

THE TRANSFORMATION OF CORPORATE TASKS - INTERNAL SALES IN THE B2B BUSINESS

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Abstract

The following paper deals with the changing corporate tasks of companies in regard to the sales organization. The focus of this study is on the changing profile of functions of the internal sales department and on the driving forces, which influence the development of B2B sales.

This study aims at identifying company internal and external trends and tendencies (e.g. digitalization, customer portals, eProcurement or sustainability) and at illustrating their consequences. Through this paradigm shift, the task profile of the sales internal service changes from the "girl for everything" to the company and product expert. Theoretic contents and the result of an analysis of the company's environment are used to describe the development of B2B sales. Besides, theories of driving force analysis will be portrayed and applied to the future development of the organization of sales by means of an exemplary company.

In this way, this paper gives an overview of the future commission behavior of customers and to depict the change of tasks within companies in the field of commercial sales.

Keywords

B2B sale, commercial sales, future trends, Driving Force analysis, sales organization, innovation, CRM

JEL Classification

M310, L2

Introduction

Sales have existed ever since humanity for the purpose of maximizing one's own needs through trading and selling. More than hundreds of years ago, sales strategies were developed and sales channels introduced. The human being was always in the center of this sales process.

Why should this system change? Technologic innovations, such as the internet has continuously increased the exchange of knowledge and information across markets throughout the world. The fact that even small companies have established an internet presence demonstrates the change in sales systems.

The change of distribution strategies, new sales and marketing channels, as well as the order pattern of customers, shape the necessity of an adapted sales organization.

A theoretic framework of sales strategy, typical organizations and the set-up of controlling are presented and supplemented by theoretical aspects of business environmental analysis

and innovation management. In a second step, the transition of B2B sales is analyzed and forecasted.

Sales Strategy, organization and controlling

Before developing the internal sales organization, a precise definition of the sales strategy is necessary. The sales strategy that sets a long-term orientation focuses on all sales activities of the company in alignment with customer and market requirements (Pufahl, 2015).

Market trends and changes in customer needs shall be early detected or else, the existence of the company is at risk. At the same time, a well-developed strategy and organization can secure the company success and make use of the anticipated market potential.

A practical and established method for developing a sustainable business model is the so-called 7C-model (Pufahl, 2015). The starting point in this model is the strategic core of the company that is derived from the service or product offering, customer segmentation and relevant markets. Originating from this core, the following six factors shall be elaborated, describing the current situation on the one hand and the target stage in a second step (Pufahl, 2015):

- Customer Perception
- Customer Interface
- Internal Value Chain
- Cooperations
- Concepts for the Future
- Human Capital
- Strategic Core

The application of the 7C-model shall analyze both strengths and weaknesses of the company, the employees and its customers.

Once this long-term orientation and strategy are fixed for the company, the operational and organizational sales structure is to be defined accordingly. Typically, the organizational structure can be established as follows, limiting the flexibility of the company due to rigid structures (Pufahl, 2015):

- By function
- By region
- By products
- By customer segments

Newer and modern organizations bypass these rigid structures by developing dynamic organizations through process organization, project organization or modular/virtual organizations (Pufahl, 2015).

The definition of the sales strategy also determines the sales channels to define what customer group is dealt with in what intensity and through which channel. The decision of sales channels and partners is one of the most critical sales strategic decisions that a company needs to make (Tiffert et al., 2013). In general, a distinction is made between vertical and horizontal sales channel structures, while the vertical structure is further divided into direct and indirect sales. The decision on what channel structure should be used, highly depends on the product/service, the customers and the regions (Tiffert et al., 2013).

In addition to the strategic orientation and the organization of sales, sales controlling is considered the third dimension in sales organizations. For steering and measuring sales activities, concepts are developed to measure company-wide performance indicators, such as revenue, turnover and customer satisfaction (Tiffert et al., 2013).

Theoretical aspects of business environmental analysis and innovation management

Theoretic models can help to analyse innovations, trends, tendencies and the corporate environment. Furthermore they support defining required changes in companies to adjust to

the external influences. The following selection of theoretical frameworks displays an extract of a variety of models and theories:

- Kondratieff waves
- Corporate environment analysis
- Driving Force analysis

The technological development of recent years and thereby also the human development is traced back to selected innovations. Innovation management describes all planning, decision-making, controlling and organizational tasks in regard to research and development, product rollouts and processes (Vahs and Schäfer-Kunz, 2012). Innovations are thereby characterized by “something breathtaking improved or new” (Marquardt et al. 2017). Nikolai D. Kondratieff developed the 5 Kondratieff waves to demonstrate the different stages of an innovation and its implications on the national economy (Vahs and Schäfer-Kunz, 2012):

- 1st wave: mass production (1780-1830), characterized by the innovation: steam engine
- 2nd wave: distribution of goods (1830-1880), characterized by the innovation: railway
- 3rd wave: mass consumption (1880-1930), characterized by chemicals/electricity
- 4th wave: mass transportation (1930-1970), characterized by the automobile
- 5th wave: global economy (1970-2010), characterized by information technology

Nutrition science, molecular biology and medicine are forecasted to be the 6th wave (Vahs and Schäfer-Kunz, 2012). However, the 5th wave highly influences our daily routine, not only in private life but also the companies that have to react on or even reinforce these changes. Competitiveness therefore highly relies on the ability of companies to adjust their products/services and their internal organization to these changes (waves).

The corporate environment analysis focuses in contrast to the Kondratieff waves on internal success factors or weaknesses. Porters “Five Forces” is a recognized method to position one’s own company in the respective industry/sector. This model allows to detail the interaction on potential competitors, customers, substitutes and suppliers (Jäger, 2008). On the basis of the described “Five Forces”, further instruments of the corporate environment analysis can be supplemented, such as SWOT analysis, competitor analysis or the analysis of internal and external factors of a company, also known as “PESTEL analysis”. The so-called PESTEL analyses examine the political, economic, social, technological, ecological and legal dimensions of a company (Pufahl, 2015). Transferring this concept to the sales organization shows the significant amount of internal and external factors and the resulting sales complexity (fig. no. 1).

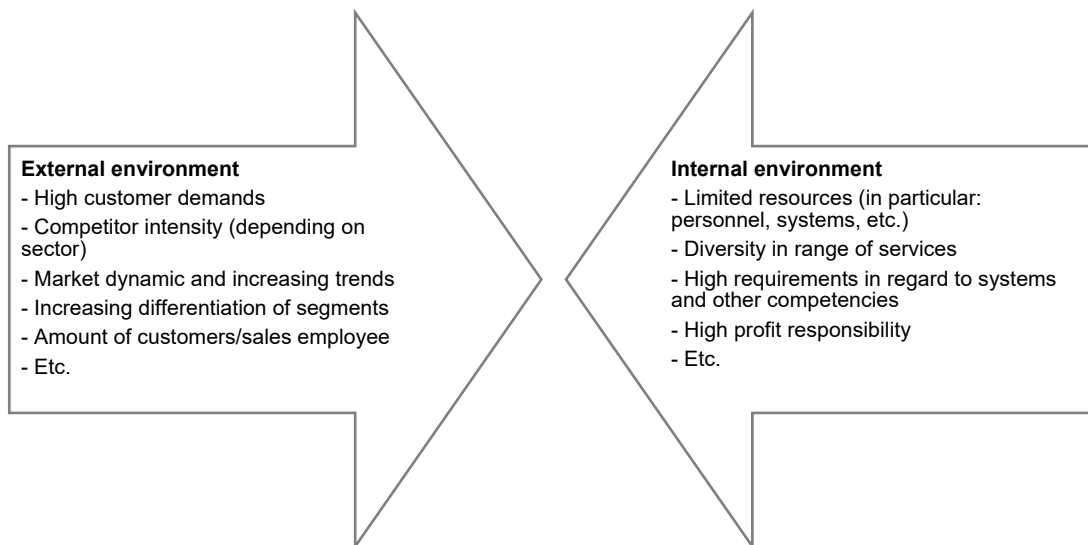


Fig. no. 1. Internal and external influencing factors in regard to sales organization

Source: following Buob, 2010, p.19

Another method for analyzing environmental impacts on the organization and thereof the need for restructuring is the so-called Driving-Force analysis. Through this technique, current and future Driving Forces are defined, based on the current company situation and organization. These driving forces are derived from the PESTEL analysis clustered by "key internal forces" and "external forces". Key internal forces describe, e.g. the knowledge of employees, the competence of the management team or the workforce. External forces can include the economic situation, competitors and technological standards (BusinessDictionary, 2017). Once all driving forces are defined, these factors are sorted by the degree of relevance on the company. The application of the Driving Forces model as a detailed view of the corporate environment analysis to the sales organization is conducted below.

Paradigm changes in B2B sales

Based on these models, the transition of typical sales organizations can be analyzed. The primary driving forces for this paradigm change include new technologies (digitalization), transparency, social responsibility of companies and demographic changes.

New technologies, such as the establishment of Customer Relationship Management (CRM) in the form of technological tools, allow companies to collect data and analyze customer behavior and derive the necessary marketing and sales concept (Binckebanck and Elste, 2016). This facilitates the sales personnel in their daily doing in terms of customer acquisition, customer service and after-sales service. At the same time, the implementation of these technologies enhances the customer experience in many cases, as a customer-oriented added-value refer to product/service optimization and individualization and its related services.

In addition to the implementation of CRM-systems, the usage of social media is of increasing importance. The collective term "SoLoMo" summarizes the recent trend that has started years ago, but is still on the rise (Lux, 2012): **S**ocial (Social Media), **L**ocal (Location based services) and **M**obile (mobile devices).

In addition to digitalization as one of the driving forces, transparency is an essential factor in this globalized world. As customers are nowadays able to compare companies, products and prices, this implies a paradigm change for the sales organization in terms of following aspects (Parment, 2016):

- Communication:
 - Need for stakeholder generated information
 - Establish customer dialogue to generate feedback on products/services
 - Increase the confidence in the company and its products/services
- HR
 - Profit from the transparency of personnel (employ highly-qualified people)

Transparency as a driving force is complemented by the social responsibility of companies. This term refers to all measures taken by a company for securing the social legitimacy, such as sustainable trade, economizing natural resources and complying with climate protection goals in general. This paradigm implies a particular set-up of the sales organization and its need for specific activities to ensure a long-term brand image, increase employee motivation and preserve one owns natural resources for a long-term strategy (Lux, 2012).

The demographic change as a driving force for sales organizations will influence many companies in Germany in the next years to come in two different ways (Lux, 2012):

- Changing customer requirements even in B2B businesses and
- Shortage of qualified personnel.

International operating companies will, therefore, require a two-folded sales strategy in the future, as they prospectively need to consider both age-related as well as local requirements (Lux, 2012). The complexity of customer segmentation will thereby increase, leading to an organizational shift.

While the above described technological driving forces are a fast-moving development, the social changes usually imply a long-term change and thereby allow for sales organizations to slowly adapt to these trends (Lux, 2012).

Applying the above-outlined driving forces to the 7C-model, the business model development requires changes in the sales organization in the following ways (table no. 1):

Table No. 1. Driving Forces in the sales organization and its consequences

7C	Driving Force	Implications for sales organizations
Customer Perception	Transparency, Social Responsibility	Advertise the product/service following social requirements, e.g. focus on sustainability
Customer Interface	Digitalization, Transparency, Social Responsibility,	Implementing a CRM-tool for enhancing the customer experience
Internal Value Chain	New Technology, Social Responsibility	Set-up the overall internal operational and organizational structure
Cooperations	Social Responsibility	Implementing thorough stakeholder management for increasing the brand image (e.g. with recognized partners, using sustainable resources)
Concepts for the Future	New Technology	Enhancing the product/service experience of customers by inventing or applying new technology to a designated innovation team that continuously screens the market
Human Capital	Demographic change	Usage of new headhunting forms (e.g. LinkedIn, XING) for ensuring the recruitment of qualified people on a decreasing employment market
Strategic Core	All of the above	Orientation of the overall sales organization following respective customer requirements and technological standards

Source: own table based on application of 7C model

Conclusions

In order to be able to position a company well in the long run strategies, organizations and structures must be set-up accordingly, in particular in the sales department. In addition to the management team, the sales employees must be able to understand and implement the strategy for achieving the planned revenue, profit and sales figures.

External and internal influences must always be taken into account and periodically re-analyzed for a future-oriented organization. Only then the fulfillment of stakeholders and shareholders requirements of the company can be ensured. Future trends, tendencies, innovations and paradigm shifts will always influence the company's organization and are yet the biggest challenge to adjust the structures according to the market.

In order to ensure this, the importance of personal contact and relationships with partners and customers of the company are also of great importance in the B2B business. Customer needs (trends) and relationships can be better understood and maintained through human relationships. The increasing demand for qualified sales staff is reflected in the specific task profiles. Both the internal sales force and the external sales force are affected by the technical and social changes and have to take these into account in their daily contact with the customer. In particular, the trends of increasing digitalization, transparency and use of new technologies are influencing the task areas. Customer inquiries are becoming more specific while the sales complexity is increasing.

In summary, on the one hand, the increasing demands of customers and on the other hand, the trends and developments in technological and social terms have a strong influence on existing corporate tasks in sales organizations. The task profile of the sales internal service changes from the "girl for everything" to the company and product expert who has to take over both organizational tasks and serve as an internal and external advisory.

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