account management strategy, Journal of business strategy, 11/2006). With the increase of an own influence on the organisation, IOR (Inter-Organisational Relationships) participants will demand ever more professional sales people to manage their relationships. If these IORs are not managed professionally, the selling firm runs the risk of losing a long-term partner and probably one that can offer access to other key network actors or resources.(Ellis 2010, 331).

Organizing for KAM

As was already mentioned, in a market-based approach to selling, firms must select the appropriate customers to be designed as key accounts. However, some large clients

may not have needs that can be met by KAM (Key Account Management) pro-grammes, particularly those that have an expectation of value that the firm would have difficulty in meeting in the long term. (Abratt & Kelly 2002, 467). Taking this into account, once the selection has been made, three possible approaches to assigning staff to key accounts present themselves:

- *Forming a key account division*: this approach draws on managers from different functional areas to provide a customer with close integration of a range of different experts. A typical set of contacts from a supplier of a large capital purchase can include the key account manager, the marketing manager, product development manager, operations and logistics manager, and telesales people. It can be costly since it duplicates the resources of the company.

- *Forming a key account sales force*: appointing the most skilled sales people to the role of account manager across the whole market. It allows a selling organization to differentiate itself through a heavily customer-oriented service.

- *Assigning sales executives:* because of a relative lack of resources, smaller organizations tend to assign a senior manager to the KAM role, allowing them to make decisions over much of the marketing mix in order to provide the responsive service required by the key account. (Ellis 2010, 332).

From the perspective of the whole network KAM focuses on the management of strategically important relationships, based on the assumption that some of the relationships have a different value from others in the firm's portfolio. This assumption holds for upstream relationships with suppliers, horizontal relationships with alliance partners, as well as downstream sales relationships with customers. (Ellis 2010, 337).

2.8 Customer value strategy and positioning

Within the choices of market targets a clear direction is needed for the formulation of the value offered to each type of customers. However, without a clear positioning in the customer's eyes regarding the value the company offers that would differentiate the

product/service from the alternatives, customers will make buy-decisions solely from a price- quality perspective. (Piercy & Lane 2009, 42).

Positioning involves tailoring a company's product/ service so that it stands out from the competition and people want to buy it.A salesperson positions a value in a thirty-second "elevator speech" stating the specific value a product or service provides to a target market. Firms may develop different value propositions for different groups of customers. The value proposition shows why the product or service is superior to competing offers and why the customer should buy it. (Tanner 2010, 21).

A clear and distinct positioning compared to the competition is the basis for claiming a competitive advantage. This identifies the need for the strategic sales organization to gather and analyse data to demonstrate superior value products offer to customers, and to turn sales people into value merchants. If sales people make vague promises without hard data and having a poor understanding of what really creates value for customers they are often forced to compete on price along instead of stressing the superior value of the firm's offering. (Piercy & Lane 2009, 42).

Sometimes firms find it advantageous to reposition their products—especially if they want the product to begin appealing to different market segments. Repositioning is an effort to "move" a product to a different place in the minds of consumers. (Tanner 2010, 54).

2.9 Segmentation in B2B market

Leading authors like Kotler present the organization as a value creation and delivery sequence. In its first phase, choosing the value, the strategist proceeds to segment the market, select the appropriate market target, and develop the offer's value positioning. The formula - segmentation, targeting, positioning (STP) - is the essence of strategic marketing. (Kotler 1994, 93).

Segmentation is the process of portioning markets into groups of potential customers with similar needs and /or characteristics who are likely to exhibit similar purchase behavior. It has emerged as a key marketing planning tool and the foundation for effec-

tive strategy formulation in international companies. The objective of segmentation research is to analyze markets, find niche opportunities, and capitalize on a superior competitive position. (Weinstein 2004, 4-5). Market segmentation serves the purpose of developing a competitive scope, which can have a "powerful effect on competitive advantage because it shapes the configuration of the value chain." (Porter 1985, 53).

Segmentation as a process consists of segment identification, segment selection, and the creation of marketing mixes for target segments. After selecting target markets the strategist should develop positioning objectives to then develop them into a detailed marketing mix. Positioning is the part of the brand identity and value proposition that is to be actively communicated to the target audience, and that demonstrates an advantage over competing brands. Kotler refers to it as the unique selling proposition. (Kotler 1994, 103).

According to Kotler (1994, 293) the only sustainable generic strategy in a segmented market is differentiation. He explains that the only other generic competitive strategy alternative (low cost) is not sustainable in a segmented market. In addition, a strategy successful at differentiating must generate customer value, provide perceived value, and be difficult to copy.

If a company starts by adapting new product variants, it is using a product differentiation approach. If it starts with the customer's needs, a market segmentation approach is used.This is illustrated more clearly in Figure 7 using offering rather than product toindicate that the same concept may apply to a service. (Ries & Trout, The positioning era cometh, Advertising Age, 4/1972).

A Product Differentiation Approach

A Market Segmentation Approach

Figure 7. The difference between market segmentation and product differentiation (Adopted from Ries & Trout 1972, 219)

There are two different levels of segmentation in B2B markets:

1. Macro segmentation: markets and customers are classified according to organizational criteria of the consumer company. Segmentation base e.g. field of business, religion, company size.

2. Micro segmentation: segmentation according to individual characteristics of buyers involved in the purchasing decision. Segmentation base e.g. buying centre structure, individual features. (Ries & Trout 1972, 39).

Kotler (2000, 272) argues that for segments to be effective, they must be:

- Measurable – the differences amongst the segments must be measurable so that they can be identifiable
- Accessible – marketers must be able to reach the segments through marketing communications and sales distribution channels
- Substantial – the segments must be large enough to justify the investment of resources and energy needed to target them
- Differentiable – the segments must respond differently to a company's marketing mix
- Actionable – it must be possible to develop effective marketing programs that target the segment

Organizational characteristics in market segmentation

These factors concern the buying organizations that make up a business market. There is a number of criteria that can be used to cluster organizations, including size, geography, market served, value, location, industry type, usage rate, and purchase situation. Below we discuss the main three categories used. These are presented in Figure 8. (Ries & Trout 1972, 240).

Figure 8. Organizational characteristics (Adopted from Ries & Trout 1972, 241)

Summarising the whole STP process, it is the method by which whole markets are sub-divided into different segments. SPT activities are usually undertaken sequentially. Market segmentation is the division of a market into different groups of customers with distinctly similar needs and product/service requirements. The second important part of the STP process is to determine which, if any, of the segments uncovered should be targeted and made the focus of a comprehensive marketing programme. Having seg-mented the market, and determined the size and potential of market segments, and se-lected specific target markets, the third part of the STP process is to position a brand within the target market(s). (Ries & Trout 1972, 259).

2.10 Direct marketing

Stone and Jacobs (2007, 5) provide the following definition: "Direct marketing is the instructive use of advertising media to stimulate an (immediate) behaviour modification in such a way that this behaviour can be tracked, recorded, analysed, and stored on a database for future retrieval and use".

Direct marketing is a sales method by which advertisers approach potential customers directly with products or services. The most common forms of direct marketing are telephone sales, solicited or unsolicited emails, catalogs, leaflets, brochures and cou-pons. Successful direct marketing also involves compiling and maintaining a large da-

tabase of personal information about potential customers and clients. These databases are often sold/ shared with other direct marketing companies.(Stone & Jacobs 2007, 7).

The decision variables in direct marketing

The basis for general marketing is the 4 Ps – product, price, promotion, and place. In direct marketing a set of decision variables are parallel, although they are not exactly the same as, the 4 Ps, since contain also customer service which is an essential component of the relationship marketing process. Roberts and Berger (1999, 6-8) describe the decision variables from the basic framework around which direct marketing programs are structured. These are:

Offer – The offer is the complete proposition made by the marketer to a perspective customer. It includes the product or service itself, the price, at with it is offered, any adjustments to the price, and other elements of the positioning strategy for the product.

Creative- The creative component of the direct marketing program includes the copy platform, the graphic design elements, any involvement techniques, and production considerations such as personalization.

Media –The media available to direct marketing include all those used by general marketing as well as direct mail, telephone, and different types of electronic media/ internet.

Timing/ Sequencing -Concerns about the timing and sequencing include one-shot message versus campaigns, pulsing versus a steady flow of communications, seasonal effect, and questions of how much repetition is enough. There are four dimensions for a direct marketer to consider in order to take the greatest advantage of the timing variable: *recency* (customers are more likely to buy again shortly after they made a purchase), *frequency, seasonality* (in case of e.g. garden products), and *role transitions* (prospect's propensity to purchase). The importance of these decision variables in creating a response in direct marketing is estimated in Figure 9.

The right advertising elements (10%)

The right timing (20%)

The right offer (20%)

The right person or list (50%)
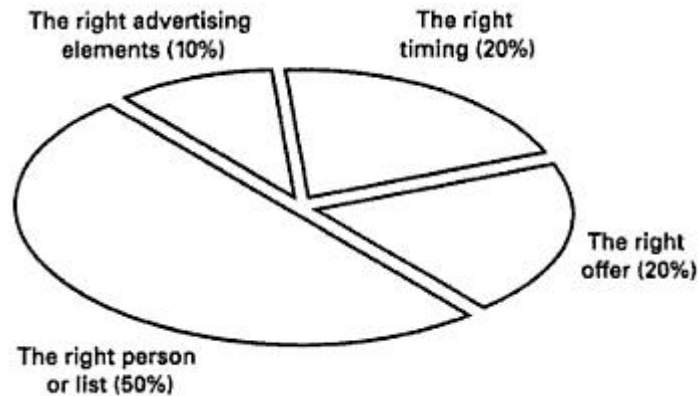
Figure 9. The importance of variables in creating response. (Adopted from Roberts & Berger 1999, 7).

Customer service- based on the idea "direct marketing is tuned into service". The types of customer service offered – among another, toll- free telephone numbers, free limited-time trial, acceptance of several ways of purchasing, the speed and accuracy of order fulfilment, and guaranteed return policy. (Roberts & Berger 1999, 8).

The two main direct approaches have traditionally been direct mail and telemarketing. (Ellis 2010, 303).

2.10.1 Direct mail

Direct mail is by far the dominant direct response medium which can be a highly per-sonalized tool of communication if the target audience can be identified and defined narrowly. Direct mail is directly related in its effectiveness to the availability and qual-ity of the mailing lists. An effective and efficient direct mail campaign requires exten-sive market-by-market planning of materials, format, and mode of mailing. A new type of mail services enables companies to deal with their customers more efficiently when customers buy through catalogs which are particularly useful if a firm's products are in a highly specialized field of technology, or electronic means. (Czinkota & Ronkainen 2010, 388).Email marketing is a form of direct marketing which uses electronic mail as a means of communicating commercial or fund-raising messages to an audience. (Stone & Jacobs 2007, 44-46).

2.10.2 Telemarketing

A suitable definition of telemarketing can be the following statement: "Telemarketing utilizes sophisticated telecommunications and information systems combined with personal selling and servicing skills to help companies to keep in close contact with present and potential customers, increase sales, and enhance business productivity" (Stone & Wyman 1992, 3).

B2B telemarketing covers prospecting buyers and decision makers who have the power to decide where their company buys these goods/services as well as those actions that follow the initial contact done via phone. Telemarketing as a process should be subjected to a strategic plan regarding the approach, target market, and number of calls. The end goal of telemarketing is generating sales leads or appointments. Both leads and appointments provide a company with opportunities to present its product or service to interested prospects. Leads and appointments can be converted into sales over time with strong sales efforts that will lead to more sales and revenue for a business. (Bendremer 2003, 26).

2.11 Global market differences

Importantly, market conditions and consequently customer priorities may be significantly different in global markets. For example, some of the most attractive prospects are in emerging markets, where local market conditions are substantially different from these in developed countries. The importance of adapting customer strategy to these local conditions is a critical success factor. (Piercy and Lane 2010, 290).

The challenges an internationalizing company must handle are new and unfamiliar. Obstacles the firm never faced before are becoming crucial. Language problems, pricing difficulties and different styles of business negotiations are among common barriers. Consideration of country's business culture is extremely important since it can affect the entire co-operation and influence the business in different ways. The whole concept regarding a business culture is quite wide and rather hard to comprehend. If the company makes a proper research on the information and knowledge it needs for doing business in a particular region, the entering process of internationalization and the cul-

tural shock will be less painful while business performance more efficient. (Kilsgård at al. 2008, 2).

2.12 SaaS market

Software as a Service (SaaS) has become one of the fastest growing segments of the IT sector because it provides organizations with 'turn-key' software solutions that can be implemented quickly, while avoiding the additional infrastructure costs and eliminating the ongoing administrative resources of traditional on-premise applications. It presents a software application delivery model by which an enterprise vendor develops a web-based software application, and then hosts and operates that application over the Internet for use by its customers. Customers do not need to buy software licenses or make any installations on a computer, and typically they only pay monthly fees for using the software. In other words users "rent" or "subscribe to" the applications from a central provider. (Oshri 2010, 164-165).

SaaS is considered as a part of cloud computing since the software is hosted on the internet, or the "cloud." Because SaaS applications are accessed from a remote server rather than installed on individual machines, it is easy to maintain the software for multiple users. For example, when the remote software is updated, the client interface is also updated for all users. This eliminates incompatibilities between different software versions and allows vendors to make incremental updates without requiring software downloads. Additionally, users can save data to a central online location, which makes it easy to share files and collaborate on projects. (Benlian et al. 2010, 2-4).

The core value of software as a service is providing access to, and management of, a commercially available application. The potential benefits of the model are significant for both the vendor and the customer. This service is different from business process outsourcing (BPO), for instance, where the outsourcing contract encompasses management of entire business processes such as HR or finance. It is also different from hosting services, where the focus of the service is management of the network and servers, but virtually no applications management. (Mirchandani 2010, 118).

The primary reasons why companies are turning to SaaS applications are:

- Reduced IT infrastructure acquisition and maintenance costs since SaaS does not require additional IT infrastructure investments in new servers and data-bases to store data, or private networks to permit user access.
- Reduced need for manual updates and upgrades because SaaS providers can perform those tasks automatically.
- Greater ease of use and added business value through customization to further improve digitized business processes
- Faster deployment time and reduced time-to-market for SaaS makes applications more accessible to multiple users and require only an internet connection.
- SaaS can improve scalability through pricing models that allow users to pay according to use, not as a one time or periodic licensing fee. (AMR Research 2006, 183-185).

SaaS also has some disadvantages:

- Reduced organizational control of the application since the updates and availability are often determined by the SaaS provider.
- Additional security concerns because business data and processes are maintained by a third party.
- Possible integration challenges because integration of SaaS applications requires techniques and strategies different from on-premise integration. (AMR Research 2006, 183- 190).

2.13 Synthesis of the theoretical framework

Summarising the ideas developed in the theoretical part I created a framework for organizing and managing strategic sales customized to MHG Tracking service that is visualized in Figure 10. I used the strategic sales value chain described in "Strategic sales organization" part and presented in Figure 2 as a platform that I modified on the basis of the above studied theory. Considering the case of MGH systems, where both functions, marketing and sales, are performed by the same group of people, the sales organization has no clear division between these two functions. Therefore marketing activities projecting long-term orientation of the company are assumed to assist present- oriented sales performance in every stage of its execution process.
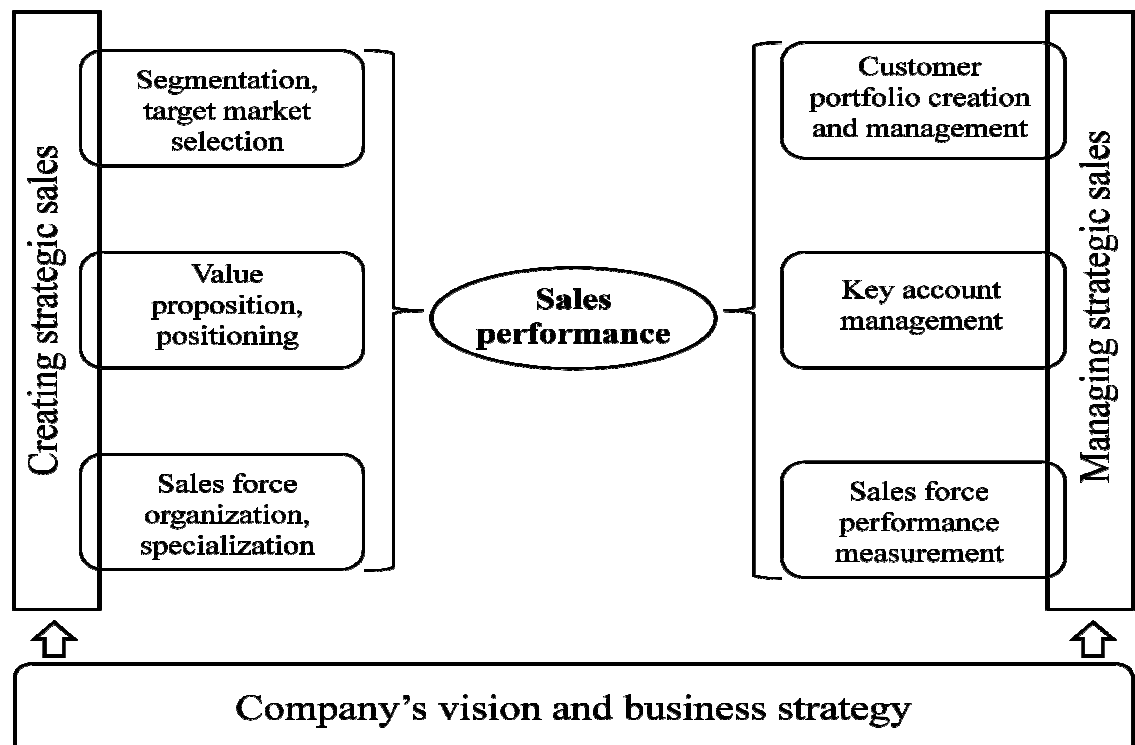
Figure 10. A framework for organizing and managing strategic sales.

Taking the improvement of the sales performance as the main objective of the strategic sales organization I based it on two pillars – "Creating strategic sales" and "Managing strategic sales". A company's vision and business strategy form the foundation for these two strategic activities. Segmentation and analysis of two target market segments will answer the first research question: "*Who* are the potential customers?".The analysis of the Russian industry for analogical IT solutions and the development of a company's value proposition on the base of competitive advantages of the offering will answer the question "*What* MHG systems Ltd offers to its potential customers?". While consideration of the organization of the sales force and the management of strategic sales activities in accordance with company's business strategy and strategic objectives will provide an answer to the question: "*How* should the company organize and manage its sales in these target markets?".

3 RESEARCH DESIGN

A research design provides a framework for the collection of information for an assessment or evaluation that includes identifying the data gathering method(s), the instruments to be used/ created, how the instruments will be administered, and how the information will be organized and analysed. A choice of research design reflects a decision about the priority being given to a range of dimensions of the research process such as scope and mode of enquiry, research method, reliability, and validity of the studies. (Bryman & Bell 2007, 40).

Broadly speaking there are two major types of research:

Primary research -original findings. This is first-hand research that relies on constructing and conducting surveys, setting up interviews with key people or keeping a diary or log of data. It is often undertaken after the researcher has gained some insight into the issue by collecting secondary data.

Secondary research - investigating information gathered by other people in books, newspapers, magazines, on radio and television. It involves the summary, collation and/or synthesis of existing research rather than primary research. Secondary sources are excellent for finding background information, statistics, and collected research details. (Best & Khan 1989, 89-90).

Primary research can be based on a quantitative or qualitative research model. Quantitative research is, as the term suggests, concerned with the collection and analysis of data in numeric form. It tends to emphasize relatively large-scale and representative sets of data. Qualitative research, on the other hand, is concerned with collecting and analysing information in as many forms, chiefly non-numeric, as possible. It tends to focus on exploring, in as much detail as possible, smaller numbers of instances or examples which are seen as being interesting or illuminating, and aims to achieve `depth' rather than `breadth'. (Blaxter et al. 1996, 61).

Given that this research aims at developing a clear understanding of the product's target market, consumer particularities such as the specificity of their business operations,

current industry trends, and their needs to be addressed, a qualitative approach to data collection and analysis is considered to be the most appropriate. A qualitative data-gathering technique aims to yield data that are richer in description and presumably deeper in insight and understanding (Monsen & Horn 2008, 65-66).

Qualitative researchers may use different approaches in collecting data and typically rely on the following methods for gathering information: participant observation, non-participant observation, field notes, reflexive journals, structured interview, semi-structured interview, unstructured interview, and the analysis of documents and materials (Marshall & Rossman 2010, 137-138).

3.1 Data collection method

The base of this research is semi-structured interviews that are more flexible than structures interviews, and allow to adjust questions to the scope of competence of an interviewee as well as to bring up new ones depending on particular business characteristics (size of the company, industry and target market) and conditions of an interview. The interviewer in a semi-structured interview generally has a framework of themes to be explored but the questions are standardized to ensure that the researcher covers the correct material(Marshall & Rossman 2010, 144).

The questions used for these in-depth interviews are listed in App. 1. The interviews were conducted in the Russian language via phone calls, as it is the most convenient and efficient way to approach right people in a conversation regardless the distance. Initially I planned to conduct five interviews with companies providing vehicle transportation and courier delivery services in the Russian market. However the information received from the interviewees on the same questions varied from company to company depending on its characteristics. Therefore I proceeded with contacting business representatives from both fields in order to gather additional information needed to provide complete answers to the formulated questions. The eventual number of the interviews was nine including the interview with a specialist from MHG Systems Ltd, who consulted me on a number of questions concerning the product, current situation in the target industry as well as the present business strategy of the case company.

In fact the number of contacted people exceeded 4.5 times the number of arranged conversations due to the call or conversation decline, incompetence of a contacted person on a range of questions, invalid numbers or irrelevant sphere of a company's business activity. The interviews were conducted in the period from 25 to 27 October. Below I briefly outline the results of eight interviews with business executives who provided me with complete information on the prepared set of questions.

3.1.1 Courier delivery services industry

The frequency of the answered calls was very high (approx. 1:2) and the interviews went better than expected from my side – the contacted people were ready to discuss the questions and provide answers to derivative question if I had those. However, some questions e.g."What solutions are used to handle operational problems that might occur?" – Question #6 or "What innovation could facilitate business operations?" – Question #9 seemed to be quite spontaneous for some interviewees, therefore their answers were more or less general.

The first interview was conducted with Kulagin, Aleksandr Petrovich who is a manager in Garantpost EMS Ltd. The company provides express delivery services of different types of cargoes as well as courier express delivery across the entire country. The carriage of cargoes is performed by air and road transport.

The second respondent was Vetalii, a sales person in Megapolis Ltd that specialises in providing courier delivery, freight forwarding services, and warehousing to online stores.

The third interview was arranged with Misin, Evgenii Viktrovich, a manager in Niksur Ltd. The company provides courier delivery of overall types of cargoes as well as freight forwarding services and warehousing.

Perskoi Maksim Aleksandrovich was the fourth person interviewed. He is the general director of Pegas Express Inc. dealing with an express delivery of mail (e.g. documents) and cargo of different weights.

The last interviewed business representative from this field preferred not to disclose him name due to security concerns. The person works as a human resource manager in Shop-logistics Ltd. Delivery service Shop-Logistics specializes in servicing online stores but also cooperates with individual entrepreneurs, provides custody of cargoes, and mail delivery across Russia.

All of the above mentioned companies belong to MSE varying from each other in size in the range from approx. 10 to 350 employees.

3.1.2 Vehicle transportation service industry

My experience with the data collection in this industry was rather different. It took more efforts to find appropriate people to address to. One reason was the automatic systems of incoming calls distribution between different operators in those companies. The systems are organized for the customer convenience and provide access to personnel who not necessarily have a picture of the entire business to answer all my questions since their competence is limited to their own functions, e.g. sales or logistics. Constantly busy lines and rejections (some of them due to security concerns) were among other obstacles from starting the conversation.

The fourth question about operational challenges and problems was answered reluctantly, pointing out that basically everything runs smoothly but they provided an answer to the question "What theoretically could cause a problem or impede business operations?" All three companies refer to SME and operate on the base of an extensive partner network.

The first interview was conducted with Maria Sergeevna who works as a secretary in Logica Ltd. The company provides a full range of logistics and transport services within the domestic market as well as abroad exporting/importing various types of cargoes to some EU countries and China.

The name of the second interviewee is concealed by request. The person is currently a manager of the logistics department in Gruzbery Ltd. It is a corporate group that spe-

cialises in trucking within Russia. Its services include shipping and receiving cargoes, storage services, forwarding, custody of cargoes, cargo insurance.

The last interview was carried out with the general director of Avtoholod Ltd whose name is withheld by request. The company provides intercity trucking of fast perishable products in refrigerated vehicles.

The main objective of conducting all the aforelisted interviews was to gather a necessary amount of information in order to analyse the specificity of the companies' business operation in two particular industries, and reveal main challenges they are facing along with those that might appear in their business practice. The understanding of these difficulties of potential customers is required in order to match their needs with the solutions provided by the company's offering and use it as a base for formulation of value proposition and positioning the product.

4 DEVELOPMENT OF STRATEGIC APPROACH TO SERVICESALES ORGANIZATION

This part of the study is designed to answer three main research questions stated in the introduction. The final objective of the research is to make propositions for the development of a sales strategy for MHG Trucking software in two particular target markets in Russia. The structure of the empirical research is formed by five major steps:

Step 1. Segmentation and assessment of the target markets in terms of their potential, evaluation of the present situation in the target industries, and justification of the need for an effective control management tool for doing business in these industries.

Step 2. Analysis of the potential customer base business operations that is required to develop a proper understanding of who the potential customer and what kind of needs they have.

Step 3. Analysis of the Russian tracking software industry and estimation of the company's offering in comparison to analogical solutions existing in target markets. The aim is to define competitive advantages of the offering that will form the base for developing a superior value proposition, and determine the most appropriate way of positioning the service in the minds of customers.

Step 4. Structuring the sales force within the company on the base of a particular type of specialization (geographic region, product or market) for efficient distribution of the company's resources and appropriate assignment of sales activities between different members of the sales team, identification of the best selling practices suitable for the company's business model, and possible shortages in the sales force resources of the company.

Step 5. Development of a customer portfolio in order to classify the pool of all potential customers into groups basing on similar criteria and identify the optimal approach to each group of customers in the portfolio matrix in order to optimise the company's resources in managing customer relationships and concentrate on growing key accounts.

4.1 Overview of MHG Systems Ltd

MHG Systems Ltd is headquartered in Finland and it specializes in supplying ERP (Enterprise Resource Planning) systems based on customer-oriented IT and map service solutions. These systems are designed for developing bioenergy, forest energy, and field work business operations, and can be customised to a range of industries including energy, biofuels, electricity and heating, harvesting, sawmilling, pellets, forest services, and the forestry industry. As additional services the company offers consultation and training on bioenergy and forest energy business operations, and field work management. Thus company's offering represents an independent service-platform composed out of different function/modules which combination is based on the customers' industry and business operations. By adding modules, it is possible to customise and build an independent EPR solution.(MHG Systems Ltd 2011).

At the moment MHG Systems has five main offerings: Field Manager ERP, Forest ERP, Power ERP, Bioenergy ERP, and MHG Tracking system that is not classified as Enterprise Resource Planning system. MHG Tracking ERP can be added as additional function to the service platform (depending on the preferences and needs of a customer) or sold separately as a tracking solution (Pisarenko 2011).

The company has already established its presence in Finland (one of the leading suppliers of ERP systems in its domestic market), Spain and Poland. The main priority of MHG Systems' business strategy at the moment is to explore the opportunities in the Russian market. The attention of marketing and sales efforts of the company is in the long run focused rather on Field Manger EPR. However, due to the specificity of Russian organisations, e.g. the need for rising discipline through setting control over employees, market for MHG Tracking solution has a promising potential.

Yet, selling efforts should be channelled in a right direction based on a clear market and product strategies as well as appropriate selling approaches. Therefore, it is essential for the company's management to develop a strategic approach to the organization of sales for MHG Tracking system in the Russian market that is the main objective of this study.

4.2 Conducting business negotiations with Russian partners

The Russian market becomes more and more attractive for many foreign investors for a number of reasons where some of them are the rapid pace of GDP growth, large population and considerable development of buying power. The consideration to enter a new foreign market should cover all macro-environmental factors (PEST analysis) as well as go deeper into the investigation of a particular market situation. Building relationships with local authorities, getting access to the required finance, understanding the legislation system and the way of doing business in a particular industry might take a considerable amount of time from the management of an expanding company. But in the case of MHG Systems the situation does not require to concentrate on all of these issues at the moment since the company intends to provide an access to the offered service based on the internet connection using SaaS delivery model described in the theoretical part.

Thus the main strategic activity of the company in the Russian market is organising, conducting and closing negotiations with Russian business executives who represent the market for MHG Tracking service. Below I outline the main issues that the company's management has to take into account in approaching the Russian business partners.

Relationship building and respect

In comparison to results-oriented Finland, the Russian way of doing business is more based on mutual trust and relationship building. Business relationships should be managed at both a company and individual level. Yet, if a new person is introduced to these relationships, he/she is usually easily accepted by all parties as a cooperation partner.

In the Russian business culture the amount of respect paid to a person depends primarily on his or her rank and status. Age and education are less important than in most other countries. Therefore a negotiator should be careful never to come across as patronizing a senior Russian manager. Admired personal traits include firmness, sincerity, and dependability. (Katz 2008).

Probably the most advantageous situation is when the company is represented by a native Russian person who is well familiar with the country's business environment or by a local intermediary. At the moment MHG Systems has a plan to open an office in the Moscow region that is the easiest solution of all intercultural obstacles in leading negotiations with Russian partners. However, winning deals with major accounts can require meetings of top level managers when the Finnish decision- makers have to conduct the negotiations.

There are some trivial elements such as business cards, politeness, patience, right form of addressing (titles), and small talk that will be expected by the Russian party and should not be neglected. Building credibility and trust has always been the key in winning a business deal with Russian partners.

Communication and Negotiation

A practical advice for foreigners visiting Russia or inviting Russian guests is to consider the way of dealing with the language barrier. A majority of Russian business people may struggle with having negotiations in the English language even though they might keep convincing their counterparts that they understand everything. Therefore, in order to increase their own chances in conveying the message in a discussion of business deals it is wise to have an interpreter arranged preferably by the foreign company itself to insure that the person is fully proficient in English. Conducting conversation in English one should express himself briefly, simplifying the speech, avoiding any kind of slang. It is also advisable to keep all the correspondence in the native language of potential customers once it is obvious that communication in English would be a challenge for them.

Besides pure linguistic aspects, a foreigner should take into account the particularities the of Russian business culture. It can be the case when a Russian partner will keep declining the offer having some other expectations. In order to bypass that part quickly a foreign party should find out as much as possible about the business of their Russian counterparts to understand the possible motives for a negative reaction since it could be a bluff to push their partners to compromise e.g. on price. Other strategies and tactics could also be used during negotiations aimed at confusing or luring their foreign part-

ners into the business. In fact negotiations can take a very competitive stance. Russian counterparts may start to insist on concessions being persistent and even stubborn. The best way to manage in this situation is to stay firm, outright but polite at the same time.

Making a value proposition one should remember that due to prevailing short time orientation immediate benefits may sound for Russian partners more convincing than long-term advantages. Preparing a well-organized and attractive presentation and translating all printed material into the Russian language will assist in getting the message across. Though the Russian business people may look pessimistic and even ignorant, it is not necessary reflecting their real opinion and attitude.

Russians love technology, have great respect for western expertise, and are easily impressed by size and numbers (Katz 2008).Certain stereotypes of the Russian people can help MHG Systems as a company of a Finnish origin to build a positive impression.

Agreements and Contracts

Since Russian organizations are hierarchically organized, it is important for a foreigner to know who has the decision making power. It is quite a rare case when the authority is delegated to subordinates who may also be reluctant to accept it.

Personal feelings and experiences may weigh much more than empirical evidence and other objective facts. Moreover, Russians are often reluctant to take risks. Written contracts should be clear and concise, without too many detailed terms and conditions. Signing the contract is important not only from a legal perspective, but also as a strong confirmation of your Russian partners' commitment. (Katz 2008).

Taking everything into account, approaching Russian partners in a negotiation should start with thorough preparation since they can turn out to be very skilled and persistent negotiators. Appearing stubborn, delaying with reply, moving focus of the conversation, and acting ignorant are among some tactics that a Russian businessmen can use to push their own interest. Therefore, patience and tough position are required. However, inviting the Russian business partners for negotiations abroad puts both companies into

different positions, depriving the Russian party from some negotiation tools and making the situation more advantageous for a foreign company.

4.3 Research process and analysis of the results

The empirical analysis of this study is based on the synthesis of the theoretical framework visualized in Figure 14. Along with the collected primary data the practical part is developed also based on secondary sources in the form of existing literature covering the area of sales organization and management, a company's own material such as report on competitor analysis, PP presentations and booklets, data mined from previous researches in this filed, as well as the extensive variety of different internet sources.

4.3.1 Target markets selection and analysis

All companies operating in the road transportation industry in Russia can be classified into three main categories presented in Table 6.

Table 6. General classification of companies presenting the Russian road transportation industry

Type of a company	Services provided
Trucking companies	Main business operations are carrying passengers and cargo. These companies also carry out all activities that relate to maintenance, repair, storage and supply of auto parks
Motor service facilities	This type of companies presents the basis of central services, service stations, garages, parking lots, camping, bus stations, refuelling stations
Automotive repair facilities	These companies include repair plants, aggregate-repair factories, tire-repair and auto repair shops or factories, specialized shops and stations

Only the first category of companies is considered to be a potential market for MHG Systems's product. According to their functional performance all trucking companies can be divided into:

- Freight transportation,
- Passengers (bus, taxi, car) transportation,
- Mixed transportation (passenger/freight),
- Special transportation services (emergency, medical services, utilities, etc.).

Previous estimations and analysis of the Russian road transportation sector carried out by the marketing department of MHG Systems revealed approx. 35 industries as potential markets for MHG Tracking solution. Priorities in monitoring, control and management of operations vary between branches. Cargo transportation and express courier delivery were identified as the most promising ones in terms of their market size, the specificity of business operations requiring a strict control of movement and accurate information and affiliation to the private sector that potentially has more financial resources to invest in comparison to the industries financed from the state budget. Therefore, in further market segmentation the focus of this study will be narrowed down to freight transportation companies dealing with different types of cargo delivery including express courier delivery services as the most promising and sustainable among all possible potential markets for the service. Only the whole cargo transportation industry includes a range of industrial sectors such as trucking, all types of delivery beside courier delivery, international transport, industrial logistics (construction, mining, agricultural, forestry), distribution, retail and wholesales transportation services, garbage, refrigerator sectors, freight as well as some other that according to the research made by MHG marketing department count up to 22000 businesses established on the territory of the Russian Federation (Competitor analysis 2011, 20).

At present there is a trend of a rapid development of the trucking industry and particularly the cargo transportation segment. The methods of the cargo delivery and customer servicing are regularly upgraded since the demand for this kind of services is growing and companies face more intense competition. Therefore, the demand pressure for new technologies in the field of cargo logistics is increasing. In order to win a customer, freight companies offer guarantees for delivery to almost any area while the price for transporting goods is considerably reduced. Large foreign transport companies, deliv-

ery services, courier services in the regions regularly develop new proposals to meet the demands of clients, and provide comprehensive transportation and logistics services that are often based on individual logistic schemes. According to the data received from the interviews, there is a complex of such issues as: reliability, quality, affordability/price and delivery time that directly affect customer return rate. Managing at high quality standards allows companies to raise the price for their services.

According to "Gisline" (2008) the average gain on transportation services provided is considered to be low in Russia, 13-20%. However, a standard transportation company can significantly increase the profitability of its business through a reduction of operating expenses such as pilferage (the costs of lost cargo must be covered by the company), poor route management, unauthorized usage of company vehicle(s), employee moonlighting etc. Thus, regardless the company's size the demand for control over the operations generates interest of the company's management towards solutions that can provide it.

4.3.2 Target customer business operations

Transportation is a complex process in terms of its organization which requires the implementation of all necessary arrangements for packing, loading and delivering of goods. Two major aspects in this business are on-time delivery and ensured safety of transported cargoes. As it was already mentioned the quality of transport services is a critical exponent which affects the final outcome of companies' business operations, namely net profit and a preservation of the existing clientele of the company.

The whole process of transport organization can be structured as follows:

1. Marketing transportation flows.
2. Development of traffic flows: the rational route schemes, providing for the discovery of new and adjusting existing routes.
3. Vehicle selection and identification of the required number of vehicles for road transport.

4. Defining the scope of expedient use of motor vehicles depending on specific trucking conditions, type and properties of goods as well as operational performance of freight transport.

5. Speed rates valuation for the movement of the vehicles.

6. The choice of a movement organization system using rational regime of drivers work.

7. Coordination of road transport with other transport modes.

8. Analysing conditions on the roads in order to develop effective and safe routes for company's fleet.

9. Ensuring efficient and secure transportation of goods.

10. The use of economic-mathematical methods and calculations to improve the utilization of auto park and reduce the transportation costs.

11. Managing control over the fleet flows.

12. Operational control over the condition of the fleet and its usage. (Coronat 2011).

The organization of cargo transportation process and courier delivery is based on a number of basic principles that should be followed in order to comply with the customer requirements and meet business objectives. The organization of a transportation system should provide:

- Coordination of all the departments and personnel within the transport company
- Maximum optimal organization of the fleet's traffic
- Delivery of goods in the shortest time possible
- Efficient use of auto park
- Traffic safety
- Profitability of business operations

In comparison to other transportation modes, companies dealing with auto transportation have a much greater flexibility in modelling their routes since they do not depend on the schedule of other means of communication such as trains and container ships that operate on a strict timetable base. Yet, road transport delivery belongs to one of the most expensive types of transportation and every extra mile is counted as a loss equally for both the transport company and its client. The possibility to develop as complex

routes as it is needed allows the companies to serve the maximum number of clients during one trip. However, it requires from companies' management well organized coordination and constant control over the moving auto park.

Depending on certain criteria, i.e. size and type of auto park, area of service coverage, industrial specialisation etc, transportation companies deal with almost all possible types of goods including bulk, solid, liquid, gaseous cargoes, perishable goods that are transported in vehicles equipped with special refrigeration systems and maxi-shuttle units transported at short distances. There are different types of cargo and vehicle classifications that provide parameters for decision making on types of vehicles that should be used for transportation. The choice of a particular vehicle model is based on an optimum combination of its efficiency, speed of delivery, merchantability, security, volume and bearing capacity. The classification of transported goods and transportation vehicles on the base of different criteria is presented in Table 7 and Table 8 correspondingly.

Table 7. Classification of cargoes by branches of national economy transported by companies from cargo transportation and courier delivery industries

Branch type	Cargo description	Cargotransportation	Courierdelivery
Industrial	Companies' production, raw materials imported from the procurement stations for further processing, industrial production	X	
Agricultural	Products transported from fields and warehouses of agri-food businesses and organizations to procurement stations	X	
Construction	Goods shipped to construction facilities by construction enterprises and storages, as well as soil and construction debris transported from construction areas	X	
Commercial	Cargoes imported into the trading network by industrial and agricultural enterprises, procurement centers, warehouses that are subordinate to trade organizations, station-site and port-site warehouses	X	X
Utilities	Domestic waste transported from production enterprises, public catering organizations and residential houses, mail and business correspondence delivery, all types of cargoes for offices and private sector	X	X

Classification of cargoes can be carried out by other criteria such as purpose of its use (e.g. raw materials, fuel, materials and finished products), volume, bulkiness, type of transport means needed for transportation etc.

Table 8. Classification of transportation vehicles that are normally used by target companies on the base of different criteria

Criteria	Options	Cargotranposrtation	Courierdelivery
By carbodytype	Closed type	X	X
	Tilt	X	X
	Refrigerator (insulated body)	X	
	Minibus	X	X
	Open type	X	X
	Onboard	X	X
	Tipper	X	
	Container yard	X	
	Isothermal van	X	
	Tank	X	
	Timber	X	
By groups	Group I: vans for general purposes	X X	X
	Group II: specialized (trucks, reefers, container, truck tractors with trailers, ballast tractors with trailers)	X	
	Group III: tank autos		
By number of axles	Biaxial	X	X
	Multiaxial (3 and more)	X	
By compo-sition	Single vehicle	X	X
	Car + trailer	X	X
By engine type	Gasoline	X	X
	Diesel	X	X
By carrying capacity	Small	X	X
	Average	X	X
	Large, from 1.5 to 16 tons	X	
	Extra large, more than 16 tons	X	

These different classification principles are usually used in the planning process for understanding the economic relations, setting tariffs, and for operational purposes. For MHG Systems as a provider of a universal tracking solution such variations in types of vehicles and transported cargoes are of no practical importance since the principle of tracking system application is the same and no customization is required on this base. However, it is important to understand the relations between operational characteristics and potential problems consequently creating needs that the companies might have.

Basing mainly on the results of the interviews carried out and the discussion of particularly fourth and fifth questions from the interview framework, I was able to draw the following classification (see Table 9) of possible operational problems and challenges that cargo transportation and courier delivery companies face in their business practices.

Table 9. Classification of possible operational problems of companies from cargo transportation and courier delivery industries

Type of risk factors	Common examples
Human factor	Personnel sick leave, possible lack of experience to immediately react and solve unexpected problems, incompetence of personnel.
Technological factor	Breakage of transport vehicles e.g. engine breakages that were particularly mentioned by almost all interviewees.
Geographical distances	The courier delivery companies that chose to specialize in one or two market niches e.g. serving only on-line stores or mail delivery, and are likely to operate within huge territories (several regions, nationally wide with or without activities outside RF), examples are Garantpost EMS Ltd, Megapolis Ldt, Pegas Express Inc. The transportation companies in question operate on a large scale often in partner cooperation, e.g. corporate group Gruzbery Ltd that deals with exporting/importing in/from EU and China.
Lack of stability	"Too small amount of orders or too many at one time" that deprive from the possibility of planning, possible lack of transport vehicles and human resources due to unusually large amounts of orders, dependence on seasonal demand fluctuations in case of courier delivery companies.
Shortage of customers	Low customer return rate, lack of permanent customers in companies' database when the majority of them does not make more than 2-3 orders.
Unforeseeable logistic problems	Poorly developed road infrastructure in many regions, malfunction of airports and sudden, short term closing of airports (especially in northern and periphery regions of the country), blocking the roads, snow and clay collapses on the roads, loss or damage of cargos.

The results of the primary data analysis prove the information from secondary sources that companies from these two industries in most cases also provide so called tying services in the form of freight forwarding and warehousing, movers' and riggers' services, cargo insurance, custody of cargoes, documentation and other services in not directly relevant spheres depending on their partner networks.

4.3.3 Current situation in the tracking software industry

Transport monitoring and tracking systems present a combination of a satellite navigation systems based on GLONASS (Global Navigation Satellite System) and GPS (Global Positioning System) navigation, mobile and/or radio communications, computing technologies and digital maps. In logistics, satellite tracking is used for solving problems in transportation management and it is integrated in automated systems for fleet management.

Rapidly developing monitoring systems present today the fifth generation technology which centralizes the previous generation of systems in a logically unified, distributed monitoring centre that works on the principle of cloud technologies. Thus the data from GPS and GLONASS devices collected by the communication server transmitted to the logically integrated server database and then distributed among the intermediate servers that provide user interaction. Such system architecture allows users from different regions, countries and even continents to receive all the information from the nearest regional centres within the shortest time period and have access to the tracking service directly from their operators based on SaaS distribution model.

Situation on the Russian market

Tracking systems are highly spread in Russia and are typically used for tracking vehicles via the installation of GPS/GLONASS black boxes in those vehicles. In some installations, the basic tracking functionality can be extended via the use of additional modules, e.g. fuel meters for a measurement of fuel consumption and/or fuel level in the fuel tank of the vehicles. (Competitor analysis 2011, 20).

The exploitation period of tracking systems is approx. three years after which they become obsolete. Although most tracking solutions have similar features, prices vary significantly between systems with a similar functionality. At the moment about 20 different systems based on GPS navigation are represented on the Russian market by domestic and foreign suppliers. Black box based tracking systems form the largest market segment in the tracking industry that are used by businesses in the transport, mining, service and government sectors that need real time information on their business operations. The application of a tracking system brings to companies a reduction of 15% to 30% on their operational expenses. (Competitor analysis 2011, 242).

Considering the variety of presented tracking solutions and the extent of their diversity in a range of characteristics such as technical aspects, the amount of investment required from the side of customer, operational features, etc all forms of existing offerings on the modern Russian market for tracking solutions can be classified into four types:

I. GPS-trackers with simplified software. The cost of the system equals to the cost tracker plus expenses for mobile communications. The user receives minimal possibilities while the installation of devices and software setup must be carried out independently.

II. Hardware-software complex which present complete solutions. Total expenditures consist of the price for trackers, the cost of a server computer, the cost of server and client software, the cost of server connection to the internet and network, the cost of services for system implementation, the user training, anda payment for internet and mobile communications.

III. Software systems that are compatible with a variety of controllers and trackers provided for leasing Software as a Service format. In this case clients save on the cost of the server computer, its connection to the internet, and maintenance costs.

IV. Comprehensive services for monitoring. The user receives a complete solution and pays only for trackers and a fixed subscription fee to a company- supplier. (Sirius 2011).

MHG Systems' tracking software present the fourth type of a tracking solution where mobile phones are utilized instead of tracker devices but the offering delivery is based on SaaS platform. Analysing this industry segment further I provide a summary of the practical benefits from the application of a standard comprehensive services for monitoring in the cargo transportation and courier delivery industries(see Table 10) in accordance with functions provided by the solutions.

Table 10. Standard functions of tracking systems and their implications in the target industries.

Type of tracking system functions	Description of the functions	Benefits for transportation and courier delivery companies
Monitoring	Identification of the vehicle location coordinates, its movement direction, speed mode and sometimes also fuel consumption, the temperature in the refrigerator, etc	- Instant access to information on location and condition of vehicles, arrival and shipment of goods; - rapid response to emergency situations; - enhancement of personnel discipline; - control and management of routes in real time; - reductions in breach of set normative (e. g. speed norm, deviation from the route); - saving of resources connected with transport.
Control over the compliance with the timetable	Recording the movement of transport facilities and automatic registration of cargo delivery to specified destinations	- Exception of misuse of the fleet; - reducing idle runs; - higher safety of transported goods; - high quality of customer service.
Statistics collection and route optimization	Analysis of routes travelled, speed, fuel consumption in order to determine the best routes	- Efficient routes and assistance in making a long-term transport planning; - increase the life of vehicles; - considerable savings in fuel; - high quality of logistics and max. routes optimization; - permanent access to comprehensive analytic information and reporting; - management decisions based on reliable statistical data.

Software as a service business model is still a new concept on the Russian market. Therefore, this form of delivery model creates a significant advantage for MHG Systems over analogical solutions by a number of factors outlined in the theoretical part.

Instead of typical black boxes, the systems uses mobile phones that allow tracking not only vehicles but rather employees which is particularly important for the courier delivery industry where agents, performing from-door-to-door delivery and servicing several clients per trip, have to follow complicated routes within small areas and often go by foot. The user of this service is not required to carry out any installations of software or pay IT maintenance fees.

Another competitive advantage of MHG Tracking on the Russian market is a Finnish brand that is perceived as reliable and associated with high quality standards. As it has been already mentioned, such assumptions about a country of origin play an important role in a purchase decision making in Russia. However, the main superior features that should be stress in the product positioning are the price and simplicity of the use. According to Porter's theory of generic strategies,cost leadership is the competitive strategy chosen by MHG Systems in this market since the price rate for the service is in most cases several times lower compared to analogical offerings. Besides, demo trial of the service is available.

All the aspects that make company's offering superior in the eyes of a potential customer and differentiate the service from the competition should be stressed by sales people in making a value proposition. In other words, the main task of MHG Systems sales personnel is to use competitive advantages of their offering as the base for the formulation of a unique value proposition, and define a clear and distinct positioning of the service in their interactions with potential customers whether by means of telemarketing, direct mailing or personal meetings, e.g. conferences.

4.3.4 Base of sales force organization in MHG Systems Ltd

As it was mentioned before, the company has already established its significant presence in the domestic market and presently the main efforts of the company towards brand internationalization are concentrated on the Russian market.

Company's business objectives in the Russian market

The long-term objective of MHG Systems is to develop this market into its second domestic market for ERP solutions. The life cycle of MGH Tracking system is approx. three years that makes it a mid–term objective in a company's business strategy. In fact, the sale of this tracking software is considered as a platform for further introduction of the ERR solutions to the Russian market. The general idea is to establish the brand in this market and develop there a comprehensive partner network that would facilitate the sales of the ERP systems later. Thus, for the nearest three years MHG Tracking program should become a primary product of the company in terms of quantity of the concluded contracts. (Pisarenko 2011).

Current sales performance and selling methodology

Presently there is no systematic or strategized approach to the sales organization in MHG Systems. The activities of the sales process referring to the development of potential customer from searching for leads, initial contacting to final sale are carried out independently by each member of the sales team.The sales team is formed by representatives of different cultures and some of them work distantly from the main office. Each sales person has the whole product portfolio to manage in a particular market presented by a whole country (e.g. Finland, Russia, China). The tracking software is a separate offering since it is not based on the ERP platform, does not require any customization, and is oriented at very diverse and predominantly small-scale businesses.

Although this chapter focuses on strategic structuring of the tracking software sales organization, it is important to mention that some leads for the tracking service can turn out to be qualified prospects for an EPR solution and still will be addressed to the same sales person. The market for MHG ERP systems in Russia is generally represented by a small number of pellet plants, and consequently the sales to this type of customer acquire more project approach. However, according to Ruslan Pisarenko, the sales manager of MHG Systems, when a company from the transportation or the currier delivery industry has over 200-300 employees, the tracking solution does not already seem to be sufficient to efficiently manage a company's business operations, and the application of

a customized ERP is, in this case, significantly more rational investment due to a greater increase in operational efficiencies that it provides.

The strategic objective of the company's management is to radically change the approach to selling the service and hand over the initiative to the customer. In other words, in the near future the company expects to establish its brand, and through the web promotion and reference cases of existing clientele make the customer itself search for its services. In order to meet this objective some changes need to be done in the sales methodology the company relies on at present. The principle of distance contact from the office in Finland determined the following approach: at first MHG Systems sends a message through the email system outlining the core information about the service offering that is potentially interesting for the company; after a certain period those prospects are contacted by phone and they receive an invitation to a web conference that is either accepted or declined.

The main criterion in qualifying the leads before contacting is the number of licence purchases a company in the transportation and the courier delivery industry might require. Another criterion is the proximity of a company to the Finnish border, i.e. Westnorthern part of Russia and also the Moscow region.

Selling tracking software on the base of the existing business model allows to avoid the expenses on customization of the product and substantially lower the expenses on promotion of the service. However, as it was in detail explained in the theoretical framework, this remote approach results in approx. 0,3% -1% hit-rate (signed contracts) from all of the prospects initially contacted by email. Hence, considerable resources are invested into a creation of potential customer databases whereas over 99% of found leads become lost deals. The immediate presence of the company in the target market could solve the problem of this inefficiency. In fact, this idea was identified by the company as a solution and became an objective for the next 1-2 years. An office with 2-3 sales representatives in Moscow could provide the possibility for personal customer approach that is vital in B2B environment, and would serve as a platform for development of a business partner network and the actual customer base for the tracking service. Thus, the investment would be justified by the increase in closed deals per sales person within for ex. one month period or quarterly.

Suggestions for improvement of the current sales performance

Having analysed the company's strategic objectives, focus priorities and present sales methodology I came to the conclusion that at the first place the company should reorganize its sales force in order to transparently plan the market coverage and avoid overlapping investigations of the same areas and approaching same customers several times. Since the market is geographically extremely vast and priority is given to particular regions near Saint Petersburg and Moscow, and due to restraints of sale force resources, it is rational to divide this aforementioned part of the market into areas of responsibility between sales people presenting the sales team of MHG Systems. This geographic specialization of the sales organization is justified also due to the similarity of business operations of companies from the transportation industries and the simplicity of the service offered. Thus, all efforts of each sales person are concentrated on cargo transportation and courier delivery companies operating "his" or "her" region that must be approached only with one service offering.

Although a face-to-face client meeting is not possible at the moment, the company can still be successful in its remote sales, as most of the SaaS vendors operate at a significant distance from their potential customers and thus cover geographically larger markets. Having afore described business model, the company has only two possibilities to reach its potential customers distantly: telemarketing and on-line selling. Since the resources of any company are always scarce, it should set certain priorities in order to efficiently leverage its resources. In the telemarketing approach the most time consuming process is compiling the long lists of potential customer databases. Yet, it can be skipped through the acquisition of business mailing lists. There are developed and regularly updated mailing lists containing over hundred thousands records of businesses on the territory of the Russian Federation that can be sorted out by companies' size, industry, region of business operations etc. The price of such optimisation is basically very affordable for a company (usually in the rage from one to eight hundred US dollars) and the number of relevant leads from one list can reach tens of thousands, while several thousands of which can later turn into qualified leads. Since MHG Tracking software does not require any customization and it is suitable to different types of customers, the pool of potential clients can be significantly extended on account of companies from other industries in the mailing list to which the company can address its offering.

The quality of the leads is a serious issue here, but the records collected from random web-pages with usually not full information about a business do not guarantee a high quality rate for MHG Systems either. Therefore, investing time into deeper investigation of qualified records rather than spending it for data mining would give each sales representative more chances to lead a potential customer through the sales funnel to the deal closing stage. Besides increasing the sales funnel convention rate, this purchase would also lower an average cost of acquiring a customer.

Online selling is another possibility that is currently not explored by the company. However, IT department of MHG Systems efficiently manages the optimisation of search engine in order to attract new businesses to the company's website.

Still the key aspect the company has to concentrate on in order to reach its main business objectives is setting clear and objective sales goals. As I understood from several organized interviews with the sales manager of MHG Systems, the management has no specific targets for MHG Tracking service in terms of desired sales revenue or the number of customers that has to be acquired within e.g. first year. Without specifying business expectations planning the sales activities appears to be impossible. Despite the natural strife of each business for profit maximization, it is crucial to have certain milestones to calculate the volume of workload needed to be carried out by each sales person in order to close a definite amount of deals, allocate the resources according to the company's priorities and, on the base of the achieved results, forecast future sales performance. Therefore, due to the insufficiency of information available, planning the sales activities that should meet overall business objectives and consequently revealing eventual shortages in resources is impossible until the company decides on a suitable performance and assigns specific sales objectives.

4.3.5 Creation of customer portfolio and managing key accounts

The theoretical part outlines the necessity and principles of a customer portfolio creation in industrial markets, where customers are few in number and can vary substantially in their size, importance for company's business, and types of relationship approach they require. Classification of all potential customers on the base of certain criteria will enable the company to rationally allocate its sales force resources within dif-

ferent parts of customer portfolio and balance the costs of servicing each type of clients in accordance with profitability of doing business with them.

The analysis of cargo transportation and courier delivery industries showed that both of them are presented by very diverse businesses and MHG Systems has only two criteria for qualifying its potential customers: the number of licenses it can sell to a company and a geographic location of that company. Thus, I used the generalized model proposed by Piercy and Lane for analysing the customer portfolio and split up the whole market segment into three types of customer categories that are described below.

Direct-channel customers are characterized by all companies from transportation and courier delivery industries with fewer than 50 drivers or delivery agents. This part of customer portfolio will be the most extensive, since the majority of companies operating in these two industries are small-scale businesses especially in the courier delivery servicing(The Ministry of Transport of the Russian Federation. [referred 21.11.2011]).

Companies of this size tend to organize all the information flow and manage the control on the base of phone calls, email systems, printed maps/address information and performance reports provided by the personnel. A more advanced approach to control management might also include some software for routes optimization such as 1C Transportation or dispatcher department within an organization which keeps track of the orders distribution between deliver agents by means of phone calls.

Dealing with this type of customers sales people should be oriented at taking a transactional selling approach and aiming at rather functional relationships since both parties have no need in long term relationship building, and selling a number of licences is the eventual goal of the company. This approach does not basically require customization of sales pitches or prior investigation of potential customer business characteristics. Ideally a sales representative has to push and persuade a client to make a purchase immediately trying to avoid long lasting negotiations since the customer value may not justify such an investment of the company. Although, each sales person should always take care of the overall satisfaction of these customers with having business with MHG Systems since the word of mouth spread further, and a brand perception plays often a crucial role in decision making in the B2B environment.

Middle-market customers define all businesses from both industries with over 50 employees or transport vehicles that require tracking. Depending on the number of clients this customer segment is likely to become the most profitable for the company. Businesses of this scale normally pay more attention to logistics because due to the bigger size they face more operational challenges. Moreover, these companies usually have a more extensive scope of operations, i.e. they cover larger distances in providing their services. Therefore, besides mobile connection and electronic mail systems they use specialized IT solutions, control of dispatchers and some have their own IT departments that deal with route optimization and the supply of needed software.

These accounts have a greater significance for the company and consequently higher relationship requirements. Approaching these potential customers with more consultative selling is necessary for more collaborative interaction. This approach assumes prior mining of data on a company's present solution for information flow management, scope of business operations, its partner networks etc in order to understand their potential operational problems that require a tracking solution, and determine the significance of the company for future cooperation especially in the form of references about MHG Systems that they might give to their own partners.

Due to inherent business complexity and higher organizational requirements these companies would also benefit from other modules such as "Workforce Management" that enables two-way information between companies' managers and drivers/delivery agents and provides offline access to information on orders, "Material Management" that will allow companies to reduce the amount of paper work in the office, and "MHG Public" for order processing. Such cross-selling tactic opens the possibilities for further EPR introduction through a discussion of its benefits for the company.

Since some companies are ready to pay more for the same services than others and the current price is record low, the company could benefit from having flexible pricing policy that would delegate a sales person some decision making power concerning a possible price increase.

Major customers can become companies with the potential to make a purchase of several hundred licenses for the tracking solution and those potential clients who are ready

to negotiate the application of MHG ERP solution that the company can customize to their business operations. This type of customers will definitely be small in number, since there are not so many of such big layers in the Russian cargo transportation and courier delivery industry but they a have high strategic importance for MHG Systems.

The relationship and service requirements are the highest, and therefore personal contact and face-to-face meetings appear to be an integral part of this type of business negotiations. In approaching this kind of customers the first time a sales person is likely to find out that they already have a solution for control management or even an ERP solution. Therefore, the competence of the sales personnel on main analogical offers existing on the Russian market (advantages and disadvantages of each in comparison with the offering of the case company) will enable to develop a value proposition customized to the situation of each potential client matching the needs best. In order to develop a customized unique selling proposition and be prepared for its discussion, a sales representative should use all possible channels to collect maximum information about the company services and tools for operational management (big companies often provide some information on their web sites regarding their control and management systems/programmes as a promotional tool for their own customers).

Since the application of ERP system for already mentioned reasons is a more rational investment in case of large-scale businesses, a sales person should be well equipped with necessary technical knowledge in order to act as a consult for the high value and technically complex solutions. Thus, in order to insure more chances for success, the company should assign one or two sales managers for dealing with these key accounts.

Revenue maximisation from each customer could be reached by developing a multi-dimensional pricing matrix that would help to assign the most appropriate price based on the scale of benefits from ERP introduction or value created by the product in particular case of each business.

Negotiations are like to be continuous and require lots of efforts and investment from the company's side that by definition involves more risk. However, getting deals with such big players opens new opportunities for the company on the Russian market and make a good promotion for the brand.

Strategic alliances and collaborative joint ventures, that according to the proposed model present the fourth type of customers, are not considered by MHG Systems with businesses from these two industries under investigation.

As the costs of dealing with strategic important customers continue to increase, companies face major resources investment choices in developing a customer relationship. With large customers in particular, the risks in investment or disinvestment are high, and it is likely that the intelligence-gathering and market –sensing capabilities of the sales and account organization will play a growing role in influencing strategic decisions about resource allocation in the customer portfolio. (Piercy & Lane 2009, 38).Therefore, the proposition of the customer portfolio developed in this chapter, analysis of each types of customer as well as my suggestions regarding a customer approach aim at providing the company with a better informed basis that is a requirement for successful praxis in dealing with different types of customers and making strategic choices on investment.

4.3.6 Sales force performance evaluation

In the book "Sales force design for strategic advantage" by Zoltners the author states that each component of a selling organization is measurable from different perspectives. Thus, through the introduction of specific metrics for measuring sales force productivity the company will be able to identify the bottlenecks in the selling process, and on the base of the obtained information design appropriate solutions.

The telemarketing sales method requires a great amount of efforts from the sales people to achieve certain results. Although a creativeness is a requirement for successful customer approach especially in managing key accounts, the whole customer acquisition process assumes a significant volume of routine jobs that can result in sales force demotivation and have a negative effect on the sales performance. Therefore, having all parameters under control will help the company to avoid the risk of similar inefficiencies. However, there is no rational in developing a proposition concerning this issue since the question of assigning particular sales performance metrics as well as a design of most appropriate motivation programs is only in the competence of company's top management.

5 CONCLUSIONS

This chapter presents conclusions and discussions of the ideas developed in the empirical part on the base of the theoretical framework.

The objective of this study was to consider the whole process of creation and managing the strategic sales organization for a particular service in two specific market segments, to identify the main set of activities that comprise this process, and to develop propositions to each identified key area of the sales strategy creation.

According to the theory of strategy hierarchy, the overall long-term business objectives of the company that lay in the base for strategic decision-making are coming from the company's corporate strategy while its business strategy includes the consideration of such issues as the choice of an industry to enter, selection of target markets to serve, a foreign market entry mode etc. A sales strategy-the functional level strategy– covers the decisions on strategizing the current sales organization in the company and has short term orientation. It is concerned with managing day-to-day sales activities such as the allocation of the company's resources, structuring the sales activity, and making investment or disinvestment decisions on different accounts.

The role of marketing in building the sales process is well outlined in Kotler's Buying Funnel (Kotler et al. 2006, 11), where marketing is focused more on long-term objectives and performs a set of activities that rather prepare and enable sales people to successfully interact with the potential customers. Kotler states that the alignment of marketing and sales activities is crucial for achieving a better sales performance. Since in case of MHG Systems both functions are performed by the same group of people, marketing should be considered as a supporting function in growing the leads into buyers through the creation of brand awareness (direct mail, web site, print collateral, search engine marketing), preparation of supporting material, and doing market research.

As the development of a proposal for strategizing the current sales organization for MHG Tracking service that would be adapted to the B2B environment of the Russian cargo transportation and courier delivery industry was the primary objective of this

research, the consideration of all the elements of strategic sales organization on the base of the company's business model was the focal point of this study.

The whole study was carried out to answer three research questions through the application of the relevant theory considered in the theoretical framework, and the empirical analysis of the findings from the primary research data and available secondary information sources. Since the obtained results provide the answers to all three research questions, I can conclude that the objective of this study was met. Further in this chapter I summarise the findings and provide the conclusions to each research question stated in the introduction.

5.1 Potential customers for MHG Tracking service

The selection of the target markets was done in two steps: <u>firstly</u> macro segmentation that assumed general classification of companies presenting Russian road transportation industry, and <u>secondly</u> narrow market selection carried out based on industry characteristics such as a demographic organization criterion for segmentation according to Ries and Trout (1972, 239-240).

Cargo transportation and express courier delivery were identified to be the most promising markets to address the offering due to the sustainability of both industries (they cover a long range of sub-segments/ industrial specializations that comprise near two dozen thousands of different scale businesses across the whole country) and types of their business operations that require the application of control management tools. The analysis of these industries revealed the growing intensity of competition that pushes companies to strive for better operational excellence in order to comply with growing customer requirements that in its turn raises the demand for IT solutions aimed at the facilitation of operations management in these companies. Among common operational problems that can be liquidated though the application of simple tracking software refers pilferage, poor route management, unauthorized usage of company vehicles, and employee moonlighting.

Courier delivery companies normally can be subdivided into two types. The first type include the companies that specialize in particular market niches e.g. serving only on-

line stores or mail delivery, and in this case have an extensive scope of business operations– typical geographical expansion business strategy. The second type tries to deal with as a wide range of goods as possible for this kind of delivery services within a certain region. Thus, the scope is usually smaller while the approach to market development is more intensive – market penetration business strategy (Ellis & Williams 1995, 26).

The cargo transportation industry comprises a range of sub-industries with different specializations, and consequently presents companies that deal with almost all possible types of goods including bulk, solid, liquid, gaseous cargoes, perishable goods and even maxi-shuttle units. Companies that operate on a large scale often do business in partner cooperation.

Approaching Russian business executives who present afore described businesses and have the power of decision making requires from a sales person to be familiar with the Russian mentality to reveal the reasoning for unexpected answers, reaction, behaviour, and to better understand their expectations and attitudes. Having a distant approach business model, communication with potential customers in the Russian business environment without proficient knowledge of the native speaker's language appears to be not realistic, and therefore should be addressed to a native Russian sales person or carried out though his/her assistance.

5.2 Industry analysis and competitive advantages of the offering

In order to provide an answer to the second research question the empirical part proceeds with the research on the types of existing offerings of tracking solutions available to the target customers. The obtained results are utilized for the classification of the pool of tracking services presented in the Russian market into four types of offerings on the basis of technical characteristics and application costs involved. Thus, this classification narrowed down the focus from all kinds of tracking solutions offered in the market to analogical service offerings that present the actual competition for MHG Tracking software.

As the analysis of the primary data carried out in the previous chapter revealed specific problems effecting business performance of the Russian transportation companies (see Table 9), the investigation of the second research question matches the needs of the potential customer groups with the solutions provided by the MHG Systems' offering (see Table 10).

Further competition analysis enabled to identify a range of advantages of the company's offering over analogical solutions. Thus SaaS platform delivery model that by definition excludes all IT infrastructure acquisition and maintenance costs such as expenditures on trackers, server and client software, server computer and the cost of server connection to the internet builds a significant advantage over tracking services with a different delivery model. Other competitive advantages of the offering include the possibility of personnel tracking (not only transport vehicles),the Finnish brand and associated quality standards, software operational simplicity, and the possibility of trail service application (demo version). However, in the case when contacted business representatives have not considered making an investment into similar solution before, the record low price for the service will influence their decision making most. Provided these competitive advantages are used by the company's sales force to demonstrate superior value of the offering, according to the theory about strategic sales organization developed by Piercy and Lane (2006, 3-28), sales representatives would be able to position their company differently from the existing competition.

Yet, due to extreme diversity of the businesses in the target industries, the company, according to the principles of marketing by Tanner (2010, 21),should be able to adjust its value positions and develop different approaches for addressing its offering.

5.3 Organization and management of strategic sales for the service

The third research question covers the area of sales force organization, sales performance, and strategic customer management. The last comprisesthe strategic management of customer portfolio designed for making investment choices between different types of customers, and the management of strategic customers assuming appropriate relationships building and finding selling approaches to the potentially dominant customers

in the company's portfolio, where classified key accounts are handled differently from the rest (Piercy & Lane 2009).These topics were initially extensively developed in the theoretical framework and further successfully applied to the context of the case company for analysing the current situation and developing propositions in the empirical part.

As the overall company's business objectives were identified, the Russian market presents the main orientation of MHG Systems towards internationalization of its business operations. Among the main challenges for the company in entering a new market are the establishment of brand awareness, the creation of partner networks, and the development of an actual customer database. The introduction of the tracking software to a Russian customer is rather a tactical move of the company that should enable it to succeed in the market for ERP solutions on later stages.

The consideration of the current sales activities revealed that currently no methodical approach to the sales organization exists in the company while the principle of distant contact leaves MHG Systems only with two options for direct customer approach: telemarketing and selling on-line, where the last is not currently considered by the company' management. Telemarketing is a wide spread sales method particularly in the case of SaaS vendors dealing with relatively low cost products or services. However, without having a strategic approach to the sales organization developed in accordance with the company's priorities, capabilities and definite sales performance expectations, the company is likely to experience shortages in resources and operational inefficiencies in selling the service, which is presently the case. Therefore, several propositions concerning the sales force organization, the acceleration of pre-sales preparation activities for increasing the sales funnel convention rate, and the introduction of transparent planning of sales activities basing on specific sales objectives were presented and justified. Before anything else, company's management should specify its short-term business objective in selected target markets as the starting point for further planning, structuring and organizing.

Managing potential customers is another key issue for achieving successful sales performance, since the pool of potential clients for the tracking service vary from small private companies with fewer than 10 employees to large organizations and groups of

companies having up to several thousands members in their staff. Thus, these cargo transportation and courier delivery companies have diverse values for the company's business and the requirement for rational allocation of the sales force resources in servicing them is high. Hence, based onthe customer portfolio model proposed in the theoretical framework all potential clients from the chosen market segments were classified into three types of customer categories. The categorization of the companies in the developed customer portfolio was carried out based on their business size or the number of licenses a company might purchase that determines their significance for MHG Systems. Each group of customers in the customer portfolio is characterized by the relationship requirements and types of selling approaches required for successful account management. All companies promising a considerable amount of license purchasing are considered to be key accounts that have strategic importance for the company. These key accounts usually exhibit the need for tying services such as efficient information flow management, paper work management, order processing that provides the possibility for cross-selling and, in certain cases, negation of further EPR application.

Due to prevailing short time orientation immediate benefits should always be stressed by the company's sales representatives on every step of conducting business negotiations with Russian partners and developing value propositions. Though it might be challenging for the sales force, finding and reaching the immediate decision maker in a company is another success factor in the negation process since usually the authority is not delegated to subordinates.

The evaluation of sales performance and organizing for possible sales force motivation and development programmes are an integral part of efficient managing strategic sales. The theoretical part outlines common metrics for measuring sales force productivity and methods for personnel stimulation and motivation. However, all decisions on these issues should be addressed solely to the top management of the company.

6 CONCLUDING REMARKS

The theoretical part was developed on the basis of the studied theory concerning the role of sales in the company's business performance, processes and activities that constitute strategic sales organization development, building and managing the selling process and strategic account management. Thus, the proposed theoretical framework was designed to identify the key areas that influence the eventual sales performance and consequently could be optimized so that the company would be able generate more sales for its service.

The structure of the empirical research is based on the synthesis of the theoretical part thus showing a clear and logical connection between the theory and the practical part. The practical analysis of the study is, in my opinion, fully supported by the developed theory applicable to SME organization.

The whole study of the strategic sales organization and management resulted in the analysis of the current conditions in the target markets, the industry of analogical services as well as the present situation in the company that was necessary to identify the best possible solutions to current sales inefficiencies in the form of sales methodology and organization, and strategic customer approach. Thus, the propositions for strategizing existing sales organization were developed. Since the study provides the answers to the three research questions, the objective of the study was met.

6.1 Implications of the study

Both parts, the proposed theoretical framework and the empirical study, were designed to contribute to MHG Systems through the exploration of the existing theoretical knowledge in aforementioned areas and development of appropriate solutions to the current operational difficulties that are customized particularly to the case of the company.

6.1.1 Theoretical implications

The development of the theoretical framework implied the principle of logical structuring of the presented information starting from the basic concepts from the studied area and evolving into the description of the particular methodologies, approaches and management tools within the confines of the specified limitations of this study.

The value of the framework for the company is presented firstly by the elaboration on conceptual differences between marketing and sales functions, and the role of sales organization as a tactical tool in enhancement of the overall business performance and achievement of strategic business objectives. The chapters covering these subjects introduce activities that create the foundation for sales, classic approaches to improvement on important performance metrics, role of marketing in sales activities, and the processes of creation and management of sales organisation (the strategic sales value chain).

To the implications of the academic part also refer the description of the activities that constitute the selling process, and can be utilized as a roadmap for defining milestones of the sales opportunity development (e.g. based on particular selling process metrics), presentation of more holistic and strategic approach to selling and account management initiatives. This particular part brings contribution in the form of the extended knowledge on imperatives to the strategic customer management process including the customer portfolio creation and its implied investment matrix. Other implications are presented by the developed theory about customer value creation and positioning, types of segmentation in B2B context, and customer approach methods in direct marketing.

Although the initial objective of the study was not a theory development, the resulted structure of the academic part proves the ability of the researcher to analyse and collect the essential data from the scattered sales management literature to a single and easily applicable framework.

6.1.2 Implications of the empirical part

The results of the practical research and its findings provide the company with an insight into the current situation in the cargo transportation and courier delivery indus-

tries, the analysis of the Russian tracking software industry, specifically the sector of comprehensive services for monitoring, and present a range of developed propositions to the service sales management.

The first part of the empirical study proves the existence of the real demand for the offering in the chosen market segments and contributes to the case company in the form of additional knowledge on the particularities of the business processes of the potential customer base. The investigation of their possible operational challenges resulted in defining the structure of the whole process of transportation organization and management, identification of the factors critical for managing the escalating competition in that environment, classification of such variables as transported cargo and utilized transportation vehicles, as well as common risk factors in their business practices.

The findings of the second part of the research are supposed to be applied in developing a unique value proposition for target customer groups. The practical value or benefits for the companies from the considered industries are listed according to the functions of the software. The estimation of the company's offering in comparison with similar solutions indicated what exactly makes the service superior and should be stressed in approaching a customer for more successful outcome, namely for generating interest, differentiating the business from the competition and creating higher perceived value.

The implications of the third part of the study include the analysis and presentation of the current sales management and selling methodology applied with the ensuing inefficiencies. It was the starting point for developing solutions to the sales force organization and improvement of the sales funnel convention rate though optimization of presales activities. Provided that the suggestions are followed, the sales people would be able to invest most of their efforts in the actual selling and increase the sales productivity in terms of number of sales closings while the costs of servicing per customer would go down.

The next step was the development of the customer portfolio applicable to both target industries that defines each type of customer groups, and identifies the optimal selling approach and relationship requirements for each group in the portfolio matrix. Applying the proposed methods of dealing with different customers, where key accounts get

particular attention, the company could optimise its resources in managing customer relationships and concentrate on strategically important customers. The suggested strategic approach to the sales management would allow the sales team to better understand the portfolio of prospects, and find the way to effectively move the right prospects through the sales funnel, align and coordinate resources of the company.

The results of the practical analysis also show the starting point in the sales planning process concerned with managing day-to-day sales activities such as the allocation of the company's resources and assignment of appropriate workload to the sales representatives – specification of sales objectives. The last would enable the company's management to identify possible shortages in resources, receive more control over the sales performance and make revenue forecasts.

The consideration of most important aspects in conducting business negotiations such as relationship building, communication and concluding agreements can be applied by non-Russian representatives of the company in approaching target customers.

6.2 Subject for further study

Hence the company still has unexplored opportunities of reaching potential customers with the present method of distant contact, further research could concentrate on opportunities that e-commerce can open to MHG Systems, and whether it is applicable in the case of the company's business.

Another important issue that should be thought of in depth is the best approach to efficient sales force management and particularly the planning of the sales process, most appropriate resources allocation, assigning a specific set of activities and workload normative that would facilitate the achievement of short-term sales objectives. Due to inefficiency of provided information it was not possible at this stage.

6.3 Quality of the research

The research was based on the analysis of in-depth interviews as well as the data from secondary sources. The validity and reliability of the information sources is a serious issue of any research, and therefore should correspond to certain standards.

The limitations of the primary data collected in qualitative research are presented by the fact that the situation of a small group of individuals does not necessary reflect the situation in the whole market. Moreover, it might be the case when some provided information was distorted, exaggerated or ambiguous due to personal interests and concerns of the interviewees. Therefore application of this research method always leaves a room for misinterpretation of the received information due to possible data shortcomings or misrepresentation.

The obvious limitations of secondary data include the lack of control over the collected information and knowledge on the methods used. Therefore, it makes it difficult to evaluate the validity and reliability of information. Besides, the facts and findings presented in those sources reflect the situation from the past and may not be valid anymore. However, provided that the given requirements for secondary sources selection are followed, the quality of the research based on secondary data is officially qualified as reliable.

6.4 My own learning perspective

The process of writing this bachelor's thesis required total dedication and considerable amount or efforts from my side. Being at the end of my thesis writing process I can say that I have significantly extended my knowledge in the area of sales organization and management, and acquired a range of new skills in searching for necessary information, taking selective approach to analysis of numerous information sources, structuring the collected data, applying the data to analyse a particular business situation, and drawing relevant conclusions to the findings obtained during the research. The process also required strict self-organization and time management. Having accomplished this academic research, I developed an insight into the principles of conducting fact-based analysis and will be able to carry out similar investigations in my professional life when required.

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[1] First name and surname were not disclosed
[2] First name and surname were not disclosed
[3] First name and surname were not disclosed
[4] The surname was hidden by request

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APPENDICES

<div align="right">**Appendix 1**</div>

Interview framework

1. What is the sphere of your company's business operations?

2. What kind of services the company provides to its customers?

3. What are the most important business activities the company needs to run in order to provide these services?

4. What are the main operational challenges and problems that effect business' profitability?

5. What factors can bring additional costs to the business operations and is it possible to foresee them?

6. What kind of solutions does the management of the company use to prevent or handle these problems?

7. What kind of tools the company uses to organize information flow between different levels?

8. How the company manages control over its personnel?

9. What innovation could facilitate business operations from the management's point of view?

10. What kind of benefits do you see in the application of tracking software in your company and would the company consider an introduction of a tracking system to set control over its employees?