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## Industrial Marketing Management



## Various forms of value-based selling capability – Commentary on “Value-Based Selling: An Organizational Capability Perspective”

Matti Jaakkola<sup>a,\*</sup>, Johanna Frösén<sup>b</sup>, Henrikki Tikkanen<sup>c,d</sup>

<sup>a</sup> Aston Business School, United Kingdom

<sup>b</sup> St. Petersburg State University, Graduate School of Management, Russia

<sup>c</sup> Aalto University School of Business, Finland

<sup>d</sup> Stockholm Business School, Sweden

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### 1. Introduction

Value is a key concept for marketing academicians and practitioners alike. Value creation, in particular, has been a recurring theme and attracted a number of scholarly contributions in recent years (e.g., Keränen & Jalkala, 2013; O’Cass & Ngo, 2012). An issue that has received less exposure is value appropriation through which firms extract profits from this value in the marketplace (Hinterhuber, 2004). Nevertheless, as Blois and Ramirez (2006, 1027) note, “[a]lthough firms exist to help customers and organizations to create value they only do so in order to capture part of that value for themselves”. Without good value appropriation ability firms might be unable to translate the value created to customers into sustainable competitive advantage and superior performance (Dutta, Zbaracki, & Bergen, 2003; Mizik & Jacobson, 2003). Selling plays a central role in this, as salespeople often have the best insight and opportunities to both create value for customers and appropriate value for sellers (Blocker, Panagopoulos, & Sager, 2012). Töytäri and Rajala (this issue) narrow the gap between value creation and appropriation in selling and sales management by identifying practices that contribute to industrial firms’ value-based selling (VBS) capability.

In doing so, Töytäri and Rajala respond to calls for further research put forward, for instance, by Avlonitis and Panagoulous (2010) and consider sales as a central component in the marketing strategy of the firm. Adopting a capability perspective on VBS, their study importantly complements recent studies in industrial marketing with a focus on the VBS process (e.g., Terho, Haas, Eggert, & Ulaga, 2012), customer value assessment (Keränen & Jalkala, 2013) and capabilities for value creation (O’Cass & Ngo, 2012). Their study also enhances our understanding of market orientation, since VBS essentially refers to the implementation

of customer orientation at sales force level (Terho et al., 2012). This is a welcome addition to the discourse, since the implementation issue has not received as much attention in literature as the other aspects of market orientation have (van Raaij & Stoelhorst, 2008).

Building on the contributions of Töytäri and Rajala’s work, in what follows, we discuss their framework in the light of potential extensions and alternative ways of understanding the VBS capability. More specifically, we suggest that the VBS capability may come in different forms, and that the appropriateness of these individual forms is contingent on each firm’s business context and strategy. Finally, we also identify some alternative avenues for further research.

### 2. VBS process as a capability

Töytäri and Rajala’s analysis suggests that VBS consists of 12 capabilities that fall under three broader categories: planning, implementation and leverage. However, some of the proposed capabilities can be considered more as “managerial practices” than true organizational capabilities *per se*. For instance, it is difficult to see “development of a case repository” or “sales tools preparation” as organizational capabilities, as they appear to lack the action component pertinent to all organizational capabilities (Blois & Ramirez, 2006). According to Grant (1996), an organizational capability refers to a firm’s capacity to perform repeatedly a value-creating task (highlighting the action perspective), which furthermore often requires integrating the specialist knowledge bases of a number of individuals. It is also difficult to see how, for instance, “value analysis” and “value proposition development” would be distinct capabilities, as they both serve for essentially the same outcome of customer value management (Winter, 2000). Therefore, we propose the process of VBS to be considered either as a single capability (i.e., comprising 12 practices) or as a three-dimensional concept where planning, implementation and leverage are the sub-dimensions (or as a two-dimensional construct, if implementation stage is also considered to incorporate leverage).

Considering VBS as a single capability would be in line with the definition adopted by Dutta et al. (2003), for instance, who consider pricing process as a capability. What is more, Vorhies and Morgan (2005) also consider selling as an encompassing organizational capability. In turn, the multidimensional view of the VBS capability would build on Terho et al.’s (2012) finding of VBS being a three-dimensional concept. Both of these options highlight that capabilities, organizational processes,

\* Corresponding author at: Aston Business School, Aston University, Aston Triangle, Birmingham, B4 7ET, United Kingdom. Tel.: + 44 121 204 4061.

and managerial practices are closely entwined (Day, 1994; Srivastava, Shervani, & Fahey, 1999); that salespeople typically perform various steps of the selling process, and that these steps occur over time and not necessarily in any given sequence (Moncrief & Marshall, 2005). The same theoretical and practical difficulty of identifying organizational (dynamic) capabilities is also highlighted in entrepreneurship and strategy research by, for example, Zahra, Sapienza, and Davidsson (2006).

### 3. The relative role of VBS practices in different business settings

Töytäri and Rajala propose that the 12 practices “are crucial for the implementation of a value-focused sales approach”. To us, this seems to suggest that a firm should reflect all the identified practices in order to successfully follow a value-based sales approach. However, in their empirical study, different case firms are found to factually employ distinct practices for VBS. The differences in the individual practices identified in different firms provide an interesting alternative perspective to the phenomenon as they may be, at least partly, explained by differences in the firms’ business contexts and strategies that require focusing on differing practices or combinations thereof (Fredericks, 2005; Terho et al., 2012).

For instance, VBS practices required from companies producing utilities, other raw materials, or components with a relatively short sales cycle, may be very different from those of complex solutions providers whose value propositions may realize only in longer term (e.g., Storbacka, 2011), not to mention start-ups vs. more established companies (Zahra et al., 2006). In the case of solution providers, practices such as value proposition development and trust and credibility building, as well as the use of reference cases may play an emphasized role, as the commitment to the service provider, due to the nature of the offering, is longer and as the buyer may be less experienced in professional purchasing.

The differences in the roles of individual practices in different business settings and contexts may eventually lead to different configurations (Meyer, Tsui, & Hinings, 1993) of practices being applied by different firms. Furthermore, different firms may benefit to varying extent from differing configurations, or combinations of practices (Doty, Glick, & Huber, 1993). From the perspective of resource scarcity in firms, it may also not be advisable for a firm (e.g. a start-up) to develop all practices related to the VBS simultaneously, but to rather focus on selected practices only. The key is to fit the capability development efforts to the firm’s business context and strategy (Vorhies & Morgan, 2003).

### 4. The changing role of VBS practices over the transformation process

Töytäri and Rajala briefly discuss the process of transformation towards service- and value-focused strategies that their case companies were undergoing, each representing a different phase of this process (see Table 1 in their article). Such a transformation requires a shift in the fundamental organizational focus towards customer value creation that may be composed of different stages of development (e.g., Gebhardt, Carpenter, & Sherry, 2006), each highlighting needs for different types of capability. The need for adjusting the firm’s capabilities to be better aligned with the new, value-based logic has previously been pointed out by, for instance, Blois and Ramirez (2006).

Just as the transformation process towards value-focused strategies might not be linear (cf. Gebhardt et al., 2006), the development of the VBS capability may also occur in stages that require differing foci to be placed on the individual VBS practices. Consequently, the transformation process may have an effect on the salience of different VBS practices, either individually or in combination. In other words, the transformation may not merely involve linearly and additively developing more practices identified in the framework developed by the authors. The proposed planning–implementation–leverage framework for VBS may therefore comprise different VBS practices, depending on the firm’s stage in its transformation towards a value-based business strategy.

### 5. Conclusion

The study by Töytäri and Rajala identifies an encompassing list of practices related to developing a VBS capability. For managerial practice, identifying the individual practices relevant for each firm at each time point becomes a key challenge. If a part of the firms’ scarce resources are to be allocated to developing VBS capability, it becomes crucial to ensure that these resources are used as efficiently and effectively as possible. The relative role of the practices is also likely to vary across business contexts as well as over time as the focal firm proceeds in its value-focused transformation process and in developing its VBS capability. Therefore, it would be essential to learn more about the stages of the transformation process to allow for identifying the practices most crucial for each stage. For this aim, studying the configurations of practices highlighted in the different stages of the VBS capability development process would provide an intriguing avenue for future research.

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