

Master Thesis

Influence of the Market Response Time upon Important Factors in B2B Sales

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ABSTRACT

The sales department is the only department in an enterprise, which generates income directly. All the other activities in a company support this revenue-producing function. Therefore, an efficient selling process is indispensable. In order to improve the selling process tailor-made sellers who supports the customer, and a corresponding sales management are required.

The context of time takes an important role in this thesis. There are different aspects of time in business-to-consumer (B2C) and business-to-business (B2B) sector. In B2C it is possible to increase the sales within a short time for example by increased marketing effort such as campaigns or incentives. This works because the product and the sales channels already exist and the customer is aware of the product. That fact is not possible for the B2B business because there are several processes that cannot be affected directly. In most of the cases there is a time lag between increased marketing activities of a company and increased purchasing numbers. The time between the stimuli and the reaction in terms of increased purchasing is defined as the Market Response Time (MRT). The MRT can be divided into the short-MRT, the mid-MRT and the long-MRT. In each of these segments different requirements exist regarded to the seller and the sales management appearance. In this thesis the Market Response Time is used to assign the suitable seller type to the specific customer in the various MRT fields. Furthermore, the influence of the MRT upon the sales management is worked out. This should help the manager to develop the sales department and lead the seller in the appropriate way. By having both the adjusted seller- and sales management behavior the selling process should be more efficient.

The thesis is a literary work. Therefore, many issue related books and professional articles in trade journals were read and afterwards connected to the Market Response Time.

The result of the thesis is that in the short-MRT sector a transactional-oriented power seller combined with an output-controlled management style is the best way to influence the selling process in a good way. In the mid-MRT field it must be a problem-oriented top seller. The leadership style in the mid-MRT sector has to be a mixture of the output-controlled- and the behavior-controlled management approach.

Regarding the long-MRT fields a customer-oriented soft seller is the right choice to supply the customer. This seller has to lead by a behavior-controlled management style. The correct seller- and sales management lead to a more efficient selling process. Moreover, important benefits for the sales management by using the MRT in terms like motivating the seller, the reasonable customer relationship strategies, the suitable development of the sales force and improvements in sales planning and forecasting are further results of this thesis.

The thesis has a limitation regarded to the different industrial sectors. In this work no differentiation of industry sectors is made. In further studies it could be examined if there are differences between the existing branches. Moreover, several MRT's in the different industries could be worked out and analyzed.

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LIST OF APPREVIATIONS

BC	Behavior Controlled
B2B	Business-to-Business
B2C	Business-to-Consumer
Cf.	Compare
CRM	Customer Relationship Management
CRS	Customer Relationship Strategy
E.g.	For Example
FBV	Future Business Volume
KAM	Key-Account-Management
LOO	Loss of Order
MRT	Market Response Time
NAB	New Acquired Business
OC	Output Controlled
OEM	Original Equipment Manufacturer
R&D	Research and Development
RFQ	Request for Quotation
Tier 1	Supplier at the 1st position in the supply chain to the OEM
Tier 2	Supplier at the 2nd position in the supply chain to the OEM
Tier 3	Supplier at the 3rd position in the supply chain to the OEM
Tier 4	Supplier at the 4th position in the supply chain to the OEM

PREFACE

The present master thesis “Influence of the Market Response Time upon Important Factors in B2B Sales” was created as part of the course of study “Leadership in Industrial Sales and Technology” at the Hochschule Aalen, Germany from January until June 2016.

I would like to take this opportunity to thank my supervising Professor Dr. Jobst Goerne, who was always available and had a sympathetic ear whenever questions occurred throughout the thesis and during the whole study. Furthermore, I would like to thank my parents, who supported me during the last years in both ways financially and morally.

1 Introduction to the thesis

This chapter includes the introduction of the work and describes the aim of the thesis. Furthermore, the methodology of the work is shown and important terms and definitions are elaborated.

1.1 Introduction

The distribution is considered as an essential factor for the success of a company, (Krafft/Albers/Lal 2004) and efficient sales processes are an essential condition for a successful selling (Lueers/Credo 2011). Therefore, the fundamental goal of a sales organization is the effective and efficient use of resources in order to exploit the revenues potential (Hammerschmidt/Staat 2010).

In companies the seller is the connective link to the customer (Zoltners/Sinha/Lorimer 2008) and he is crucial for a successful selling process. The sales department has the main responsibility for gaining turnover (Plouffe/Barclay 2007; Palmatier/Scheer/Steenkamp 2007) and often the sales person is the only representative of the own company at the customer (Hartline/Maxham III/McKee 2000). Thus, the seller is oftentimes seen as the incarnation of the company he is representing (Zeithaml/Bitner/Gremler 2009). In addition, the distribution is able to collect market data such as customer- and competition information (Totzek/Alavi 2010). Furthermore, companies nowadays are confronted by a dynamic competitive environment. This means that enterprises have to develop innovative strategies and take care, that these strategies are quickly implemented. The responsibility for the actual implementation is up to sales (Cadwallader/Jarvis/Bitner/Ostrom 2010). Thus, the seller and the sales management are of paramount importance for the company's success and an effective selling process.

In this work the context of time takes an important role. There are different aspects of time in business-to-consumer (B2C) and business-to-business (B2B) sector. In B2C it is possible to increase the sales within a short time for example by increased marketing effort such as campaigns or incentives. This works because the product and the sales channels already exist and the customer is aware of the product. That

fact is not possible for the B2B business because there are several processes that cannot be affected directly. In most of the cases there is a time lag between increased marketing activities of a company and increased purchasing numbers. The time between the stimuli and the reaction in terms of increased purchasing is defined as the Market Response Time (MRT) (Goerne/Grohmann 2010). For a company it is important to know the MRT for several reasons. The knowledge of the Market Response Time is crucial to set up a reliable sales plan and forecasting, which is the basis to prepare the company for the future. If this planning and forecasting is done wrong a company can get into serious troubles which lead in the worst case to bankruptcy. Another important fact of being aware of the MRT is the point that not every sales person can work successfully in all MRT segments. In the case of a long term Market Response Time the seller has to be patient and consulting-oriented. Thus, he has to build up a well working long term relationship with his customers and concern for them to be successful. If the MRT is short the sales person has to be more sales-oriented than consulting-oriented. By knowing the MRT's it is possible for an enterprise to develop the sales force to the needs of the market, which is essential to be successful (Goerne 2015). To develop and manage the sales force, a capable sales management is required. This is not always simple because sales people often act independently and they need to go their own ways. If the sales force gets demotivated the results will drop and this could lead to big problems. There are several management styles in sales. Also in this case the Market Response Time provides a solution approach. If the products of a company are simple just like screws or nails the MRT is very short and a sales-oriented person is required. It would make no sense to manage this seller for example with a behavior control style because the seller has to concern for sales. On the other hand, if the products are very complex like in the arms industry a consulting oriented sales person is required. This sales guy should be managed more behavior controlled (Goerne 2015). Thus the MRT gives an important note to the sales managers how they should treat their sales force in a way, that they stay motivated.

1.2 Aim of the thesis

The aim of this thesis is to create a link and demonstrate the benefits of the Market Response Time regarded to sales in B2B markets. Therefore, the selling process is

analyzed in detail regarded to the Market Response Time. Furthermore, it is the aim to provide useful information in terms of customer- and sales-oriented behavior to the seller through the MRT. Moreover, it is the goal to work out the benefits of an awareness of the Market Response Time for the sales management. This includes inter alia the influences of the MRT upon the customer relationship strategies, the development and compilation of the sales force and the leading behavior of the management. Summarized it is the goal to work out and present a supportive tool for the persons who are involved in the selling process, in order to help their customers in a reasonable and tailor-made way.

1.3 Methodology

The present thesis is a literary work. Therefore, many topics related books and professional articles in trade journals were read and connected to the Market Response Time afterwards.

This thesis is divided into six chapters. The first chapter includes the **introduction**, whereas the first access into the topic is made. Moreover, the aim of the thesis is defined and the methodology of the processing regarded to the topic is worked out. Furthermore, some terms and definitions, which are important for the present thesis, are explained.

The second chapter deals with an explanation of **the Market Response Time**. Hereby the emergence and the definition of the MRT are declared. Besides that, a classification of different Market Response Times is pointed out.

In the third chapter, **the influence of the MRT upon the seller**, the relevance of the sales person in the practice is mentioned. Furthermore, the impact of the MRT upon different seller types is demonstrated. Thereby important tips for the correct behavior of the seller with his specific customer are given.

The fourth chapter implies **the influence of the MRT upon the sales management**. In this case the tasks of the sales management are worked out. After that the influence of the market response time upon important decisions of the sales management will be analyzed. This includes the influence of the MRT upon the motivation of the seller, the customer relationship strategies, the management

behavior styles, the development of the sales force, and the sales planning / forecasting methods.

In the fifth chapter, **the influence of the MRT upon the selling process**, a view on the sale conditions is taken. Furthermore, the single steps of the selling process are explained in detail and the connection to the Market Response Time is elaborated. Hereby important benefits of the MRT regarded to the process will be worked out.

In the last chapter **summary and outlook**, the results and the relevance of the MRT are presented and a look into the future is made.

1.4 Important terms and definitions

In order to understand notions easier, this chapter provides a short overview of some terms and definitions which are used in this thesis. Thereby an overview of the business environment is taken, the definition of a selling process is given and a comparison between the customer- and industrial market is listed.

1.4.1 The Original Equipment Manufacturer and its suppliers

The **OEM's** are the buyers of hardware components, which a hardware manufacturer (the suppliers) has made. The OEM installs these hardware components into its own products and sells them under its own name to the final consumer (Kirchgeorg 2016). Typically, OEM's have a high number of customers and they include a high amount of technologies in their products, which requires a lot of application know-how. Usually the OEM's are big and financial strong companies, with a privileged market access (Goerne 2015).

The **Tier 1** supplier delivers directly to the producer of a finished product or a complex component (Krieger 2016). The Tier 1 companies produce their own products for example engines, chassis parts or seats. Thereby the OEM defines the exact function of the product. These suppliers are usually big and financially strong companies. They are important R&D cooperation partners for OEM manufacturers. Tier 1 suppliers deliver to a small amount of customers, typically between 5 and 20.

The **Tier 2** supplier delivers parts to the Tier1 supplier. Tier 2's are usually medium sized and technology driven companies for example foundries or spring manufacturers. They are known for their good technology- and process know-how

and they often produce on client's drawings. The Tier 2's have typically between 50 and 200 customers. Difficulties arise by the fact, that the Tier 2 supplier has powerful customers as well as powerful suppliers (Goerne 2015).

Normally semi-finished producers are typical **Tier 3** companies for example suppliers of wires for springs or material ingots for the foundries. These companies are often big and financially strong due to their high investment needs for their manufacturing. Tier 3 suppliers also deliver goods to the OEM, for example body sheets. In that case the Tier 3 supplier becomes a Tier 1 supplier and the company has different sales departments (Goerne 2015).

Tier 4 would be the upstream industries, like ore mines, refineries or material production industry. The denomination Tier 3 and Tier 4 is rarely used (Goerne 2015).

1.4.2 The selling process

Ideally customers run through a customer buying cycle. This buying cycle includes the pre-sales phase, with information gathering and identifying needs, the sales phase (order, purchase, and payment) and the after-sales phase, including for example the usage of the product and complaints. The sales process describes from a business perspective, the necessary and causally related measures and activities in sales that lead to a value from the beginning to the end of the process (Hellenkamp 2016). A more detailed view upon the selling process, with the sale conditions and the single sale steps is presented in chapter 5 of the thesis.

1.4.3 The industrial- and consumer markets

As this thesis focuses on the selling process in the B2B-sector, it is necessary to show the main differences of the B2B- and the B2C-fields, in order to understand the specifications of these various kinds of markets. The industrial market is also termed as the organizational business (Steward et al. 2010). The B2B market consists of organizations and individuals, that acquire goods and services to be used in the production of other products and services which are distributed, supplied or rented to other organizations (Jones et al. 2005; Kotler 2006).

	Industrial markets	Consumer markets
Products/Service	Mostly complex	Mostly non-complex
Decision making	Rational	Emotional
Buyer	Powerful	Powerless
Individualization	High	Low
Sales person	Customer-oriented	Sales-oriented
Management behavior	More behavior controlled	More output controlled
Buying decision	Organizational	Personal
Customer relationship	Mostly strong	Mostly weak
Product requirement	Processing	For use
Negotiation	Long	Short
Turnover	High	Low

Figure 1: Industrial vs consumer markets (Source: Own representation based on definitions from Jobber (2006); Kotler (2006); Goerne (2015))

The both markets differ significantly in many terms, such as products and service complexity, decision making, buyer strength, individualization degree of the products, sales person characteristics, management behavior, buying decisions, customer relationship, product requirements, negotiation behavior and turnover value (Jobber 2006; Kotler 2006; Goerne 2015). These significant differences between the industrial- and the consumer markets are illustrated in figure 1.

2 The Market Response Time

The Market Response Time (MRT) was developed as a new approach for more effective marketing planning and forecasting in different B2B industries. As mentioned in the introduction, there are differences between the B2C- and the B2B-business. An increased marketing effort in the B2C fields leads to increased sales in a very short time. This is not possible in the B2B sector. In the most cases, there is a time lag between a company's marketing action and increased purchases on the side of the customer. This time lag is defined as the Market Response Time (Goerne/Grohmann 2010). The following figure illustrates the MRT.

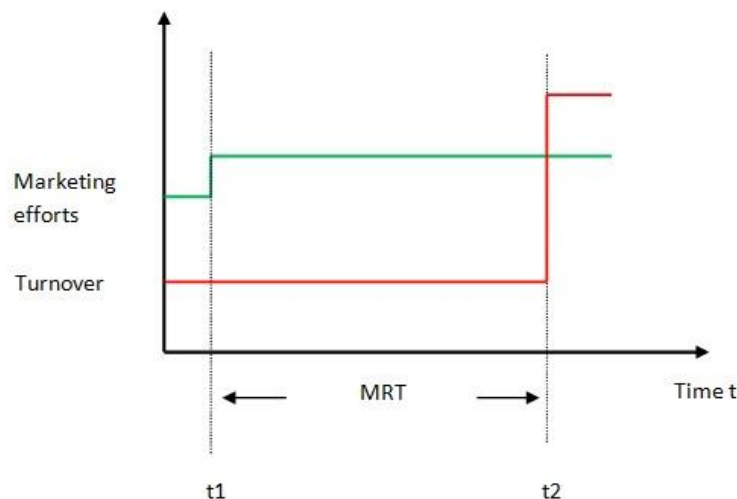


Figure 2: The Market Response Time (Source: Own representation based on Goerne/Grohmann (2010))

Marketing efforts of a company are illustrated by the green line and the red line shows the development of the turnover. The start of a marketing / sales offensive by an enterprise is described by the point t1. The rise of turnover as a reason of the marketing decisions is described by the point t2 on the x-axis. Between the points t1 and t2 there is a timeframe, which is called Market Response Time. There are several MRT's in the different industrial markets. It has to be noted that the MRT can be defined by different dates. The Marketing for example could define the MRT as the time gap between increased efforts and increased RFQ's. In this work the MRT is

defined as the time between the increased marketing efforts and increased turnover because this method considers the monetary situation of a company, which leads in the end to success or failure.

2.1 The classification of the different MRT's

The following illustration is a further development approach of Blake and Moutons (1972), which classified different leadership- and selling styles. This approach will be developed throughout the thesis regarded to the MRT.

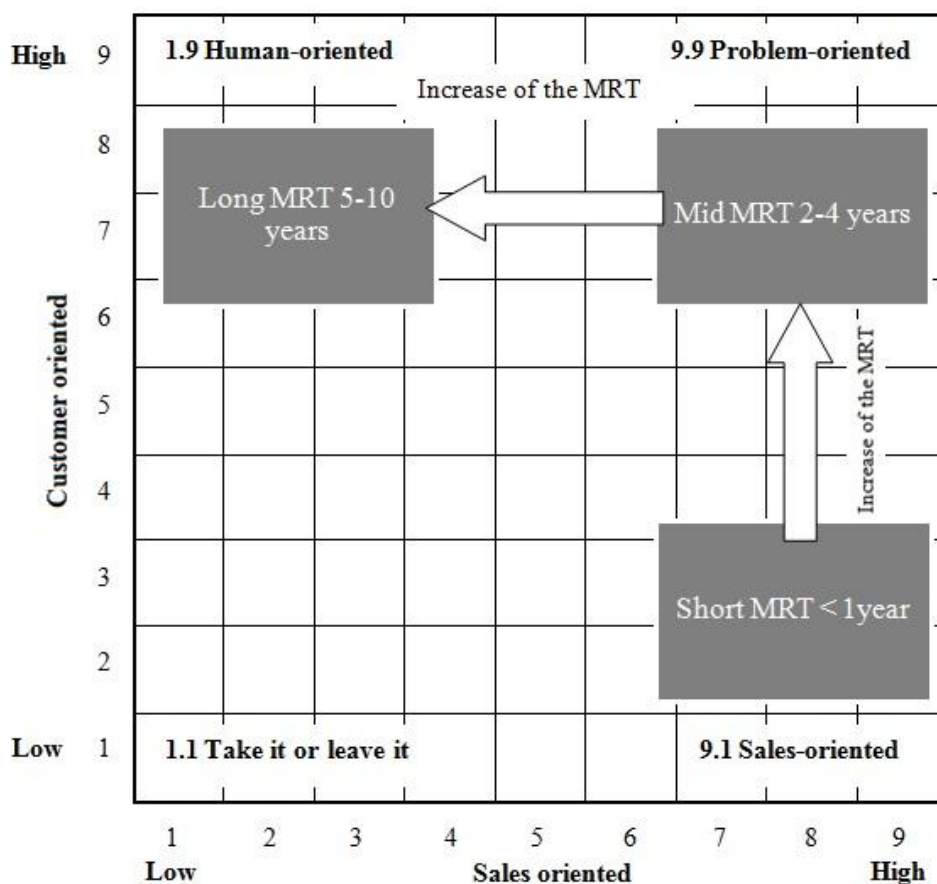


Figure 3: The classification of different MRT's (Source: Own representation based on the approach of Blake and Mouton (1972))

The MRT can be classified in the following sectors:

- **Short-MRT:** A short-MRT is less than one year from the start of increasing marketing efforts to increased purchases of the customer. This is often the

case for products, which are not very complex and standardized. Standard parts like nails, screws, rivets, washers, pipes, fittings, semi-finished products or simple spare parts can be executed as examples. These kind of products are often defined by norms and no drawings are required (Goerne 2015)

- **Mid-MRT:** For the mid-term Market Response Time, a period of time between two and four years can be defined. Herby the Tier 1 automotive companies can be executed as an example for the mid-term Market Response Time. The Tier 1 supplier delivers the OEM for example with engines, chassis parts or seats (Goerne 2015). Based on an empirical qualitative study regarded to the sales planning and forecasting of companies in the industrial context, Grohmann (2012) found out, that the average MRT in this sector is 138 weeks.
- **Long-MRT:** For the long-term Market Response Time a period between five and ten years can be defined. Hereby industries like the arms industry or the aircraft industry can be executed as examples for the long-term Market Response Time (Goerne 2015).

2.2 The procedure in the thesis regarded to the MRT

This thesis focuses on the impact of the MRT upon the seller, the sales management and the selling process. Thereby, the benefits of using the MRT will be worked out. A known MRT is very important for the seller and the sales management and the knowledge of the various Market Response Times can be used to improve the sales process. The sales person can benefit a lot from it because he can treat and support his customer's tailor-made. The advantage for the sales management lies in the fact that an aimed use of the seller for a specific customer or customer segment is possible. Besides that, the MRT helps the sales manager to recruit and train the sellers in a customer specific way. Furthermore, the Market Response Time provides the sales manager important information what kind of management style is the most reasonable one to motivate the seller. Moreover, the MRT helps the sales management to identify the best relationship strategy to the customer. The impact of the various Market Response Times on these points is worked out in the upcoming chapters.

3 The influence of the MRT upon the seller

Efficient sales processes are an essential condition for a successful selling (Lueers/Credo 2011). For this effectiveness in the selling process the correct seller is crucial. In this chapter, the influence of the Market Response Time upon the seller is described. Thereby, the benefits of using the correct sales person in the specific MRT fields are worked out.

3.1 The relevance of the seller behavior in practice

As mentioned in the introduction, the sales force plays a key role for the success of a company, because they are the main nexus between the customer and the own enterprise. Therefore, it is the task of the sales department, to identify and satisfy the needs of the clients (Harris/Mowen/Brown 2005). Furthermore, the seller is oftentimes the only representative of the own company at the customer. Correspondingly the behavior of the seller has a direct influence upon the perception of the company in the eyes of the client (Hartline/Maxham III/McKee 2000). In consideration of the adjusting service portfolio of companies, the individual behavior of the seller can lead to a differentiation and to sales success (Homburg/Schaefer/Schneider 2008). A crucial challenge for the sales management is to find a reasonable solution regarded to the field of intension between customers who need an intensive and personal support and the costs, which arises by this process (Backhaus/Budt/Neun 2011). In order to meet this challenge, the question rises, how the behavior of the sales force has to be in certain sales situations. The sales management needs to discuss what kind of sales styles are necessary to reach the specified goals and what kind of actions are needed that the sellers operate effective in the customer contact (Mueller 2009).

3.2 Sales-orientation and customer-orientation

As central dimensions of the seller behavior, the customer-oriented- and the sales-oriented selling style can be named. In 1982 Saxe and Weitz developed a Selling Orientation-Customer-orientation scale, called SOCO (Saxe and Weitz 1982). With

this scale they measured the degree, to which a seller engages in customer-oriented selling (Jaramillo/Ladik/Marshall/Mulki 2007). The customer-orientation can be defined as the comprehensive and continuous investigation of the individual customer's expectations with the goal to create an economical and stable long-term relationship (Bruhn 2009b). Customer-oriented sales persons focus their efforts on understanding the customer's individual needs, by helping to identify, evaluate and select the best solution (Cf. Boles et al. 2001; Johnston/Marshall 2005; Bosworth et al. 2003). Also, customer-oriented sellers try to increase the satisfaction of the clients by avoiding short sighted sales tactics that sacrifice customer interest (Ehert 2004; Sax/Weitz 1982). The other central dimension is the sales-oriented selling. The sales-orientation occurs when salespeople primarily engaged in selling activities that emphasize "getting the sale" (Boles et al. 2001; Schultz/Good 2000). This includes behavior patterns which focus on the economic interest of a company. This means that the seller is focused to close the deal very fast. Thus, a sales-oriented person is interested in generating orders, whereas the customer-oriented seller is more interested in setting up long-term relationships (Wachner/Plouffe/Gregoire 2009). In a broad-based study Jaramillo et al. found out that SOCO is explicit positively related to the salesperson job performance (Jaramillo et al. 2007). This leads to the fact that there are different seller types like output-oriented- and customer-oriented ones.

3.3 The seller type

One of the first approaches to classify sales persons and management styles due to their attitudes into several categories was the selling grid of Blake and Mouton (1972). Blake and Mouton argue that in personal selling the behavior of the seller relies on two reference objects: The customer- and the sales-orientation. Regarded to the interest of the seller upon the customer and the sales-orientation, there are four sales styles, which can be comprehended in figure 4. The figure illustrates the further development of the approach from chapter 2.1. Nowadays sellers in the B2B-business are often divided into following seller profiles (Dixon/Adamson 2011):

- **Lone Wolves:** The sellers are highly self-confident and they work just in the way they want or they work not at all.

- **Hard Workers:** They usually show up early and stay late. They are calling more customers in an hour and visit more clients within a week than anyone else in the department.
- **Challengers:** The challengers use their understanding of their customers' business to push their thinking and take control of the sales conversation. They share their opinions with both, the customer and the sales management, even if it is a controversial view.
- **Reactive Problem Solvers:** These kinds of seller are highly reliable and detailed-oriented (from a customer's view). They focus on the after-sales, ensuring that the service performance is done quickly and trustworthy.
- **Relationship Builders:** The relationship builders focus on the development of strong personal and professional relationships with their customers. They are generous with their time and strive to meet all the needs of the clients.

Thinking about the approach of Blake and Mouton there is accordance to the actual division of sales people. The Lone Wolves and the Hard Workers fit with the field of sales-oriented behavior (Power seller). The Lone Wolf works alone and independently. Moreover, he has little regards for other's ideas and has little patience for group success, which is very important in the customer-oriented sector (Dixon et al. 2003). Due to the fact that the Hard Worker is handling a lot of customers, he also has to work in the sales-oriented field. This is not possible in customer-oriented areas because these clients need a lot more support and an individual treatment. The challengers however should work in the problem-oriented sector (Top seller) because they understand the customer's business and therefore they are suitable to provide a tailor-made solution. Moreover, they are able to discuss the issues with the customer and the own company to find a reasonable solution approach (Dixon/Adamson 2011). The Reactive Problem Solvers and Relationship Builders are at home in the human-oriented field (Soft seller). They are able to build up a good relationship with the customer and support them in a tailor-made way.

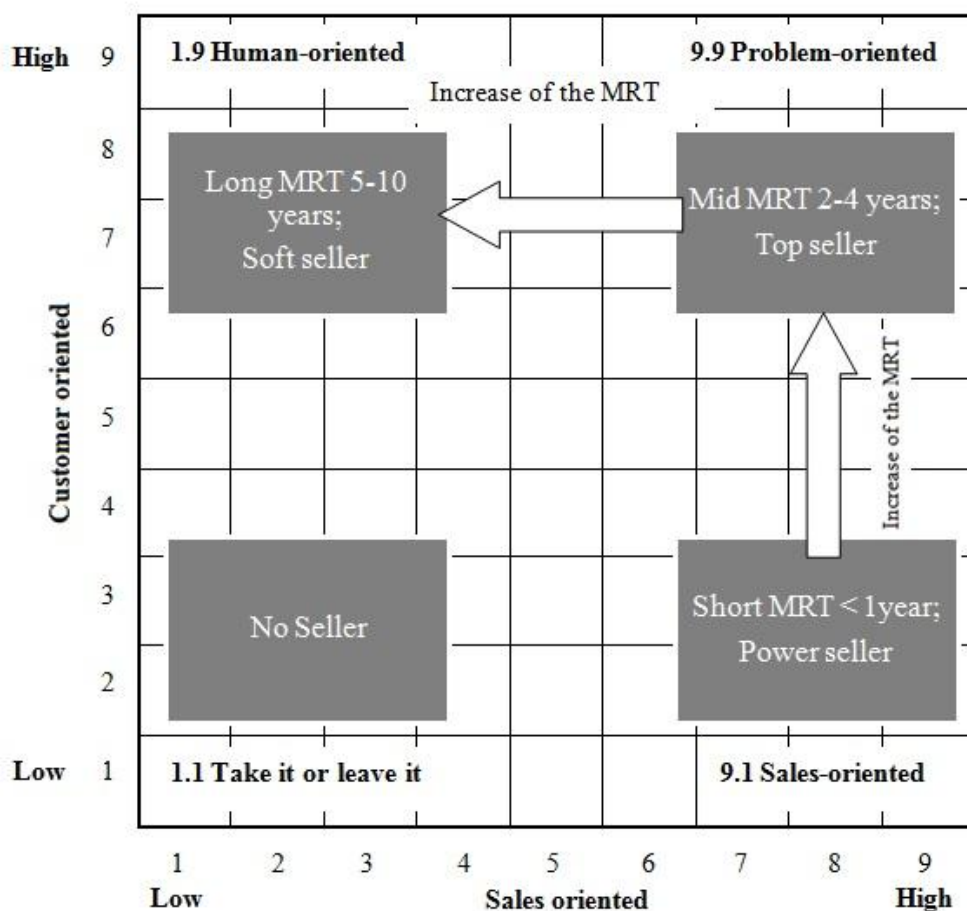


Figure 4: The different seller types combined with the MRT (Source: Own representation based on the approach of Blake and Mouton (1972))

No seller: The seller has no motivation to sell and no motivation to help or consult the customer at all. The client has the choice either to purchase or to search another company. This kind of seller has no reason for an existence in B2B sales (Goerne 2015).

Sales-oriented power seller: A sales-oriented seller is very motivated in selling and less motivated in consulting or supporting the customer (Goerne 2015). He is focused on the economic interests of his company and his main goal is to generate- and close deals. The following requirements are necessary to be a successful seller in the sales-oriented area (Mueller 2009):

- **Enforcement-oriented conflict behavior:** The seller has to convince the customer by his behavior and his point of view. This is even more important when the customer has misjudgments. In this case a good sales-oriented

seller takes an unequivocal stand instead of giving the customer constantly right.

- Pursuit of its own interests: The seller has to behave in a way that represents the sales interests of the company. If a negotiation is successful, the seller can use this situation to initiate a follow-up business.
- Built up closing pressure: The seller has to behave in a way that he tries to force the customer to do the transaction. The seller formulates for example concrete conditions for the client, such as possible delivery periods or forms of payment handling.

It is very important for a sales-oriented seller, that he has a quick return on effort and short success time lags (Goerne 2015). If this is not the case, he will get unmotivated and sales results can drop. This kind of seller has to work in the short-term Market Response Time.

Problem-oriented top seller: The problem-oriented seller combines the attributes of the human-oriented and the sales-oriented seller. He is characterized by a behavior which is on the one hand customer-oriented and on the other hand transactional-oriented (Goerne 2015). This seller type is especially needed in the B2B sector because the products, for example in the plant engineering, require a high technical understanding of the seller. Furthermore, he must be able to close the deal in order to overcome the competition. The problem-oriented seller should work in the mid-term MRT sector.

Human-oriented soft seller: This seller type is focused on the customer and his needs. His main goal is to satisfy his clients in order to build up long-term relationships. He is a good consultant and is able to handle the following requirements (Mueller 2009):

- Systematic needs assessment: The seller should identify the needs and performance requirements of the customer.
- Demand-oriented performance presentation: The seller should present relevant performance benefits to the customer.
- Facts-oriented performance presentation: The seller should present a realistic image of the performance of the product or services to the customer.

- Competent objections handling: The seller should take objections serious and is eager to solve them.
- Solution-oriented conflict behavior: The seller needs to have a constructive behavior regarded to disagreements on the customer's side.
- Consideration of customer interests: The seller has to take the interests of the customer into account in order to come to an agreement.

Due to the fact that the human-oriented seller is pure concerned for his customers, he has to work in the long-term MRT sector. In this case, it is very important that the sales person has a lot of experience in the handling of customers, because the business often includes a high value and the customer needs to have a good feeling regarded to the professionalism and guaranteed support.

Every seller knows his own interests, strengths and weaknesses. The Market Response Time provides hereby the tailor-made field of work for each of the seller profiles. The power seller has to work in a short-MRT sector regarded to the fact, that he likes hard selling and not the development of complex solutions with the customer. The soft seller on the other hand has to work in the long-term MRT field, because he is interested in building up relationships with his customers. He is the perfect one to consult and support his clients. The top seller is a strong combination of the other seller types. He is capable of both, selling and building up relationships. His field of work is in the mid-MRT. Therefore, the knowledge of the MRT provides the seller a strong indicator where he could work in the most successful way.

4 The influence of the MRT upon the sales management

The decisions of the sales management have direct consequences regarded to the effectiveness of the selling process. In this chapter, an overview of the tasks of the sales management will be provided. Thereby, the benefits of the MRT upon important decisions of the sales management will be presented.

4.1 The tasks of the sales management

A sales manager's field of work includes the planning-, the leading-, and the controlling of the personal selling activities of the company. Therefore, the sales management is responsible for:

- Prepare sales plans and budgets.
- Set sales force goals and objectives.
- Estimate demand and forecast sales.
- Determine the size and structure of the sales force organization.
- Recruit, select, and train salespeople.
- Design sales territories, set sales quotas, and define performance standards.
- Compensate, motivate, and lead the sales force.
- Conduct sales volume, cost, and profit analyses.
- Evaluate sales force performance.
- Monitor the ethical and social conduct of the sales force.

Already for some years the sales management has common areas of responsibility (Cf. Anderson/Hair/Bush 1988; Dalrymple/Cron/DeCarlo 2004a). The sales department is the only department in an enterprise that generates income directly. All the other activities in a company support this revenue-producing function. If it is not possible for a company to sell its products or services profitably, the company is not able to survive. Anderson, Hair and Bush expressed themselves also in the following way: "The ultimate success or failure of any business depends on how well it can sell products" (Anderson/Hair/Bush 1988).

4.2 The influence of the Market Response Time upon important decisions of the sales management

The sales management is responsible to lead the seller. This includes the motivation and the treatment of the sales person by specific leadership styles. Moreover, the sales manager has to decide which kind of customer-relationship-strategy is used to support the customer in the best way. Furthermore, he has to take care about the recruitment and training of the sales force. Another task of the sales management is to set up a reliable sales plan and forecasting. The Market Response Time can be a useful approach for the sales management to handle all these different tasks.

4.2.1 The influence of the MRT upon the motivation of the seller

The motivation is an essentially factor for the sales success and the performance of a salesperson (Chakrabarty/Widing II/Brown 2014; Verbeke/Dietz/Verwaal 2011; Churchill et al. 1985). Therefore, the sales manager is responsible to do his best to motivate the individual seller or seller groups. One main target thereby is the elimination of demotivation factors. This can be for example: The wrong leadership style for the specific seller, the wrong product or service to sell for the salesperson or the missing influence and participation in decisions (Wickinghoff/Dietze 2014). Many theories split up the motivation into intrinsic and extrinsic motivation. Thereby, the intrinsic motivation is the inner strive of a person to do something because it makes fun and it satisfies interests and challenges. Transferred to sales this can be for example a challenge to build up a well working long term-relationship with an important customer. The extrinsic motivation on the other hand, is actuated by another person or organization. Thereby, the motivation rises by getting rewarded, if the performance was good or by the fear of punishment if the performance was bad (Wickinghoff/Dietze 2014). In practice, incentive and remuneration systems are essential instruments to motivate the salespersons regarded to the fulfillment of their sales targets. There are two types of incentive and remunerations systems. On the one hand, there is the material kind and on the other hand there is the immaterial kind of system. The material incentive includes cash or a payment in kind. This could be for example provisions, premium payments or incentive travels. The immaterial kind includes incentives which are non-monetary for the company. These kinds are for

example personal recognition by the sales management or a bigger right to say (Artz 2011).

The MRT can be an efficient approach to prevent the sales force from being demotivated. It has a direct influence upon the leadership style, which is demonstrated in the chapter 4.2.2. This secures, that the sales management is able to treat the salespersons in a tailor-made way. Moreover, the Market Response Time is an indicator, which kind of seller should work in which product category to stay motivated. If the seller couldn't identify himself with the product he sells, he will lose the motivation for selling it and the results will drop. A consulting- and customer-oriented seller will not be able to sell standard parts to a high amount of different customers (short-MRT). He will over support his customers and the sales target will never be reached. This leads to a demotivation of the seller and decreasing results. If a power seller on the other hand, is put into a customer-oriented market with a long-MRT he will still try to close as many deals as possible. Therefore, he supports his customers only superficial, whereas an intense support is needed. This fact will lead to a small amount of deals or no deals at all. The seller therefore gets demotivated and his performance declines. These examples show how important the usage of the MRT regarded to the motivation of the sales force can be. The same approach can be executed with the lack of influence and participation in decisions. A power seller is not as strong interested in discussing and solving problems as a customer-oriented seller should be. Thus, by knowing the MRT and the seller types, the sales management knows exactly which seller should work in the specific markets in order to stay motivated.

4.2.2 The influence of the MRT upon the leadership style

The sales force has a matchless importance regarded to creating and sustaining value to and from customers (Blocker et al. 2012). In practice only 36% of the sale people achieve their quotas given by the sales management (CSO Insights 2013) and seller oftentimes view their sales managers as ineffective in coaching and motivating them (Panagopoulus/Johnson/Mothersbaugh 2015). An important fact for a sales manager is that his job is getting work done through other people. Hence, the success of the manager depends on the success of the sales force. Each seller has different needs, goals, aspirations and problems. The task of the sales manager is to uncover these

personal qualities to help the salesperson in satisfying the needs, reach the goals and solve the problems. The motivation of the salesperson is crucial for the success but there is no mass-producing of it. This means that each seller or seller group must be motivated single-handed (Calvin 2001a). The motivation, and connected to that, the productivity of sales can be increased by the leadership style of the sales management directly (Haas/Stuebinger 2014). Kurt Lewin developed three fundamental leadership styles: The authorization leadership-, the democratic (or cooperative) leadership- and the laissez-faire-leadership style (Lewin 1948). In the course of time these different leadership styles have been developed. Thereby, the differentiation between task-oriented and person-oriented management behavior has proved to be helpful. From this perspective the sales management is able to aim at the leadership results by a task-oriented and / or a person-oriented leadership style. The task-oriented leadership style supports the seller in terms of understanding the demands and operational procedures. This happens for example in the allocation of tasks. Compared to that the person-oriented leadership styles includes the support of the development regarded to knowledge structures, attitudes and behavior patterns (Haas/Stuebinger 2014). Blake and Mouton published “The Managerial Grid” in 1964. This Grid includes the consideration of the task-orientation and the person-orientation regarded to the leadership style (Blake/Mouton 1964). Under the assumption of a specific situation (e.g. selling standard parts like screws,) this approach can be very successful (Heinloth 2011). Nevertheless, it should be noted that these approach cannot be implemented one to one in the actual leadership styles because it shows the extreme execution of the management behavior. The management styles are always a bit of a mixture of several styles. The “Be nice to each other” style for example leads to a stress-free and kind atmosphere according to Blake and Mouton. However, a sales manager still has to be aware of the fact that the seller has to concern in this case for sales as well because otherwise the company can get into serious problems. The following illustration shows the managerial grid of Blake and Mouton.

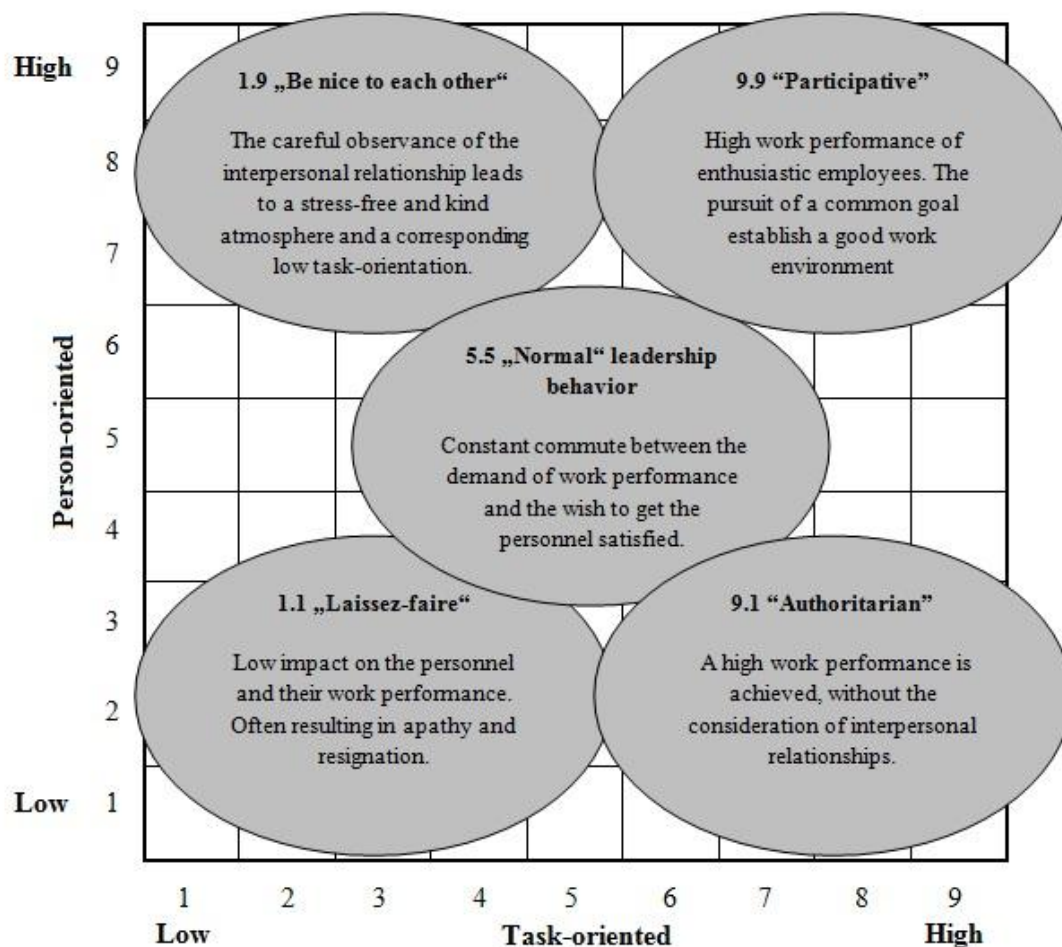


Figure 5: The Managerial Grid (Source: Blake and Mouton (1964))

The individual leadership style of the sales manager is crucial for the behavior and the attitude for every single seller (Homburg/Stock-Homburg 2011). A couple of studies document a positive impact of the leadership styles upon the customer-orientation of the sales personal and their performance in customer contact (Stock/Hoyer 2002; Stock/Hoyer 2005). According to these studies three dimensions of leadership behavior are relevant, which also correspond with the “Managerial Grid” of Blake and Mouton: The performance orientation, the personnel orientation and the customer-orientation.

The performance-oriented leadership style: In the authorization leadership style the personal should be high productive (Mahlmann 2011) and therefore the performance orientation is in the focus (Stock-Homburg/Bieling 2011). The performance orientation of the sales manager describes how the manager treats the

sales personal in a way that his sellers fulfill their tasks in an efficient way and reach their task-based targets (Teas/Horrell 1981; van Wart 2003). The characteristic of the performance-oriented leadership style is the active and periodical communication of the company targets by the management. The performance goals of the seller are directly linked to the goals of the company (Stock-Homburg/Bieling 2011). This approach is useful in the selling of standard parts like screws, nails and so on because these products doesn't need much explanation and can be sold without support to a huge amount of customers.

The personnel-oriented leadership style: Compared to the performance-oriented leadership, the personnel-oriented style concentrates on the relationship level and not on the factual level. This approach describes the extent of how the manager promotes a trustful and positive work environment with his sales force (Teas/Horrell 1981; van Wart 2003). The characteristic of a personnel orientation lies in the fact of personal appreciation and the involvement of the seller in relevant decisions (Agarwal/Ramaswami 1993). The personnel-oriented leadership style is often used in B2B sales due to the fact that the products and services are very relationship- and solution- intense and therefore a high amount of explanation and support of the seller is required.

The customer-oriented leadership style: The customer-orientation of a sales manager describes how he influences the seller in efforts of improving his own customer-orientation by his behavior (Stock/Hoyer 2005). The characteristic of the customer-oriented leadership style includes the fact, that the sales manager lives these values. He has to ensure that the sales force is aware of the importance regarded to the customer-orientation. Therefore, he has to anchor this fact in the seller's targets. Furthermore, the sales manager has to take care, that customer-oriented processes are permanently developed (Homburg/Stock-Homburg 2011; Stock-Homburg 2010a). The customer-oriented leadership style is used in long-term business-relationships.

The previous approaches show, that the success of the company and the success of the specific seller is closely connected to the attitudes and behavior of the sales management. The sales managers are responsible for the leadership of the sales forces in the daily work (Stock-Homburg/Bieling 2011). The knowledge of the Market Response Time can be an important support for the sales management of a

company. It gives a direct advice which behavior style is the most reasonable one to treat the seller in a way, that he stays motivated and works as efficient as possible. The specific leadership style for the different MRT's is illustrated in the figure 6. The figure is the further development of the approach of Blake and Mouton (Cf. also chapter 2.1 and 3.3).

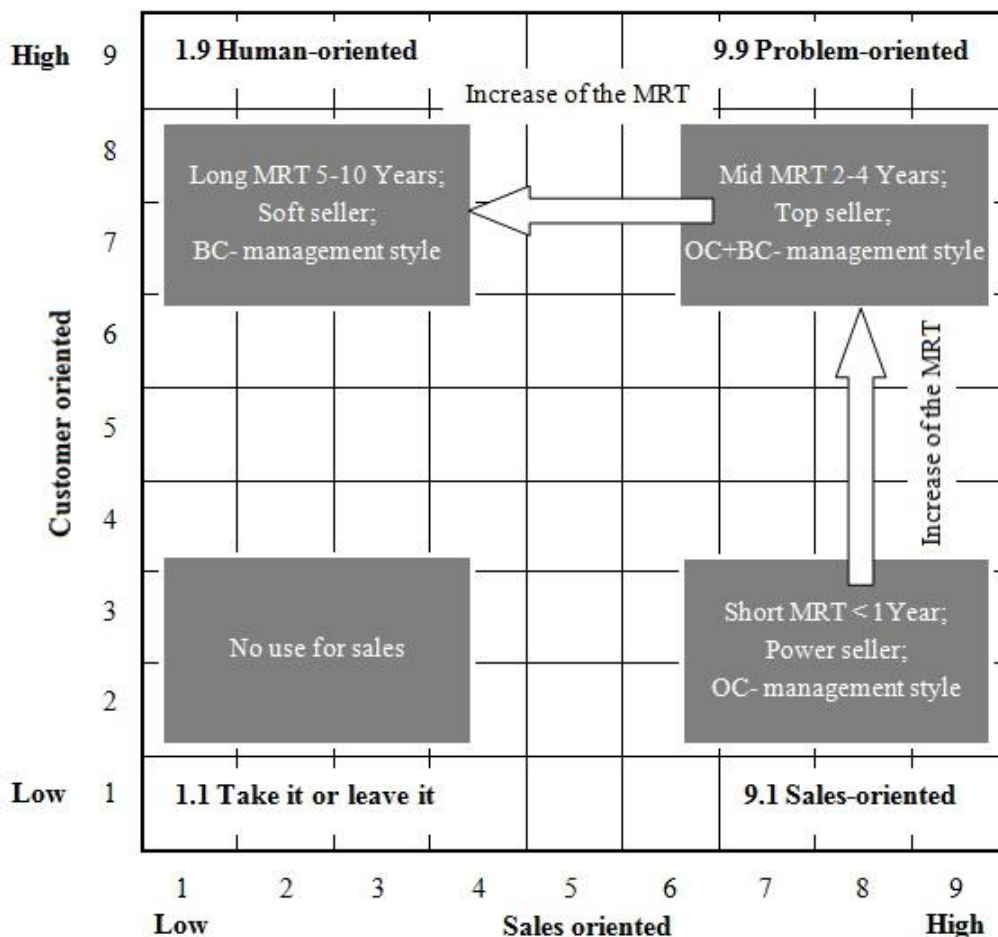


Figure 6: Leadership styles combined with the MRT (Source: Own representation based on the approach of Blake and Mouton (1972))

The Market Response Time provides a leadership style approach for each seller segment:

Leading a power Seller – short-MRT: The aim of the power seller is to close deals. As mentioned in chapter 3.3 the seller is very motivated in selling and less motivated in consulting or supporting the customer. Due to the fact that the power seller needs a quick return on effort he has to work in the short-MRT sector. In this sector he can

unfold his full potential. The products are usually noncomplex (standard parts) and the sales person is able to concentrate on hard selling instead of building up customer relationships. Of course this doesn't mean that the seller shouldn't have an appropriate behavior, because this is also important for securing repurchases. This means that the seller doesn't need to concern about solving complex scenarios with his customer, which requires a more intense cooperation of the seller and the client. In the short-MRT sectors the output-controlled management style or performance-oriented leadership approach should be used by the sales manager to lead the seller. By the active communication of the company targets the sales manager ensures that the seller stays on track (Stock-Homburg/Bieling 2011). For sellers in short-MRT the motivation can be secured by incentive and remuneration systems. The kind of these incentives should be of material nature. This could be for example provisions or premium payments in order to good sales results.

Leading a top seller – mid-MRT: The top seller combines the attributes of the power seller, which is in first case to close deals and the attribute of the soft seller who is focused on building up long-term relationships with his customers. A top seller mostly works in the field of investment goods like plants and systems (Belz 1999). In this case the Market Response Time is of intermediate duration. The seller has to work on the one hand closely connected with the customer to solve his problems and achieve a tailor-made solution and on the other hand he has to be able to close the deal as well. The leadership style has to be a mixture of the output-controlled management approach and the behavior-controlled management approach. Blake and Mouton call this style the “participative style” (Blake/Mouton 1964). Thereby it is important that the sales manager has confidence in his seller and the salesperson has to feel that. This is an important factor for the motivation of the seller. Furthermore, a specific degree of empowerment is required. This means that the seller does not just execute instructions. He has to be responsible for changes in customer specific packages or special agreements. The sales management has to give the seller a certain level of personal initiative and self-responsibility (Wickinghoff/Dietze 2014). The incentive and remuneration system is of course used for a top seller as well. In the case of a top seller both the material and the immaterial approaches can be used to motivate the seller. The material incentives are naturally cash. In the case of a top seller the immaterial incentives on the other hand can be for

example the personal recognition of the sales manager for the achieved goals and a higher right of say regarded to sales decisions.

Leading a soft seller – long-MRT: The interest of the soft seller is to act customer-oriented and his target is to build up long-term partnerships with his customers. The sales personal is responsible for the individual consulting and support of the customers. Furthermore, he has to prepare tailor-made solutions to add a value for both the customer and the own company (Krafft/Liftin 2002). A soft seller can unfold his full potential in a long Market Response Time sector. Therefore, an appropriate behavior and a lot of patience are necessary. According to that, the management style has to be behavior controlled as well. The sales person efforts and motivation must not be success triggered, because the success is the result of the behavior and this may need a long period of time (Goerne 2015). The sales management has to help the seller to develop skills like systematical needs assessment, demand- and fact-oriented performance presentations, appropriate objection handling, solution-oriented conflict behavior and the consideration of customer interests (Mueller 2009). Due to the fact that in the long-MRT business there aren't that many transactions (for example compared with the short- or mid-MRT fields) the incentive and remuneration system needs to have another approach. This can happen for example by rewarding pre-economic factors like the customer satisfaction or customer loyalty rates (Bruhn/Schaefer 2011). This approach however is neglected in practice (Homburg/Jensen 1998). To overcome this weak point, it is imaginable that there is a variable salary component for the consulting-oriented seller, which is directly linked to the service behavior of the sales person (Tuzovic 2001). This could lead to an increase of the motivation and better results of the sales person.

4.2.3 The influence of the MRT upon the customer relationship strategy

The approach of Blake and Mouton can be transferred to the current standards of customer relationship strategies (CRS), which are determined by the sales management of a company. Basically there are four different strategic variants (Ingram et al. 2009).

The **transactional-oriented** customer relationship strategy: The goal of this strategy is to sell hard. The relationship to the customer is limited to the initiation and

execution of the transactions. By a transactional-oriented customer relationship strategy it is possible to handle a big amount of customers in a very efficient way. This is caused to the fact, that the costs of this relationship are very cheap.

The **solution-oriented** customer relationship strategy: The focus lies on more individual solutions of customer issues. The products and services are less standardized and will be adapted to the customer needs. The time horizon of the relationship is long-term oriented compared to the transactional-oriented relationship strategy. The intense of support for each customer is higher, thus there are usually less customers than in the transactional strategy.

The **partner-like-oriented** customer relationship strategy: The next step to a long-term oriented relationship is the partner-like-oriented one. Compared to the solution-oriented relationship there is a less amount of customers, which are supported even more intensively. The products are highly adapted to the needs of the customers and they have a very low standardization.

The **united-oriented** customer relationship strategy: This relationship strategy is the closest form of the cooperation between a company and the customer. Together, they develop products and services, which are tailor-made for the customer. The duration of the partnership is therefore very long term oriented and the amount of customers is equivalent low. The costs for supporting these customers are the highest compared with the other relationship strategies.

As mentioned, the sales management has the task to decide which customer relationship strategy is the best one for the specific customers. The following figure illustrates directly the influence of the various Market Response Times with the customer relationship strategies.

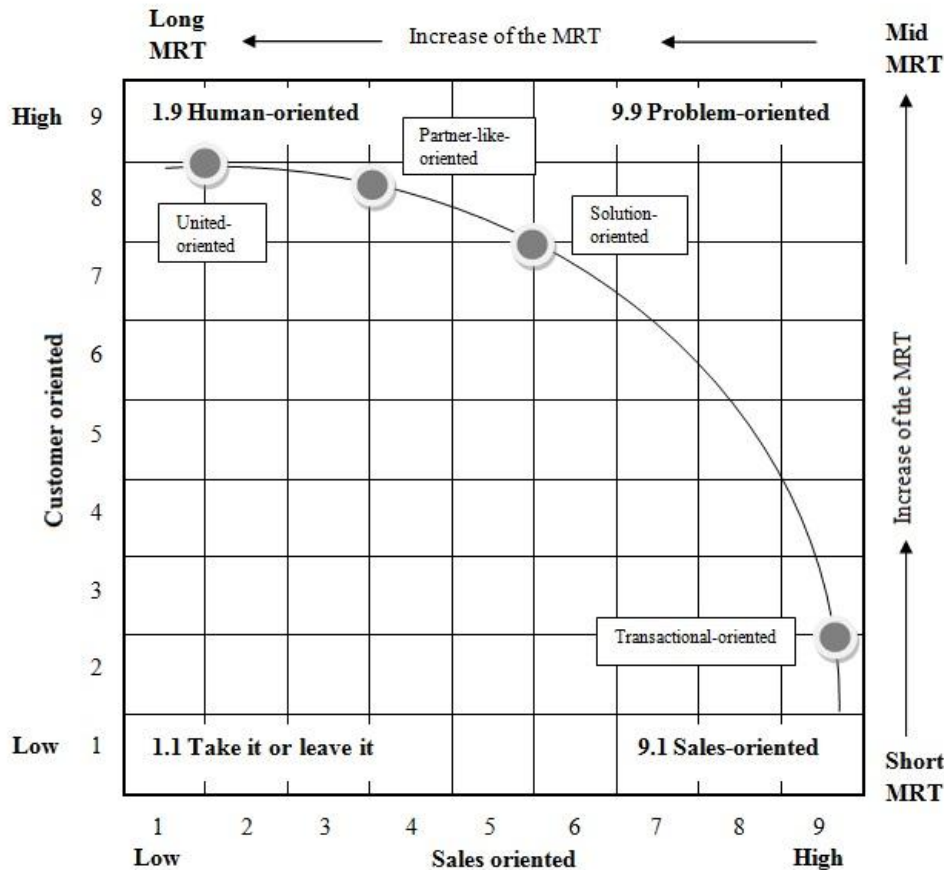


Figure 7: The influence of the MRT upon the customer relationship strategy (Source: Own representation based on the approach of Blake and Mouton (1972))

Short-MRT: Due to the fact that the products in the short-MRT sector oftentimes are standard parts and there is only a low need of explanation, the sales management can decide by having a look on the MRT that a **transaction-oriented** customer relationship is the most reasonable form to serve the specific customer or customer segment. Furthermore, the Market Response Time gives the sales management information about the fact which seller type is the best one for the transaction-oriented strategy. The nature of the seller must be target oriented, which leads to a 9.1 seller type – the power seller (Cf. with chapter 3.3). In the case of a short-term MRT it makes no sense to instruct a consulting-oriented seller with handling the customer because he would support the client in a way that he would be overstrained. In addition, the MRT provides the sales manager an indicator, what kind of management style is the most reasonable one to treat the seller in a way, that he can unfold his full potential. In the short-term MRT an output-controlled (OC)

management style is the most useful one because the goal of the seller must be to serve a big amount of customer instead of building up long-term customer relationships. The figures 6 and 7 help to allocate the short Market Response Time compared to the mid- and long response times.

Mid-MRT: In the mid-MRT sector the **solution-oriented** strategy and the **partner-like-oriented** strategy are used frequently by the sales management. This makes sense regarded to the fact, that the OEM's often defines the function of the product they need (Goerne 2015). Therefore, it is important that the seller has a good technical understanding of the product. Furthermore, he has to support and advise the customer, as well as he should be possible to close deals. According to the fact that these customers are very important for the company the sales management often use key accounts for its clients to support them as good as possible (McDonald/Millman/Rogers 1997). Thus, sales manager should use their top sellers and sales engineers to support the clients (Haas/Koehler 2011). The management style should be a mixture of a behavior controlled management style and an output controlled style (Goerne 2015). On the one hand, the seller must be able to close the deals before a competitor can close it and on the other hand he has to be customer-oriented as well, because a large degree of cooperation is required.

Long-MRT: The sales management must engage a soft seller with the customers or customer segment in the long-MRT field. The seller has to be very patient because there are long time spans until a new order of the customer is done. This time is nevertheless a worthwhile investment because the value of the orders is much higher than for example in the short-MRT (Cf. a procurement of a company in the aircraft industry like "Airbus" or "Boeing"). Due to the fact, that the relationship between the companies is very intense in the long-MRT oftentimes a key account manager is used to support the customer. The detailed skill requirements of the key account are defined by the sales management for the specific clients (Ivens/Eggert 2011). This means that in a long-MRT the seller has to be very customer and consulting-oriented and he permanently has to know the needs of the customer. In the best case a company can use therefore a **united-oriented** customer relationship strategy with a soft-skilled sales person. Due to the fact that the seller has to act pure human-oriented, the long Market Response Time gives the sales manager the indication to treat the seller behavior controlled. The sales person's efforts and motivation must

not be success triggered, as success will be in the most cases the very late consequence of the effort (Goerne 2015).

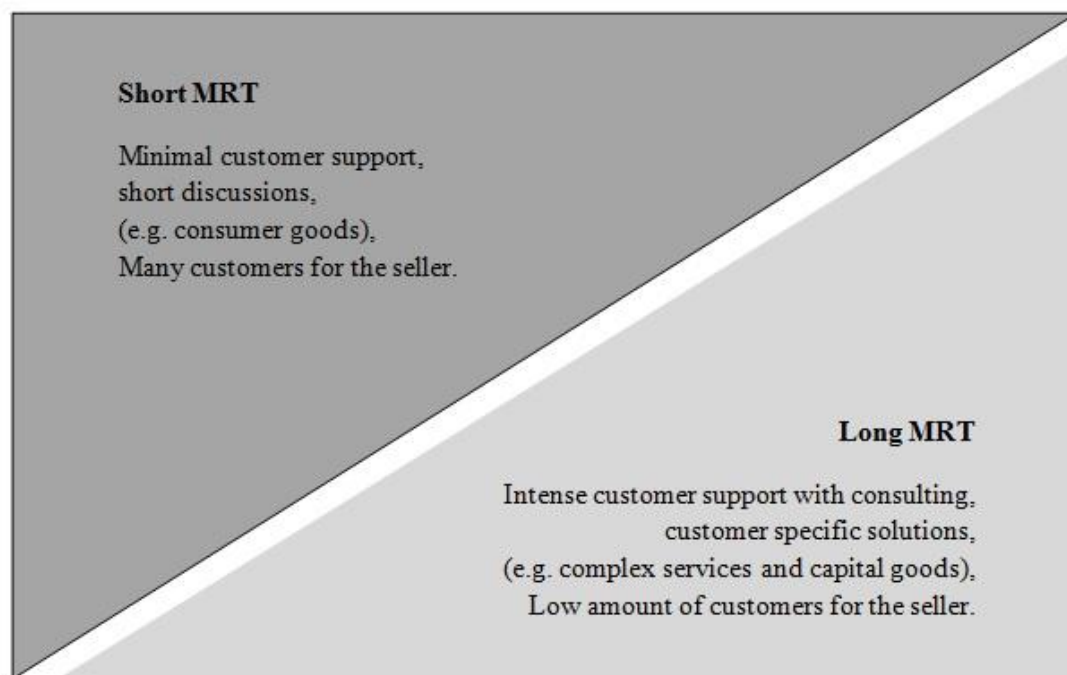


Figure 8: Comparison of the short- and long-MRT characteristic (Source: Own representation based on Belz (1999))

As illustrated in figure 8 a seller can either support many customers in a short and superficially way or he can support a small amount of his customers in a very intense way (Belz 1999). Thereby the Market Response Time can be a very efficient decision support for the sales management regarded to the customer relationship strategy, the seller type and the management style. For the sales management it should be noted that the Market Response Time increases with an increase of both the relationship intensity and the solution intensity. According to this fact the sales manager has to decide which kind of seller, relationship strategy and management behavior he is uses to support the specific customer or customer segmentation. The upcoming illustration establishes a direct connection between the Market Response Time and the products / services of a company.

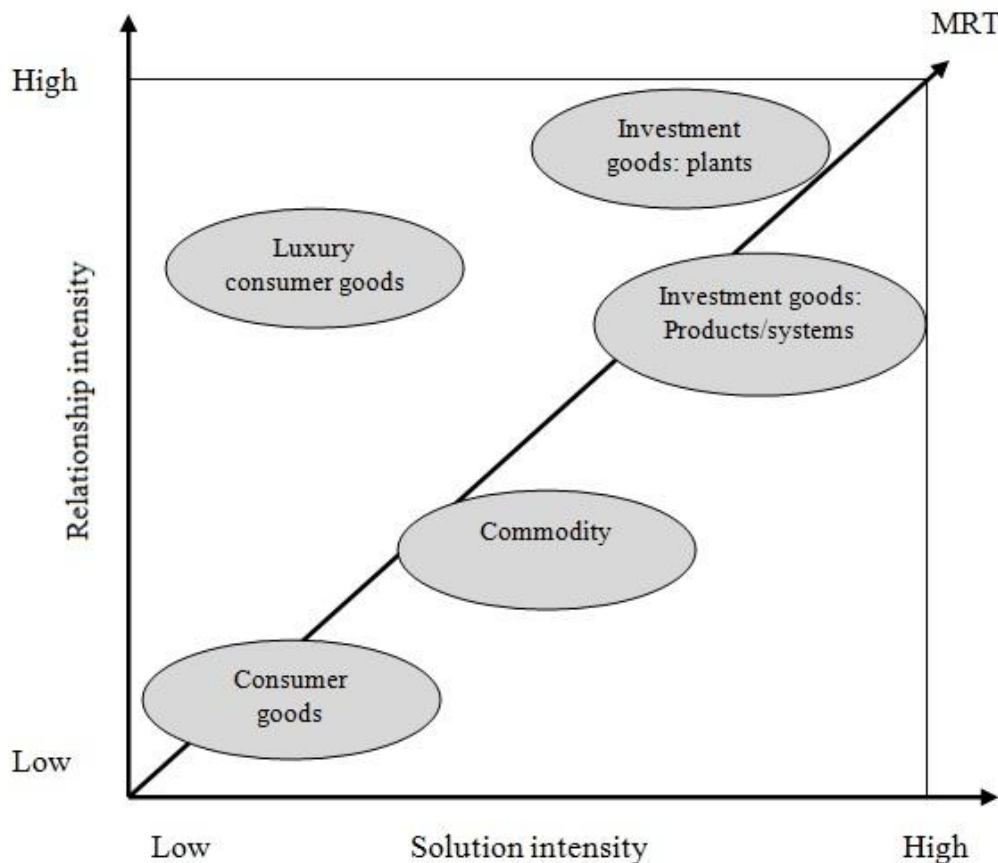


Figure 9: The products and services combined with the MRT (Source: Own representation based on Belz (1999))

As seen in the figure 9 consumer goods, which are frequently sold in the B2C- sector has both low solution intensity and low relationship intensity. On the other side there are the Investment goods like products / systems and plants, which are sold in the B2B- sector. In this case the solution- and relationship intensity is very high. The higher the solution-intensity and the relationship-intensity is, the higher is the MRT. This fact gives the sales management a direct indicator which kind of customer relationship strategy is the right one to support the client in the best way. In the case of simple products, the transactional-oriented strategy should be used due to the fact that the Market Response Time is very low and in the case of investment goods a long-term oriented strategy leads to success (Long-MRT). Furthermore, a power seller has to cover the customers which purchase the consumer goods, whereas a top seller has to support the customers which purchase the investment goods.

4.2.4 The influence of the MRT upon the development of the sales force

The quote from Oliver Cromwell “Whoever stops trying to be better, has stopped being good.”, shows the importance of a constant development. Nowadays, this fact is even more present than ever before (Aygen 2015). It is crucial to have an effective working sales force because it will create competitive advantages that differentiate the company from another (Calvin 2001b). The development of the sales force can be divided into three categories (Stock-Homburg/Bieling 2011):

- Recruiting the sales force
- Developing / training the sales force
- Leading the sales force

In this subchapter the attention is aimed to the influence of the MRT regarded to the recruiting and the developing / training of the sales force. The leadership is explained in an own chapter (4.2.2).

Recruiting the sales force: The recruitment can be defined as the process of finding good people and ultimately selecting them for the company. The recruitment is crucial for the sales management due to the fact that the sales management has to have a successful selling team in order to be fruitfully (Anderson/Hair/Bush 1988). According to Calvin mediocre salespeople with mediocre results will not get better, doesn't matter how good the sales manager is in terms like training, motivating, evaluating or planning. Therefore, it is fundamental to recruit the best people the company could get (Calvin 2001b). The recruitment is always based on the manpower requirement planning. With a view to the personnel management in sales, the sales manager has to secure that the company has an adequate number of qualified sellers at all time to meet the challenges of the market and customers to implement their sales strategy. If there aren't enough sales persons (quantitative shortfall) or the sellers are not qualified enough (qualitative shortfall) there has to be new hires or the consisting personal has to be trained/developed. Possible requirements of the salesperson candidate could be the professional competence, methodical competence, social competence and psychological competence (Bruhn 2009a).

The sales manager can use the knowledge of the MRT to recruit the suitable seller or define the reasonable seller requirements. Thereby, the sales management has the

task to identify the needs of the customer in connection with the personnel requirement (Stock-Homburg/Bieling 2011). This should be closely connected to the different MRT segments. For example, by knowing that the company has a staff shortage in the area of the standard parts, which is associated with the short Market Response Time the sales manager knows he needs to recruit a seller with personal qualities like getting to the point, assertiveness, motivation, commitment and negotiating skills (Cf. Bruhn 2009a; Anderson/Hair/Bush 1988). If the sales management decides on the other hand to recruit a consulting-oriented seller for the long-MRT he needs to check the candidates in terms like capacity for teamwork, customer-oriented thinking, diligence, patience and consultation skills. Thus, the Market Response Time is a useful indicator to select and recruit the suitable personal for the vacant position.

Developing / training the sales force: Ready-to-use sales persons are difficult to find as the sales process, the success factors and the sales cultures differ considerably from company to company and the only way to keep the sales force up to date is to develop it to the needs of the market and customers (Goerne 2015). The target of the development of the sales personal is to increase their qualifications in order to support them in their future professional further development (Stock-Homburg/Bieling 2011). There is a differentiation between the training and the continuing education. In the training, knowledge and skills are mediated to exercise in sales. The continuing education includes the improvement of this knowledge and skills (if necessary) regarded to sales (Stock-Homburg 2010b). According to Calvin the training should include the product knowledge, competition, competitive issues and advantages, customer knowledge, market and industry knowledge, selling skills, company policy, time and territory management, administrative tasks, company organization, history and conflict resolution (Calvin 2001b).

Similar to the recruitment of sales personal, the sales management should develop / train the seller regarded to the different MRT's. Thereby the sales manager has to identify the strengths and weaknesses of the seller in a specific MRT and compare these abilities of the seller with the requirements in the specific field. This helps the executive to evaluate the development needs- and potentials of the led sales personal. In this case, a personal assessment of the seller about his development requirements- and potentials should be demanded by the sales manager in order to decide about the

training measures (Cf. Stock-Homburg/Bieling 2011). According to the different MRT's the training contents differ. In the short-MRT it is necessary to train the seller in closing deals and output-oriented skills like negotiation abilities and targeted thinking which fits for example with a transactional-oriented customer relationship strategy. In the mid-term Market Response Time, the seller inter alia has to be trained in problem-solving competences, project management skills, market- and industry knowledge and product knowledge according to the complex products / services. The mid-MRT training has to be matched regarded to a solution-oriented- or partner-like-oriented customer relationship strategy. In the long-MRT it is very important to give the sales persons a social competence through the training. Capacity for teamwork, sense of responsibility, communication skills and a primary customer-oriented behavior has to be taught to the seller by the sales management in order to be successful in a united-oriented CRS.

4.2.5 The influence of the MRT upon the sales planning and forecasting

The planning and forecasting activities of a company are directly linked to the company's success (Hanssens/Parsons/Schultz 2001). Furthermore, managers argue that companies which have a specified size are not manageable without having a reliable marketing- and sales planning (Homburg/Schenkel 2005). Both, the forecasting and the sales planning are closely linked. On the one side, the planning is concerned about the fact how the sales activities should look like and on the other side forecasting is about predicting the outcomes of a specific plan (Armstrong 2001).

The **sales planning** is based upon the specifications of the management and marketing. Ideally the sales department plans for every customer, which parts can be sold in which quantity at which price in each period. The sales planning is the base of the operational planning and should be done as exactly as possible. The success of the sales planning depends on the precise prediction of customer-supplier interaction (Goerne 2015). Accurate and precise planning will improve the quality of decision making, but the planning accuracy depends on the involved time period. The shorter the time period in a particular plan, the more accurate it is (Anderson/Hair/Bush 1988). The **forecasting** not only includes future sales, but also strategic business plans, production plans, financial plans and procurement plans (Wallace/Stahl 2002).

A sales forecast can be defined as the projection of expected sales into the future based on sales potential for a product or service (Cf. Spiro/Stanton/Rich 2003; Mentzer/Moon 2005; Ingram et al. 2009). Thus, the task of the sales manager is to make projections of sales based on external (e.g. environment and competition) and internal (e.g. product portfolio and capacity of the company) assumptions (Gilliand 2003; Ingram et al. 2009). There are different time horizons in forecasting. The short forecasting (<1 year) can be based upon customer orders (order volumes), combined with the sales peoples' review of the figures. The mid- term forecasting, which has a duration between one and three years, needs special care and approaches. It is important to be aware of the development of the customer relations, the business development of the customers, the business development of the markets or economic trends. A long- term forecasting needs a qualitative approach like for example price readiness, sales channel readiness or technology readiness (Goerne 2015).

The Market Response Time has a direct influence upon the sales planning and forecasting. Every seller has to know his customers in a way that he is able to predict the future sales as precise as possible. By using the MRT- approach each seller is a specialist within his customer segment and is therefore capable to analyze the future sales as good as possible. This leads to an effective sales planning. After that prediction of the future sales the sales manager consolidates the figures and changes them according to his market feeling. The forecasting in the short-MRT sector can be very difficult because there is a high amount of customers in different industry sectors and a high number of active parts (Goerne 2015). The Tier 2 automotive industry can be executed as an example in this case. Grohmann (2012) found out that the MRT in this sector is only 68 weeks. Due to relative small business per part it will not be easy to extract the forecasting information from the Tier 1. This makes the own calculation more difficult. However, if the sales management is aware of a short-MRT they have opportunities to establish a well working forecasting. This can be realized by the comparison of the 'Loss of orders (LOO)' and the 'Newly Acquired Business (NAB)'.

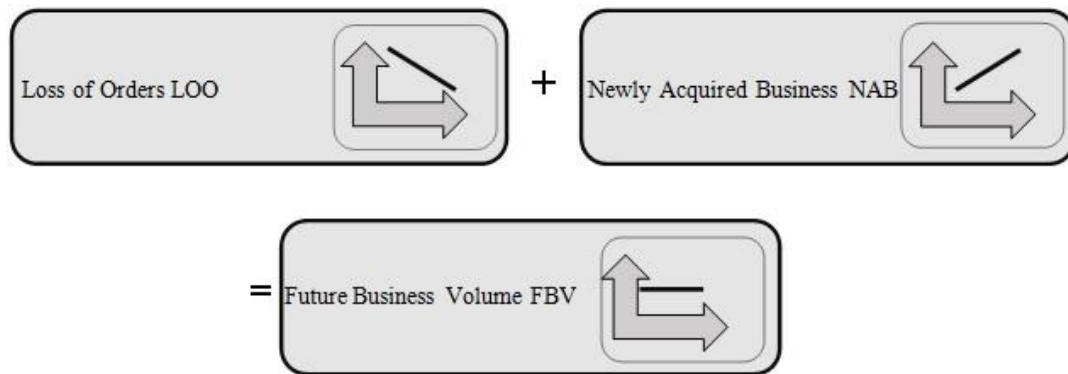


Figure 10: The Future Business Volume (Source: Goerne (2015))

Due to the loss-of-order effect the turnover will shrink continuously if no new business is acquired. The LOO needs to be compensated by the New Acquired Business NAB. This results in the fact, that the sales manager can predict the Future Business Volume FBV. The FBV can be expressed as: $FBV = NAB - LOO$. If there is a positive FBV, the sales volume will rise. On the other hand, if the FBV is negative the sales volume will decrease. With the order life of the different orders the LOO can be calculated. For a long term forecasting in the short-MRT early indicators need to be used. One approach is to have a look at the project pool. Thereby, the sales manager takes a look at all offers, which have provoked a positive reaction from the customer's side. The value of this pool is an indicator about the offer and negotiation situation of the company. If the pool is too blank, it is an indicator of a lack of acquisition power (Goerne 2015). In the mid-MRT field the forecasting is way easier due to the fact, that the OEM is frequently running market surveys. The OEM shares this information in a relative open way with his Tier 1 suppliers. Thus the Tier 1 supplier, which mostly acts in the mid-MRT sector, is aware of his future sales in a wide time horizon. The danger of LOO for a Tier 1 is very small, because it would be a major effort for the OEM in terms of new homologation or new testing. But also the Tier 1's need a further forecasting to be prepared for the upcoming years. This happens by developing early indicators. An important approach hereby is to set up the long term price expectations of the customer and compare these expectations with the long term cost development of the own company (Goerne 2015). In the long-MRT field the project follow up has to be done with great care due to the fact that there are limited numbers of projects with a high value (Cf. airplane- or arms-industry). Thereby, reasons for winning or losing a

business need to be known. The reports need to be examined and conclusions have to be derived from that (Goerne 2015).

5 The influence of the MRT upon the selling process

This chapter provides an overview of the sales process itself. In this connection a deeper look into the sale conditions is taken and the single steps of the selling process are explained in detail. Furthermore, the already seen benefits of the previous chapters are applied on the selling process in case of increasing the effectiveness of the process sequences.

5.1 The sale conditions

At the beginning, it is important to think about the Selling process itself. Any single sales process is different. The nature and extent of the sales effort in the selling process is depending on the sale conditions. There are several conditions. The most important ones can be divided into three groups: The **business connection**, the **transactional situation**, and the **transactional object** (Goerne 2014).

The **business relationship** provides information about the depth of the customer relationship. It can be a new customer, an old customer or a lost customer. The closer the business relation is the more manageable is the acquisition. If there is a new customer a company must proceed very carefully and he needs the most attention, because he doesn't know the company yet. He may be able to be suspicious and asks himself many questions if the both firms can cooperate in the way he imagines. Compared to a new customer an existing one knows the business partners and the services of the company, so he is less unsecure and the sales process can be run through faster. If it is a lost customer, it is very difficult to recover and it takes a great effort (Goerne 2014). Thus, customer loyalty is an important factor, because gaining new or lost customers is by a multiple more expensive than keeping the ones who already exist (Reichheld/Sasser 1990). If there is a close business relationship with the customer the duration of the selling process will shrink.

The second condition is the **transactional situation**. A distinction is made between a "new purchase", a "modified repurchase" and a "repurchase". In a new purchase for example the customer is way more critical and asks much more questions as if he already has bought this part in the past like in case of a repurchase. This can be either

a machine or a series part. The modified repurchase falls somewhere between the new purchase and the repurchase. The customer orders for example the original part again, but not in the same technical designs (Goerne 2014).

In the third condition the **transactional object** must be analyzed. Hereby the complexity, the economic importance and the individualization has to be considered. If a customer purchases a complex product, irrespective of how much it costs, he needs a lot of declarations. Vice versa a customer who buys a non- complex product does not need that amount of explanations. The economic importance does not necessarily depend on the complexity of a product as it might seem at first glance. A computer with its software can be executed for an example. It is a very complex product with all its particulars but it is not very costly at all. Another important point regarding the transactional object is the individualization. A standard lathe can be taken as an example. If your own company purchases a lathe for a project and after a certain period of time this project has to be abandoned it is still possible to resell this machine for a reasonable price on the market. Assuming your company purchases a highly individualized lathe machine, which is only able to handle your specific work piece. In this case no one else besides your company can use this system. Thus, the customer has to know significantly more details of a highly customized product and he is also more critical as if the product is simple (Goerne 2014).

In the first place the MRT comes into force regarded to the transactional object. The business relationship and the transactional situation have an impact upon the duration of the selling process but not a direct influence upon the MRT. By being aware of the Market Response Time, the manager can determine by the evaluation of the transactional object which kind of seller and which kind of management style is the right one to support the customer. If the product is non-complex like standard parts it has usually a short-MRT. This gives the sales management the information to use a power seller, combined with a transactional-oriented customer relationship strategy to support the customer. If the product is more complex and needs a high amount of explanations a more customer-oriented seller with a solution-oriented approach is more reasonable. The more individualized a product or service is, the more customer-oriented the behavior should be. These facts play a role regarded to the duration and effectiveness of the selling process. The usage of the MRT has the benefit to support the specific customer tailor-made from the beginning on and

therefore the selling process will be more effective and shorter, which results in lower costs and more satisfied customers.

5.2 The sale steps in B2B-business

The sales process itself is not only the sales pitch with price negotiations and a signed contract. It includes many different stages. It usually starts with determination of the products. After that it is important to identify and prioritize possible customers. If this is done successfully the acquisition phase starts. In this phase the potential customers will be contacted and in the best case a business relationship will be the result. Subsequent to the acquisition process the after sales phase begins. Due to the fact, that there are several customers it is indispensable to do a reasonable segmentation and prioritization of the clients. An important decision is also the choice of the correct distribution channel to exploit the sales potential at its best.

In the following chapters these sale steps will be explained in detail. It is noted, that every single sales process differs regarded to the sale conditions as mentioned earlier in the chapter 5.1. The following case shows a scenario with a new implemented product, which has to run through all the single sale steps. If for example the product exists and the sales person has a list with potential customers on his desk the first two steps are dismissed. His task starts at the point “Prioritize customers”. All these steps are closely linked to the MRT. In this chapter an overview about the single steps is provided.



Figure 11: The selling process (Source: Own representation)

5.2.1 Determine the product

The first step in the sales process is the determination of the product, which will be sold. Knowledge management is a crucial point for the sales force. At first glance people think the sales guy has to know the basics of the sales process, such as relationship-building, clothing and negotiation but there are many more details the seller has to be aware of. In the early stages of the sales process the sales person has to collect information about the product itself. The sales force has to know the

product in detail and needs to be briefed about new products or modifications. In the conversation with the buyer, the seller has to be the product expert (Young/Milton 2011). This knowledge must be provided by the product development unit. Furthermore, it is important for the seller to be aware of pricing. In this case the pricing strategy, the pricing options and the knowledge of the salesman how to sell the benefits of the pricing approach to the customer needs to be known. To do a correct determination of the product the sales force also must have knowledge of their sales to a specific buyer and the overall market. They need to know the sales data, the margins and the trends. An often neglected fact is that the sales force has to be aware of the production capacity of the organization. It is pointless to sell something, that can't be delivered. Thus it is necessary that the seller knows what can be produced and delivered to the customer. This knowledge again has to be brought to the sales team by an internal knowledge transfer through the supply chain, and needs to be taken in account regarded to the sales targets (Young/Milton 2011).

Already in the early stages of the sales process the MRT can be a decisive instrument. Due to the fact that the knowledge management is crucial in the determination of the product the MRT helps the sales management to give the corresponding and needed knowledge to the sales force. According to the different MRT's the seller can be briefed customized. Thus, the sales person becomes an expert in his field. The power seller for example needs to know his product in perfection. Furthermore, he has to be briefed in terms like pricing because it does not make sense to generate turnover without gaining any profit. Moreover, it is crucial that a seller who sells high amounts of standard parts is aware of the company's production capacity. A short-MRT gives the management the information to point out the seller regarded to this fact. In the longer MRT's it is also very important to be aware of the product and pricing knowledge. Additionally, it is crucial for the sales management to help the seller in customer- and solution-oriented thinking. Thus, the Market Response Time provides an approach to transmit the required knowledge of the products and services to the specific sales persons in the different fields in terms of developing the sales process to be shorter and more efficient.

5.2.2 Identify and prioritize possible customers

The next step after the determination of the product is the identification of possible customers. Nowadays usually the sales department is responsible for the identification of customers (Goerne 2014). In big and structured companies often the marketing department takes care of this seeking work. The most important step in the identification of possible customers is the maximum utilization of data sources. The following points give an overview of examples how to identify possible customers (Behle/Hofe 2014):

- Reading newspaper advertisement / Take a look at the web presence: Who is searching for new employees? Is someone taking over another company? Who is expanding his business? Is someone modernizing his business?
- Visit congresses, seminars and exhibitions and make a note of the subscriber addresses.
- Ask the suppliers who are capable clients and who are possible purchaser for the products or services.
- Take a look at commercial register entries: Are there new start-ups? Who is changing his place of business? Are there subsidiaries? Are there new branches?
- Request multipliers like insurance agents, advertising consultants, auditors or lawyers for recommendations. If a company is recommended by those people, chances of doing business are higher.
- Have a look at the address book of the company, industry guides and exhibition catalogue.
- Observe construction projects: Who is the builder? When final completion of the project?
- Check the success of the competition: Who are the purchasers of the competition? (Behle/Hofe 2014)

The Market Response Time can be used as another approach to identify the possible customers. Due to the fact that the sellers are experts in their specific MRT sector they know exactly which possible customers could be interested in purchasing the products or services of the own company. This knowledge combined with the mentioned existing methods by Behle and Hofe can be used to identify customers

even more effective. The sellers in the low-MRT fields should focus on possible customers who purchases standard parts. Therefore, he could process the checklist regarded to these kind of customers. The sales persons who work in the mid-MRT fields should also check the mentioned points, however with a view on companies who are producing more complex products. The identification plays also a major role for the long-MRT seller. Due to the fact that in the long-MRT businesses are just small amounts of customers with a high value business, it is crucial that sellers are aware of the identification of possible new customers. Thus, the MRT is an indicator which seller or seller group has to focus on which customers in the specific MRT fields. With a rising duration of the MRT the amount of potential customers falls. This shows how important a customer-oriented behavior is, especially in the long-MRT sector.

After the identification of possible customers, it is necessary to do a segmentation and evaluation of the possible clients. Only then an enterprise can decide if it is worth to invest into a new customer or not (Detroy/Behle/Hofe 2007). Figure number 12 describes a possible segmentation portfolio:

	Previous non-users	Clients of the competition		
		Dissatisfied customers	Satisfied customers	Expandable customers
Intrinsically oriented customers Short MRT				
Extrinsically oriented customers Mid MRT				
Strategically oriented customers Long MRT				

Figure 12: The Customer segmentation portfolio combined with the MRT (Source: Own representation based on Detroy/Behle/Hofe (2007))

The segmentation can be linked to the needs of the existing customers. Additionally, it can be divided into “Previous non-users” and the “Clients of the competition”. The non-users are purchasing the product or service for the first time and have no

experience. On the other side there are the “Clients of the competition”. They know the product or service. This group can be divided again in “Dissatisfied customers”, “Satisfied customers” and “Expandable customers” (Detroy/Behle/Hofe 2007). Regarded to the need-orientation it is possible to do a further extension of the portfolio. The “Intrinsically oriented customers” are product oriented, means they have a precise idea of the quality, the price and the availability of the product. Besides them there are the “Extrinsically oriented customers”. This group focuses on the consulting level. Therefore, a good service is very important. The third segment is the “Strategically oriented customers”. The target of them is to create a long term partnership to solve specific problems (Detroy/Behle/Hofe 2007).

The need-orientation can be closely connected to the MRT. This can be understood by having a look at the figure 12. Due to the fact that the intrinsically-oriented possible customers are interested in quality, price and the availability of the product they should be contacted and supported by a power seller who works in the short-MRT sector. These kind of possible customers don't need additional services and deeper support. If there are several sellers in each MRT field the sales manager can train these sellers furthermore to support the non-users, the dissatisfied users, the satisfied users and the expandable users. Thereby, one sales person can be specialized to support the non-user; another one is specialized on the satisfied user and so on. The extrinsically oriented customers should be supported by a mid-MRT seller or sales team according to the fact that these customers need a good support and solutions besides the product. Thereby, the mentioned subdivisions can be used as well. The strategically oriented customers want to have a united-oriented partnership, which fits perfect with the long-MRT. Also in this case a breakdown of the tasks of the sales personal can be implemented by the sales management. This MRT's approach can lead to an effective segmentation, which benefits also the effectiveness and reduction of the selling process.

In practice there are several methods to evaluate the customer base, for example the ABC-Analysis. These kinds of evaluation techniques are not available in a new customer evaluation. Furthermore, there often is a lack of information to do a correct rating. Thus, it is important to collect high qualitative information via the sales field service or market research institutes. After collecting the information, the data has to be prepared and continuously updated. Afterwards the information has to be

provided to the persons who are responsible for the acquisition process (Detroy/Behle/Hofe 2007). To be able to analyze the expected customer value and the probability of success it is necessary to use an “Interests portfolio” (Homburg/Fargel 2007). An example of that portfolio is shown in the following illustration:

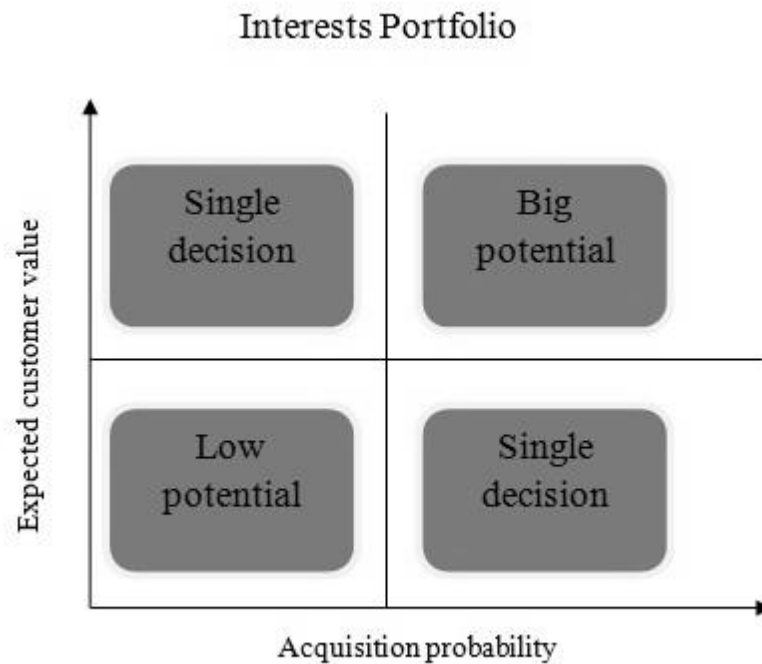


Figure 13: The interests portfolio (Source: Own representation based on Homburg/Fargel (2007))

The expected customer value includes the question which targets can be achieved with the specific customer. Market-, yield-, or relationship goals can be executed as examples. The acquisition probability includes the comparison between the expectations of the customer and the ability of the own company to fulfill these desires (Detroy/Behle/Hofe 2007). If both, the expected customer value and the acquisition probability are high, then there is a big potential to begin a successful business with a possible customer. The other extreme is the low potential. In this case the customer value and the acquisition probability are weak and it is better for the company not to start a business at all, expect this specific customer is very interesting for the customer portfolio. Apart the big potential and the low potential customer there are the clients where a single decision is necessary whether an acquisition is tried or not. The company has to evaluate if the risk is too high or not.

Useful for an informative evaluation is the consideration of:

- The turnover expectations: What amount of turnover can be achieved in the first year of the business relationship and what are the expectations regarded to the turnover in the upcoming years?
- The profit expectations: What are the profit expectations with the new clients? Will they develop in the next years?
- The acquisition costs: Are the acquisition costs reasonable? The amount of visits, travel charges and service costs has to be considered
- The customer lifespan: How long will the relationship with the new client last? (Detroy/Behle/Hofe 2007)

In case of selecting the promising clients it is reasonable to compare the non-users with the best customers in the company. Therefore, it makes sense to analyze the best existing clients regarded to their attributes and compare them with the possible customers. If there are the same or similar prerequisites the sales force should put a lot of energy in the effort to win this customer (Detroy/Behle/Hofe 2007).

In this case the MRT can also give an advice which possible customers should be supported by the company. Thereby, each seller should evaluate the possible new customers in the terms of expected customer value and acquisition probability in his MRT sector. This evaluation should include the turnover expectations, profit expectations, acquisition costs and the customer lifespan. The sales management of a company can benefit from the knowledge of the MRT in the point of selecting the correct seller. If it is a big company with more than one seller in each MRT field the sales manager can use the evaluation to link the possible customers to a specific seller. If there is a big potential for both, the acquisition probability and the value for the company, the sales manager should instruct his best seller to deal with the customer. If there is a low potential regarded to both features the sales manager can instruct a junior seller with supporting this customer. This includes a risk reduction and also a training opportunity for the seller. This approach can also be used regarding the single decisions. Thus, the MRT allows a precise evaluation of the customers on the one side and on the other side it gives the sales management an indicator which seller should support the customer. This leads to an improvement of the selling process.

5.2.3 The acquisition process

The identification and prioritization of the possible customers is followed up by the acquisition process. The target of the acquisition phase is to contact the promising customers and in the best case to start a new business relationship. The acquisition process is part of the core business and it includes the direct customer contact (active contact) and the supportive tools (passive contact). The communication between the company and the customer happens by ‘Customer Touch Points’. This can be for example a seller, a call center or websites (Lippold 2016).

In the active contact the seller contacts the customer via phone or visits. This is common in the B2B-business because it is targeted, cheap and effective. Furthermore, the products are often complex and need a high amount of explanation. The characteristic of the passive contact is that the customer takes the initiative and makes contact to the supplier. In this case it is important for the company to make themselves known by advertising and public relations. The benefits of passive contacting are that companies get only contact to clients, which have a purchase intention. On the other hand, it is not possible to do a customer selection. Passive contacting makes sense if the product is very simple and can be sold to a big amount of customers and is therefore often use in B2C business (Goerne 2014).

The active and the passive approach of the customer contact can easily assign with the Market Response Time. Thinking about the short-MRT it is noticeable that these kind of products and services are of a non-complex culture. The goods are often consumer goods or standard parts like screws or nails and they are sold to a huge amount of customers. Due to that fact and that they are produced in masses it would not make sense to contact all the customer separate because the extent would be way too high. In this case a passive customer contact strategy would be the right one. The seller in the short-MRT has to take care that a wide area of information provision is granted so that the customers can contact the company with ease. In case of the mid-MRT an active customer contact approach should be used. The amount of customers is significantly lower and the products and services are more complex and have a higher need of explanation. This forces the seller to contact the potential customers in a direct way via phone or visit. Also in the long-MRT fields it is advisable to contact the customer in a direct way due to the fact that these kind of products are also complex and the customer-relationship is a central point and this should start

with a personal contact. Thus, it is noted that the MRT provides a clear allocation which seller in the specific MRT fields should contact their customers in an active or a passive way.

The main target of the personal selling in the B2B-business is to influence the customer in the way that a business relationship starts. Therefore, it is crucial that:

- The seller knows the performance characteristics of the product in detail and thus the corresponding benefits for the customer.
- The seller knows the requirements of the client so he can offer him the products or services which are the best to satisfy these needs.
- The seller must be able to convince the client by an appropriate behavior, that his needs are covered in the best way.

In practice it is usual, that the first offer of the seller does not fit with the expectations of the customer. The task of the seller is to analyze, evaluate and prioritize these deviations. The upcoming figure demonstrates the comparison between the requirement profile and the performance profile (Lippold 2016):

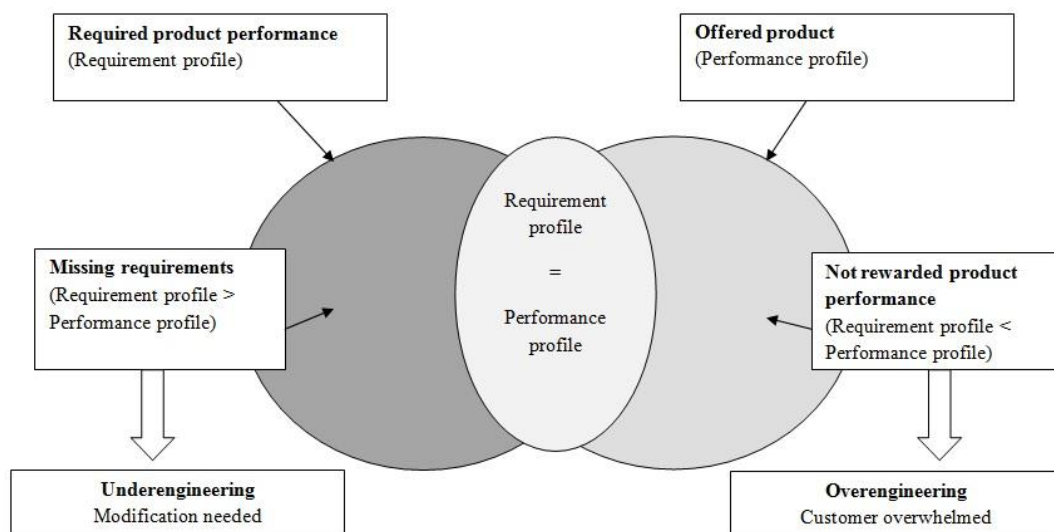


Figure 14: The comparison of the requirement profile vs. the performance profile (Source: Lippold (2016))

Deviations exist when the customer's expectations regarded to the performance of the product are not or just partially covered. In this case an underengineering exists.

On the other side, there are deviations when the product or service provides more than set by the client. In this connection an overengineering exists (Lippold 2016).

In order to prevent or limit these deviations the correct seller for the specific customer has to be chosen. Therefore, the MRT should be taken into account. If a wrong seller is supporting the customer the deviations occurs. A soft seller for example should not be instructed with a customer who purchases products with a short-MRT. The result will be an overengineering because the customer is supported way too much. On the other hand, a power seller isn't able to treat a customer in the mid- or long-MRT field. In this case an underengineering exists because the sales person is not fulfilling the requirements of this customer.

After a successful contact phase, it is the task for the seller to come to the negotiation phase. The negotiation itself includes the following phases (McCarthy/Hay 2015). In each of these phases the MRT can play a significant role.

- The planning phase.
- The discussion phase.
- The purpose phase.
- The trade phase.
- The agree and confirm phase.

The first phase of the negotiation is the **planning phase**. This phase is crucial for a successful negotiation and is surrounds all the other phases. If the seller is sure that the negotiation will be a quick and easy one without serious consequences if it fails, it is possible that a quick planning phase is sufficient. On the other hand, there can be critical and very important negotiations, which are necessary for the company success. In this case a seller could need weeks or even months to do the correct and detailed planning. Due to the fact that the planning phase permeates all stages of the negotiation it is important to review and refine the plans during and between every single phase. This is called the "cycle of planning". This cycle starts with the question "What are the alternatives?". This means the seller has to analyze which party is most at risk. It is important to consider the consequences for the own company and the customers company in case of winning or losing the deal. Thus, detailed researches and analyzes are crucial for a risk reduction in every negotiation. After that a competitor analysis should be done because it is necessary to know their

offers compared to the own products and services. With this knowledge is it possible to react reasonable on statements of the other party regarded to offers from competitors. Another important point in the planning phase is the collecting of information. For low-risk and straightforward negotiations this can be for example a mental list. For complex and very crucial negotiations it is possible to create a written list of briefing notes and other resources. The last point in the cycle is the agenda. Researches indicate that if both parties are agreed with a defined structure for the negotiation they manage to get closer together on the issues. They are reaching agreements quicker and more often than if this structure is not arranged (McCarthy/Hay 2015).

The MRT is crucial in the planning phase of the negotiation. The knowledge of the MRT provides the seller an important hint regarded to the complexity and the economic importance of the upcoming negotiation (Cf. 5.1). Especially in the mid- and long-MRT sectors the planning is very important due to the fact that these businesses can have a high value for the company. By knowing the MRT the sales management can prepare and train the seller tailor-made for the planning of these important negotiations regarded to the mentioned points like analyzing the alternatives, analyzing competitors, collecting information or setting up a list of briefing notes. However, it should be noted that the planning is also important for a seller in the short-MRT field, for example regarded to the pricing or the knowledge about the capable production capacity of the own company.

The second stage is the **discussion phase**. Hereby it is crucial that the customer gets a good initial impression because this impression is very sustainable. Researchers found out, that it takes a maximum duration of 30 seconds until two parties know if they are likeable or not. In this case also minor details such as clothing should be taken into account. Furthermore, it is easier to keep up a good impression compared to repair a negative one. Due to the fact that the customer does not know the seller if it is a new relationship, he will use prejudices and first impressions to form an opinion (Heitsch 1985). In this context it is necessary that the seller is aware of his gestures, facial expressions, voice dial and his body language. Moreover, the seller has to analyze the discussion atmosphere, the distribution of power on the customer's side and his own situation (Homburg/Krohmer 2009). The discussion phase is important to set the tone of a negotiation. The parties should be able to build a level

of trust and begin to share information openly and honestly. If it is possible to discuss on a cooperative level the value of both parties are higher compared to a competitive level (McCarthy/Hay 2015).

Due to the fact that each seller is an expert in his MRT- field, he is able to collect many information about their customers in the specific sector. This collected knowledge also includes the initial impressions and therefore how to present himself in the best way regarded to the specific customers. Of course this cannot be generalized but it still is an indicator. Moreover, the seller is aware of the usual discussion atmosphere in his MRT sector and can set up a tone for the negotiation on a reasonable level.

The third stage of the negotiation is the **purpose phase**. Before this stage begins the seller jumps back to the cycle of planning to analyze and review the elements of the discussion (McCarthy/Hay 2015). After that he is able to set up his benefit argumentation. The target of the seller is to argue in a way, that the customer does not buy a product or service but an added value by this specific product or service. Thus the used arguments have to illustrate the benefit of the performance characteristic (Lippold 2016). The goal of the seller is that the purchaser agrees with the propose. Hereby it is dangerous to work off the prepared list of benefits straightforward. Intuitively the salesman will start with the strongest arguments. The argues will get weaker and weaker after a while and the purchaser does not remember the first ones. According to McCarthy and Hay it is more reasonable to start with a strong point, followed by a weaker one and end with the strongest argument (McCarthy/Hay 2015).

In this case also the approach of the MRT jumps back into the planning phase. The arguments must be adjusted to the different MRT's. Thereby, a sales person in the short-MRT can figure out benefits like the quality-, the availability- and the price of the product he is offering. The seller of investment goods in the longer MRT's for example has to set up argues like the solution oriented thinking and acting and an extensive and tailor-made support of the company. The longer the MRT is, the more the customer support and consulting approaches should be used to convince the customers.

After the purpose phase is done the **trade phase** starts and this is the critical phase in every negotiation. In this connection the seller has to decide what kind and amount of compromises he is allowed and willing to give in exchange for the compromises the other party is willing to trade.

There are three questions, which are helpful in the trading phase:

- What is it going to cost me?
- What is it worth to the other party?
- What do I want in return?

These questions help the seller to evaluate both sides. Bad negotiators focus primarily on the price but there are many more elements which must be considered during a negotiation for example: quantity, specifications, currency, credit terms, maintenance, support, warranty, licenses and many more. To be successful in the trading phase it is crucial that the seller is able to determine the costs for the own company and knows what he is willing to give away. Moreover, he has to know how much the purchaser values your admission and furthermore the seller has to know what he wants in return from the other party. McCarthy and Hay are giving following example to this case: One element of the deal costs 1000\$ to give away from for the seller, but has a value of 5000\$ for the purchaser. It is useful to make this trade because what the seller wants to have in return is something worth at least 5000\$. At the end of the trade phase it is necessary to be aware because the other party sometimes asks for one last concession to close the deal. If you give away these admissions it is possible that the other party asks again for a new one, and so on (McCarthy/Hay 2015).

Also before starting the trade phase the seller has to think back to the planning phase. Through a specific analyze in the planning phase within the different MRT fields the seller should plan what the costs are and if it is worth to do the business. This analyzes differ in the various MRT segments because the power seller for example does not have to analyze the subsequent costs like supporting and services costs, as this is the case in the longer Market Response Times. Hereby, the usage of the MRT in terms of training is very important. The sales manager can use the different MRT's to train the sellers in the pricing of their products and services, thus they are well prepared to act reasonable in the trade phase of a negotiation.

The last stage in the negotiation is the **agree and confirm phase**. For the customer the decision if the business will be concluded is oftentimes too early because he has a residual insecurity although the arguments are excellent. Nevertheless, if all questions are answered and there are no objections anymore it is time for the decision. The client often sends buying signals such as unrequested consent or questions which are only relevant after the purchase. Furthermore, customers oftentimes ask for references of other clients to reduce the uncertainty. Another signal for the seller can also be the fact that the customer asks for payment dates. The task of the seller in the final stage is to close the deal. This can happen by summarizing the negotiation and asking if there is a deal. This includes only a low-risk in the most cases because if the other party denies he still has the opportunity to loop back into the planning phase and try another approach (McCarthy/Hay 2015). The closing of the deal is a challenge for every seller. In this connection good closing skills are required (Lippold 2016).

In terms like closing the deal the MRT gives the seller information about how to manage this fact appropriate. In the short-MRT the seller is closing the deals usually very easy because the products are standard parts. Thereby for example the price and the availability should be reasonable. Closing the deal in the mid- and long-MRT fields is more difficult due to the fact that there are high amounts of cash playing a role. That is why the sales persons has to be sensitive and provide the customer a good feeling in terms like affirm them in the purchase or list them the most important benefits from this operation. Of course the price and other sale conditions have to be fine as well.

Summarized it can be noted that the MRT can help the seller and the sales management a lot to find the right way in contacting the customer and being a help throughout the whole negotiation process itself.

5.2.4 After sales

The after sales phase is very important regarded to the customer relationship management. The topic of the customer loyalty has gained in importance during the last years (Homburg/Bruhn 2007). The starting point of this development is the fact, that an acquisition of a new customer is many times more expensive than keeping the current ones (Reichheld/Sasser 1990). Thus, it is very attractive for companies to

have a long term relationship with its clients. Customer locality can be defined as the maintaining and intensification of the relationship of a customer with his provider (Homburg/Bruhn 2005). The term “customer relationship management” is wedded with the customer loyalty. It refers to the activities, which a provider is doing to establish the customer loyalty. The customer relationship management includes the analysis, the planning, the controlling and the developing of the business relation with the aim to create a customer loyalty with the clients (Bruhn 2009b). It is important to note that CRM is not an activity which is time-related. It has to be made during the whole customer relationship process. In the following figure a customer relationship process is illustrated to demonstrate the contents of the after sales phase (Wirtz/Schilke 2010).

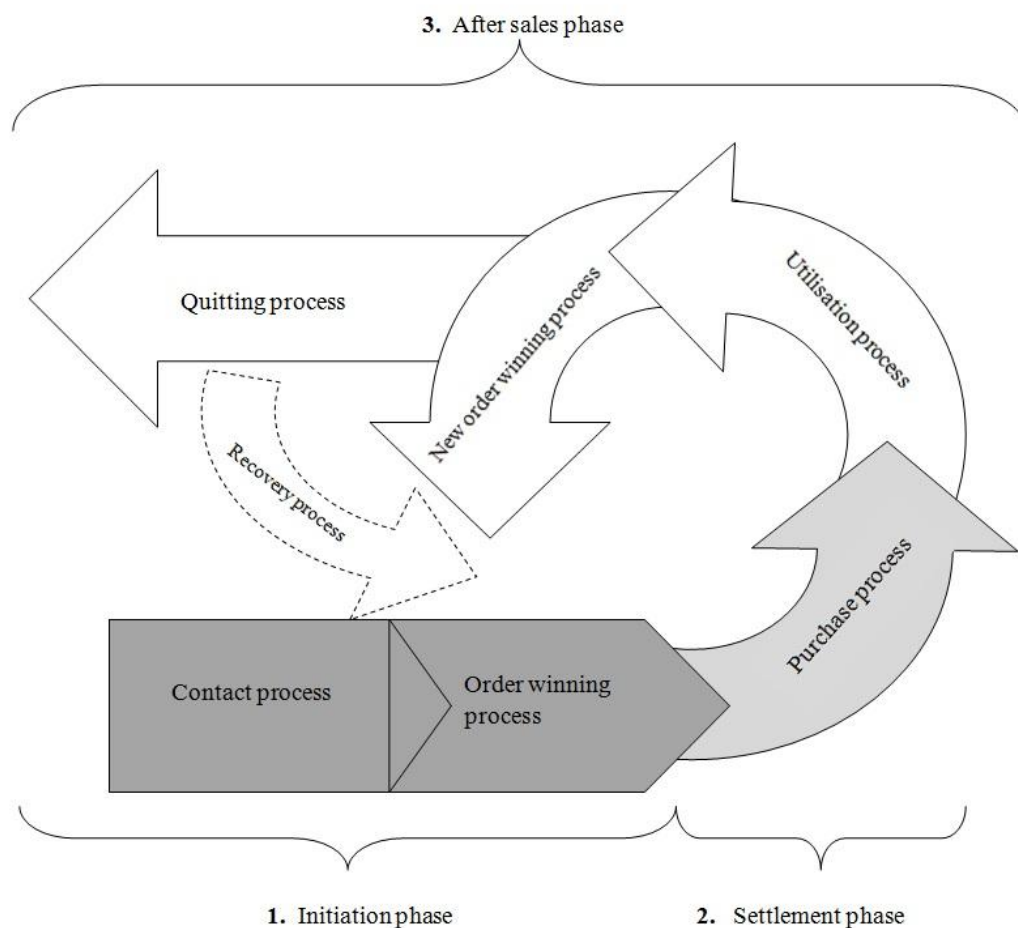


Figure 15: The customer relationship process (Source: Wirtz/Schilke (2010))

The initial phase deals with the customer contact process. This process includes the identification and the analysis of potential customers as mentioned in the chapter 5.2.2. Furthermore, the initial phase includes the order winning process. Hereby, the

benefits of the own product or services have to be explained to the potential customer to gain the order.

The second phase of the customer relationship process is the settlement phase. At this point the availability of the product or service within the purchase process is crucial (Wirtz/Schilke 2010).

The after sales phase (third phase in the customer relationship process) is the most important one regarded to the customer loyalty. Hereby the client has to be supported in utilization process of the product. Via providing relevant information and service to the client, satisfaction of the customer should be improved, thus the customer loyalty increases. As part of the new order winning process the enterprise has to be aware, that a maintenance of the perceived benefits is given. It is the goal to develop a new customer into a loyal customer. If the client was not satisfied with the range of services regarded to the after sales it is possible that he quits the cooperation. Therefore, the recognition of the customer satisfaction is necessary. The knowledge of the satisfaction or dissatisfaction of the customer by using feedback-systems in the purchase- and utilization phase is crucial. The complaint management has a special meaning in this case. It has to be used especially in the late stages of the utilization phase and in the beginning stages of the exodus phase. Finally, also recovery processes play a central role within the customer relationship process. During the recovery process several actions can be executed. Hereby discounts, better delivery conditions or enlarged warranty commitments can help to regain the customer (Wirtz/Schilke 2010).

The after sales is very important regarded to the mid- and long-MRT sectors since the products and services in these fields are very complex and needs a lot of support for the customer. The better the products and services / support is the more satisfied is the customer. This fact leads in the best case to repurchases on the client side. To reach this satisfaction the sellers has to behave customer-oriented. This can be supported by the sales management throughout a personnel-oriented- and customer-oriented leadership style. Moreover, the most reasonable customer relationship strategy can be determined by the MRT. In order to have good after sales a solution-oriented- or partner-like-oriented strategy can be work successfully in the mid-MRT segment and a united-oriented customer relationship strategy can be effective in the long-MRT fields (Cf. chapter 4.2.3).

5.2.5 Customer segmentation- and prioritization

The customer segmentation and- prioritization is an essential basis for the strategic sales management (Piercy/Lane 2009). Based on the segmentation and prioritization of customers, the way of the customer relationship, including the customer relationship strategies, is determined as well as suitable sales channels (Backhaus/Budt/Neun 2011).

During the customer segmentation the heterogeneous entire market is divided into homogeneous markets. This task usually is done by the marketing department, but it has to be coordinated with the sales department, because the sales team has to 'live' this segmentation. This can lead to conflict, because the segments which are generated by the marketing department are often undermined by sales (Cf. Backhaus/Schneider 2009). Although, this market segmentation approach is developed by the marketing department it has a significant impact on strategic sales decisions (Freter/Obermeier 2000).

The Market Response Time can be used to support this customer segmentation. The customers are segmented into short-MRT customers, mid-MRT customers and long-MRT customers. This leads to the mentioned benefits like tailor-made customer support by the appropriate seller. Intrinsically customers should be supported by the short-MRT seller or sales team, who are concerned about power selling, extrinsically clients should be supported by the mid-MRT section because these products and services are more complex and needs a lot of explanation and the long-MRT customers should be supported by a consulting-oriented sales person or sales team because a lot of patience and customer-orientation is necessary to deal with these customer segment.

Besides the customer segmentation there is the customer prioritization. This prioritization is the heart of the strategic sales decisions and it describes the distribution of the client base. The customers are divided in important- and unimportant customers regarded to an economical view. Basis of the evaluation is the customer rating (Homburg/Schaefer/Schneider 2008). Among the customer prioritization, several criteria are used to evaluate the segmented clients. These criteria must have an importance regarded to the strategic sales decisions. After the evaluation a reasonable ranking has to be set up, which shows the importance of

clients and provides a base for the handling intensity of each customer. Due to the prioritization the company must decide whether and to what extent differences in processing between individual customers are made. During the customer evaluation the target achievement of the company within the business relationship has to be taken into account. The contributions of the customer can be of various nature. They can be for example the turnover to achieve the monetary goals. However, the customer value is not just based on monetary goals. It is also beneficial when the customer has a good further recommendation behavior (Backhaus/Budt/Neun 2011). The following illustration provides an overview of the determinants of the customer value.

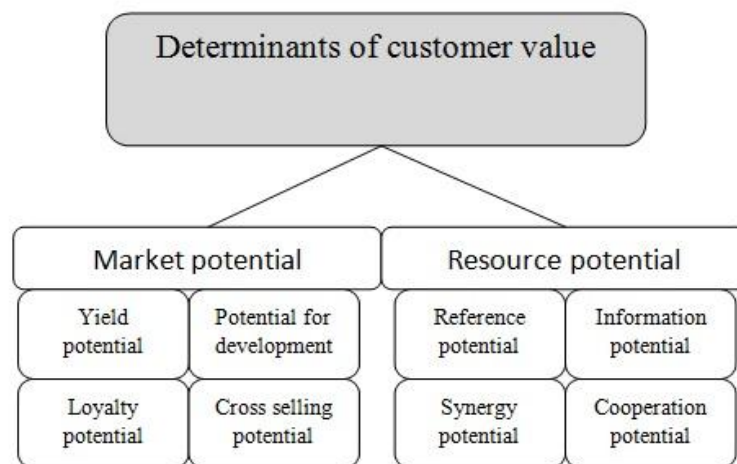


Figure 16: The determinants of customer value (Source: Tomczak/Rudolf-Sipoetz 2006))

The market potential is described by the purchases of products and services a customer is executing nowadays and in the future within the business relationship. Furthermore, a client can be evaluated not just looking at the present and future purchases (market potential). He also can be evaluated by his indirect activities which are of use regarding to the business success. These contributions are called resource potentials (Tomczak/Rudolf-Sipoetz 2006).

Dealing with different customer values is an essential element of the strategic sales management because from the provider's view not all customers have the same importance (Kuhlmann 2001). Thus, as part of the strategic sales management it is necessary to take the customers with the big contribution into account. In practice it

is for example known as the “Pareto-rule” or “80/20-rule”. This means that about 20% of the customers gain 80% of the overall turnover (Belz/Bieger 2004). This results in the fact that specific customers have a higher strategic relevance than others. Thus, there is different care intensity. The goal of the customer segmentation- and prioritization therefore has to be a preferably efficient spread of the company’s internal resources upon each customer segment or individual client (Backhaus/Budt/Neun 2011). To be able to convert these strategic decisions into the practice it is from a company’s view essential to use the market- and customer information, which are provided directly from the sales department, because they have the direct access to the clients. Thus, the strategic sales management has to give priority to capture that information. This enables the early detection of may changing market conditions and allows a timely reaction which can lead to a competitive advantage (Backhaus/Budt/Neun 2011).

If the prioritization is done the MRT can play a useful role. Accepted, that there is more than one seller in each MRT sector the sales manager can decide by having a look at the customer evaluation which seller should support the specific customers. Thereby, the top sellers of each MRT segment can deal with the very important clients and not that experienced sales persons can support the less important ones. This has the effect that on the one hand, there is the best support for the important customers and on the other hand the less experienced sellers can gather these experiences while supporting the less important clients without having the fear to corrupt an important business. By this approach the success is granted and the junior sellers can learn a lot in the direct seller behavior with the customer. Thus, a MRT-oriented customer segmentation- and prioritization has a positive effect on the organization of customer relationships and thereby also a positive impact upon future sales and sales processes with the specific customer.

5.2.6 Define the distribution channels

In this phase it is important to decide which kind of distribution channels are used to sell the company's products and services to the customer. If a firm is aware what kind of customer groups will get served in which intensity and relationship strategy, the company has to choose the distribution channels. The art of the relationship strategy determines the choice of the channels decisively. The company has to be aware that not all distribution channels are suitable to sell specific products. The chosen distribution channel strategy should be matched with the marketing- and sales strategy of the company. If a company for example an enterprise pursues the strategy of the quality leadership it is necessary that this claim is shown in the contact to the customer, and also in the organization of sales (Backhaus/Budt/Neun 2011). The figure 17 illustrates the influence factors upon the distribution channel strategy.

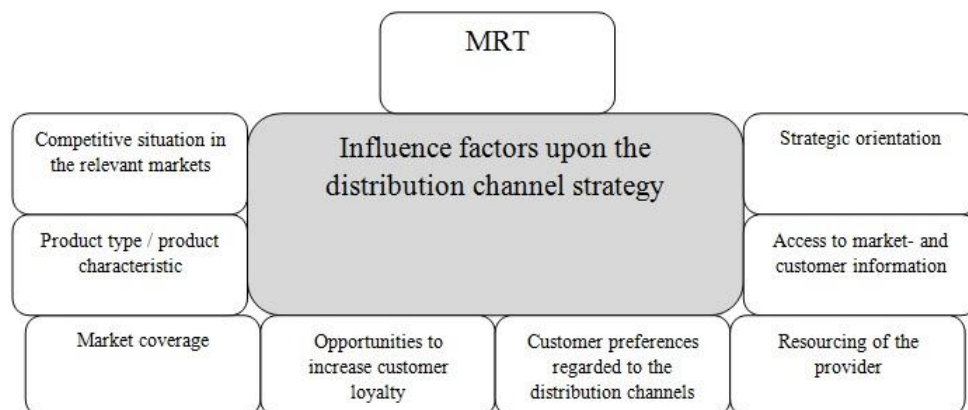


Figure 17: The influence factors upon the distribution channel strategy (Source: Own representation based on Backhaus/Budt/Nein (2011))

An enterprise has to make two strategic policy decisions as part of the distribution channel strategy. On the one hand, the management has to decide if the customer gets served by a **direct** or **indirect distribution**. On the other hand, the company has to make the decision about the depth of the channel strategy, means if the enterprise uses a **single-** or **multichannel** strategy (Backhaus/Budt/Nein 2011).

The characteristic of the direct distribution is the fact, that the distribution process is executed between the manufacturer and the user of the product or service. The

acquisition effort of the seller is thereby directly targeting the user. Subordinated activities like transports can be done by a third party. The crucial factor is the acquisition effort over the entire distribution process (Kleinaltenkamp 2011). The main difference between the both is the fact, that in the indirect distribution the sales partner is economic and legal independence (Homburg/Schaefer/Schneider 2008). The company has to decide if they want to sell their product by internal sellers or external sales forces. If an enterprise decides to retail their products or services by an external sales partner they have to make several decisions. The first one is the selection of the sales partner himself. Setting up criteria is needed to find the correct partner. Furthermore, the level of involvement and the legal integration has to be clarified, as well as the payment of the sales partner (Backhaus/Budt/Neun 2011).

The condition for a direct distribution is the point that the selling company needs an internal sales organization like a sales department. This department is structured hierarchical and organizational (Kleinaltenkamp 2006). The most common form is the sales field service. They have direct contact to the customers and visit them in their companies. Within the B2B-business this kind of sales style is very important. Oftentimes sales engineers are integrated if the project is complex and the client needs a good advice and support. Additionally, there are differences regarded to the centralization degree. This can be sales areas, sales offices or even establishments, which are far away from the main branch. This is also named “outsourced distribution”. Moreover, in B2B-business vertical sales cooperation between the manufacturer and the trader are used frequently. The sale conditions between the parties are fixed in a contract (Backhaus 1974).

As mentioned the indirect distribution uses external sales partner. Besides the production connected trading the series selling plays a role (Kleinaltenkamp 2006). The main task hereby is to get a connection to the customer even if he is not accessible for the company caused by a spatial splitting. If consumer goods will be sold like necessary equipment for a workshop the mail order business through mail-order companies is suitable. It is also possible that the indirect distribution is performed by sales agents or engineering consultancies for example in the system- and plant business (Backhaus/Budt/Neun 2011).

Both the direct and the indirect distributions do have advantages and disadvantages. It is difficult in the indirect distribution to get market information. Moreover, it is not

easy to implement forms of customer relationships with the clients, because the external seller acts independently and cannot be supervised by the manufacturer. This is easier to realize with an internal sales team. A company is more flexible and able to build up a relationship with the customer (Homburg 2008). Furthermore, market information is available. The disadvantage of the direct selling is the fact, that it is usually more expensive than the indirect distribution and it needs a higher capital commitment (Backhaus/Budt/Neun 2011).

Besides the decision of using the direct or indirect distribution channel an enterprise has to decide how many distribution channels are used. There is the single channel strategy as well as the multi-channel strategy. As indicated by its name the single channel strategy uses only one distribution channel to sell the products or services. Besides that, the multi-channel distribution includes more channels, which sometimes even are in competition. By using the multi-channel strategy, the selling company has the advantage to serve the clients in the way they prefer. Thus, the chances of a successful sale are higher. However, it has to be considered, that the coordination effort rises with the amount of distribution channels. This can result in the fact that a specific customer group gets served by different distribution channels. The problem arises that it may come to overlaps of the responsible sales person. Furthermore, conflicts between different distribution channels also have turnover relevant consequences due to the fact that the prices in the several channels differ. The price by an online transaction can be less than the price in the direct sale by the own sales force. Thus, the multi-channel strategy involves a big challenge for the distribution channel management (Ingram et al. 2009).

The decision of the distribution channel is determined by the sales strategy. Thus, it is necessary to evaluate all relevant distribution channels regarded to their compliance to the strategy. Besides the compliance to the sales strategy, the single channels have to be evaluated by the expected profitability. The company has to examine if the clients adapt to the used distribution channel and if the sales expectations are fulfilled. The more channels are used the more complex the scenario. As an example a comparison of the internal sales force and an ecommerce distribution channel can be executed. If clients are served by both the sales force and an online sales channel, it is possible that the profitability of the direct distribution

channel drops if the customers use the online channel more frequently (Backhaus/Budt/Neun 2011).

The choice of using a direct or indirect sales channel can be directly influenced by the Market Response Time. Thinking about the short-MRT and its product characteristic, leads to the fact that these products can be sold both, directly and indirectly. An influential factor hereby is the importance of the customer. If it is an important customer with the goal to set up a long term relationship it is reasonable to support him with an internal field service (power seller). Besides that, it is possible to sell the products via externals. This would make sense regarded for example items of equipment (nails, screws,...) for workshops or warehouses (Backhaus/Budt/Neun 2011). This selling also makes sense if the customer is not directly accessible. In the mid-MRT field this looks different. It is still possible to sell the products and services like plants and systems through agents or consultants, but the mentioned disadvantages like not having the opportunity to build up a long term customer relationship plays a major role. Therefore, the direct sale is usually used in the mid-MRT sector. This is done because the products and services are complex and need a specific amount of explanation. Moreover, it is important to bind the customer to the company. Also in the long-MRT fields the direct distribution should be used regarded to the fact that business is a consequence of the behavior and customer-orientation of the sales personal. This shows that a direct contact and therefore direct sales is necessary.

The other characteristic which is directly influenced by the Market Response Time is the number of distribution channels. In the short-MRT it is possible to use a multi-channel strategy. This could be done in order to reach a high amount of different customers. Possible distribution channels in this case could be an ecommerce channel, a direct sales channel or the selling by externals for example a classic wholesaler. In the mid- and long-MRT's this is not possible regarded to the mentioned complexity and solution-oriented selling. Therefore, single channel strategies are preferred in the plant- and system business. As seen the choice of the indirect or direct distribution and the choice of the amount of distribution channels can be influenced by the MRT. This usage could lead to a more efficient selling and therefore to an improvement of the selling process.

Ranging from the beginning until the end of a selling process the MRT can play a significant role. It can be a help for the seller, because he knows how he has to behave in the different stages of the process. Furthermore, it is an important indicator for the behavior of the sales management and moreover it is beneficial for the clients because they are treated tailor-made. By the consequent usage of the MRT approach the selling process can be designed more efficient overall.

6 Summarize and outlook

Summarized it can be noted that the knowledge of the Market Response Time has an advantageous effect on the seller, the sales management and the selling process itself.

The crucial benefit for the **seller** is the fact that he knows in which field he has the best chances to exploit his full potential in the appropriate way, according to his interests and his personal qualities. A sales-oriented person, who likes to sell in first case, should work in the short-MRT sector, because he can concentrate himself in selling instead of building up long term relationships. A consulting oriented seller on the other hand is at home within the long-MRT sector. The top seller, who combines the positive qualities of both extremes, should work in the mid-MRT sector in order to support his customers by a solution oriented thinking.

By having the knowledge about the specific MRT's the **sales management** is capable to support his seller in the tailor-made way. This is done by an individual motivation of the seller and the suitable leadership style. Moreover, the MRT provides the management a supportive tool in choosing the corresponding customer-relationship-strategy and setting up a reliable sales plan- and forecasting.

The benefits for the seller and the sales management have a direct impact upon the **selling process** itself. By having the tailor-made seller and sales management the sales process will be more effective. The improvement of the selling process affects every single step within the sales process, beginning with the sale conditions and ending with the prioritization / segmentation process and the choice of the suitable distribution channel.

All these benefits do not just help the own sellers and the sales management, but the customer. By having the correct seller and sales management the customer satisfaction will raise by the tailor-made treatment and therefore the customer loyalty. This corresponds with repurchases and a long term customer relationship. By having a look in the future the customer loyalty will become more and more important and therefore a supportive tool like the MRT can be a useful knowledge.

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