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A PHASE MODEL FOR BUILDING A CUSTOMER VALUE BASED SALES TOOL – CASE MINING AND METALS INDUSTRY

Master's Thesis

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ABSTRACT

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The objective of this research is to observe the state of customer value management in Outotec Oyj, determine the key development areas and develop a phase model with which to guide the development of a customer value based sales tool. The study was conducted with a constructive research approach with the focus of identifying a problem and developing a solution for the problem. As a basis for the study, the current literature involving customer value assessment and solution and customer value selling was studied. The data was collected by conducting 16 interviews in two rounds within the company and it was analyzed by coding openly. First, seven important development areas were identified, out of which the most critical were "Customer value mindset inside the company" and "Coordination of customer value management activities". Utilizing these seven areas three functionality requirements, "Preparation", "Outotec's value creation and communication" and "Documentation" and three development requirements for a customer value sales tool were identified. The study concluded with the formulation of a phase model for building a customer value based sales tool. The model included five steps that were defined as 1) Enable customer value utilization, 2) Connect with the customer, 3) Create customer value, 4) Define tool to facilitate value selling and 5) Develop sales tool. Further practical activities were also recommended as a guide for executing the phase model.

TIIVISTELMÄ

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Työn tavoitteena oli tarkkailla asiakasarvon hallinnan nykytilaa Outotec Oyj:ssä, löytää siihen liittyen tärkeimmät kehityskohteet sekä kehittää vaihemalli ohjaamaan asiakasarvoperusteisen myyntityökalun kehityksessä. Tutkimus suoritettiin konstruktiivisena tutkimuksena, jonka painopisteenä oli ongelman identifioiminen sekä ratkaisun kehittäminen ongelmaan. Tutkimuksen pohjaksi tutustuttiin olemassa olevaan kirjallisuuteen koskien ratkaisu- ja asiakasarvomyyntiä. Tutkimuksen aineisto kerättiin pitämällä yhteensä 16 haastattelua kahdessa eri vaiheessa yrityksen sisällä ja aineisto analysoitiin avoimesti koodaamalla. Ensimmäiseksi tutkimuksen tuloksena identifioitiin seitsemän kehityskohdetta, joista kriittisimmät olivat ”Asiakasarvoajattelu yrityksessä” ja ”Asiakasarvon johtamisen koordinointi”. Näiden seitsemän kehityskohteen avulla identifioitiin asiakasarvotyökalua varten kolme toiminnallisuusvaatimusta, ”Valmistautuminen”, ”Outotecin arvon luonti” ja ”Dokumentointi” sekä kolme kehitysvaatimusta. Työn lopuksi laadittiin malli asiakasarvoperusteisen työkalun rakentamista varten. Malli koostui viidestä askeleesta, jotka olivat 1) Luo edellytykset asiakasarvon hyödyntämiselle, 2) Luo yhteys asiakkaseen, 3) Luo asiakasarvoa, 4) Määrittele työkalu arvonmyyntiä varten sekä 5) Kehitä työkalu. Lisäksi, vaihemallin toteuttamisen ohjeeksi ehdotettiin tarkempia käytännön toimia.

FOREWORD

The process of writing this thesis was one of a very educating and humbling nature. This was definitely the most challenging task I had been faced with during my studies and as such this was quite a fitting final chapter to them. In addition to thoroughly educating me on the academic subjects related to the thesis, more so probably than any specific course, the process served as a personal learning trip as it involved moments of both success and disappointment.

I would like to thank Outotec for giving me this opportunity to work on a very interesting and topical subject and especially my supervisor Sami and other co-workers for creating a productive and supportive environment to work in. I would also like to thank my supervisors on the university's side, Anne and Joona, for their knowledgeable guidance and support during the process.

I would then like to thank Lappeenranta, LUT, Kaplaaki and all of my friends and for the amazing years during my studies. The countless awesome experiences wouldn't have been possible without everyone and I couldn't be more satisfied with having made the decision to start studying in Lappeenranta - I also won't hesitate to recommend it to others.

Finally and most importantly, I would like to thank my family for the support during these years; my parents Heljä and Rauno for the continuous support in many forms, my brother Janne for cheering me on during my studies and my sister Riina for supporting and remembering to keep me down to earth.

List of figures

List of tables

Table of Contents

1. INTRODUCTION

This study is a master's thesis conducted for a mining and metals industry company Outotec Oyj. The aim of this chapter is to introduce the background and the aim of this study as well as the structure for the following chapters. The introduction begins by stating the background and the environment behind the reasons for writing this thesis.

1.1 Background

The simple acts of selling and buying have been a part of people's daily lives throughout history and form the fundamental basis to how the society works. The operation of every company relies upon building an offering consisting of different amounts of products and services and an integral part of their operation is the process of selling that offering. Despite the importance of selling, it has not experienced many breakthroughs that have profoundly changed the practice. After research started to focus on the differences between small and large sales cases in the 1970's, the next breakthrough is now needed because of a revolution on the other side, purchasing. (Dixon and Adamson, 2011) The traditional supplier-buyer relationships in industrial business have gone through a fundamental change over the last decade (Möller and Törrönen, 2003) as purchasing in industrial companies has increasingly moved towards more professional methods (Anderson et al., 2007; Ulaga and Eggert, 2006) and at the same time the stagnating economy is driving competition towards new heights (Dixon and Adamson, 2011). What it boils down to is that there is a serious need for industrial sellers especially with more complex offerings to react to this accordingly.

This is the case with Outotec also. Outotec Oyj is the global leader in minerals and metals processing technology and employs almost 5000 people in 27 countries. Having been the technological part of Outokumpu Oy and having separated as its own company in 2006 from that position, Outotec has built its competence strongly on the high technological quality of its products. This has historically been the emphasis of the sales approach also; by pitching unparalleled technology and having a good reputation used to be enough to close the deal in many cases. This is not, however, viable anymore.

While the competition continues to increase and the economic situation forces the customers to be more careful with their investments, the straightforward sales approach from the product's point of view is not enough anymore. The emphasis has to be moved to the customer's side of the table. By determining the needs of the customer, generating the right kind of value for the customer and communicating it the right way to the right person enables the seller to tip the emphasis from the side of the price to the side of the real value of the offering. By no mean does Outotec need to forget to invest in the quality of its technologies, the challenge is to get the best value out of it.

The focus on creating and delivering customer value has long been known to be integral when it comes to a firm's competitive advantage and has been increasingly recognized in the marketing (Ulaga, 2011; Lindgreen et al., 2012) and management literature (Lepak, 2007) also. Adding to this, only a few firms are capable of demonstrating their products' and services' true value to their customers even though creating and delivering superior value to customers is recognized as one of the most critical factors in business-to-business (B2B) marketing (Anderson et al. 2009). Lindgreen et al. (2012) also argue that more insight is required on whether continuous innovations and improvements on value propositions are required in the fast-paced markets today, as popular belief suggests. Given these different factors, the topic at hand provides for a fruitful area for further research.

1.2 Goals and focus

The aim of this thesis is to map the steps needed to be taken in order to make the task of customer value identification and communication easier and a bigger part of the sales operations. In order to help Outotec's sales grasp the needs of its wide variety of customers and cater those needs by communicating the right value through its wide array of products and technologies, a sales tool for this process is being developed. The goal of this thesis is to determine Outotec's current situation regarding customer value management, recognize the challenges in improving it, define the requirements for a sales tool designed for this purpose and propose a phase model for developing it.

The research questions of this thesis are:

1. What are the critical development areas of Outotec Oyj in regards to customer value management?

2. What are the key requirements for a customer value sales tool in the mining & metals industry?

3. What are the key steps in developing a value-based sales tool in mining and metals industry?

1.3 The execution of the study

The method used in this study is the constructive research method, the goal of which is to produce constructions (Kasanen et. al, 1993, s. 244). This approach was deemed appropriate since the basis of the study was a problem Outotec was having. The constructive approach offers a logical method for creating a solution to the problem presented. The constructive research approach is described in more detail in chapter 9.

1.4 The structure of the report

The structure of the thesis is divided into two distinct sections: the theoretical part (chapters 2-5) and the empirical part (chapters 7-10). The aim of the first section is to examine the existing literature regarding the topic in question in order to create the base for the analysis of the research results. The first section is further divided into parts according to the different focus points in the existing literature.

The purpose of the second section is to analyze the data gathered in the study and to break down the meanings arising from the analyzed data. The analysis is then formulated into the answer to the designated research problem and its implications on future actions are described. The structure of the thesis is demonstrated in Table 1.

Table 1. The structure of the thesis

#	Title	Purpose
1	Introduction	The introduction
2	Outotec Oyj	The introduction to the case company of the thesis
3	Business-to-business selling	Theoretical chapter discussing the evolvement and demands of B2B selling
4	Customer value	Theoretical chapter discussing the concept of customer value and activities involved in its assessment
5	Tool development	Theoretical chapter discussing the process of software development
6	Methodology	The methodology used in the thesis
7	Results: Customer value management in Outotec	Findings related to the important areas of customer value management in Outotec's operations
8	Results: Customer value selling in Outotec	Findings elaborating the important areas
9	Results: Sales tool development	Findings discussing the requirements of sales tool development in Outotec's context
10	Building the solution	Developing the solution based on presented findings
11	Key findings	The main results of the thesis
12	Conclusions	The conclusions

2. OUTOTEC OYJ

The case company for this thesis is Outotec Oyj. The purpose of this chapter is to introduce the company, cover some of the basic facts about its operations and to shed light into its current situation. This serves as important information with regard to the basis of the purpose of this study.

2.1 Introduction

Outotec Oyj is a Finland based company operating in the metals and mining industry. They produce and deliver minerals and metals processing technology to over 80 countries globally and employ nearly 5000 employees of over 60 different nationalities. Outotec has operated as an independent company since its separation from Outokumpu Oy in 2006. The development of Outotec's corporate arrangements over time can be seen in Figure 1.

With Outotec's history dating back to the early 20th century in both Outokumpu Oy and Lurgi Metallurgie, with whom Outokumpu merged in 2001, they have accumulated a vast experience in their industry and a profound understanding of the field they operate in. As the name of the company suggests, before its separation from Outokumpu, Outotec served as their technological unit called Outotec Technology, providing technological innovations and solutions to Outokumpu's plants and products. This has lead to the logical result of Outotec building its competence around strong technological know-how and industry-leading innovations, along with the sustainability of its solutions.

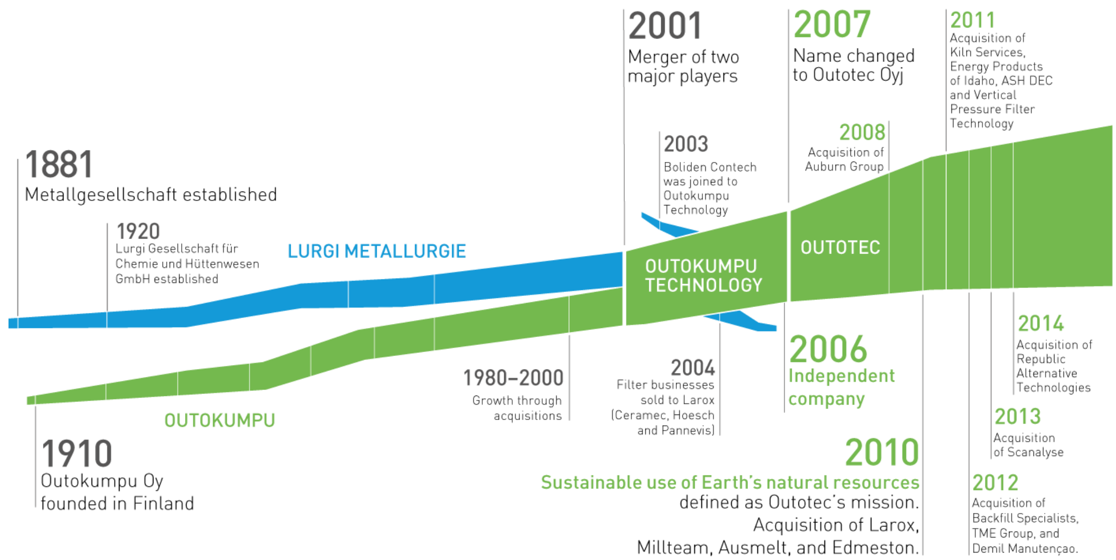

Figure 1. Outotec Oyj's history. (Outotec, 2014)

2.1.1 Strategy

Outotec Oyj's strategy is to be the leading provider of sustainable minerals and metals processing solutions and an innovative provider of sustainable energy and water processing solutions. Their strategic intent and focus is in the value chain of the customer which becomes evident from the four areas they operate in; minerals processing, refining, industrial treatment and energy are all included in the solutions Outotec offers its customers. More concretely, this means sustainable end-to-end solutions from feasibility studies to complete plants and life cycle services and an extensive range of process solutions for virtually all ore types. Along with solutions to produce water that meets environmental standards, maximizing water recycling, reducing water and energy consumption and offering innovative solutions for biomass, agricultural and municipal waste, among others. In addition to this, Outotec's aim is to be the technology leader across all of these areas.

2.1.2 Key financial figures

As the situation is with the majority of other companies also, Outotec's operations have been affected by the stagnating economy. Table 2 shows the financial figures from the year 2013 with the corresponding numbers from the previous year, along with the partial figures from the first half of 2014 and the corresponding numbers from the same period in 2013. As can be seen from the table, the decreasing amount of orders have had an effect on the total sales of Outotec from the year 2012 into the year 2013 and from the first half of the ongoing year it can be forecast that the same trend will continue in 2014 also. Adding to this, the profitability of business operations has decreased at a much faster rate during the year 2014 than during the previous year. In spite of all this though, Outotec's growing focus on offering lifecycle service solutions in addition to plants and products has managed to increase service sales during the year 2013.

Table 2. Outotec's financial figures 2013 & Q1-Q2 2014 (Outotec, 2014)

Outotec Oyj	2013 (2012)	Q1-Q2 2014 (Q1-Q2 2013)
Order intake MEUR	1 512,4 (2 084,4)	
Order backlog MEUR	1 371,7 (1 947,1)	
Sales MEUR	1 911,5 (2 087,4)	679,1 (1014,3)
Service sales MEUR	505,9 (476,0)	
Operating profit from business operations MEUR	162,9 (193,8)	16,3 (78,3)
Earnings per share EUR	0,51 (0,70)	

2.2 Current state and problems

As the financial figures suggest, the economic situation is challenging for Outotec. In the industry where Outotec operates the investments are large, complicated and expensive and that is the case with Outotec's offerings too. During a difficult economical time like this that leads to the postponement of investments or at the very least, a careful process of finding the appropriate supplier for the offering the customer is about to invest in.

This in turn leads to increasing competition and the increased focus on the investment cost on the side of the customer – in other words the price on the side of the supplier. In order to be able to sell solutions with high technological quality under these kinds of circumstances, Outotec needs to be able to communicate other values beside the selling price to the customer. This requires a good understanding of the customer's needs: the type of the customer, the specifics of the customer's value chain and the customer's different interests with regard to their operation. These then have to be met with the correct kind of offering catering to those identified needs and as it stands today, there are not any coherent operating models, procedures or tools specifically designed to help in this task. The focus in the following chapters is to observe the current academic literature regarding the characteristics of complex industrial selling and customer value with the aim of providing more information for the analysis of the current situation in Outotec.

3. BUSINESS-TO-BUSINESS SELLING

Industrial selling has been experiencing significant changes during the recent years. The economic slump that was experienced by the whole world during the years 2008-2009 put a stress on all industrial companies but especially on the people responsible for sales in those companies. As Dixon and Adamson (2011) put it, "customers had vanished overnight". Because of the downturn in the economy, industrial companies began to hold off their investments and drove the B2B (business-to-business) sales near to a complete halt. Despite of the diminishing amount of business the situation had promise since not all salespeople were that affected by the slow economy. While some were struggling with even the smallest deals, there were sales representatives (referred also to as "rep" from this point forward) that were succeeding in larger sales also. It was actually because they were mastering the complex sale that they were set apart from the rest. This type of selling, solution selling, has become a dominant topic in the selling and marketing strategies in the past ten to twenty years and it places significant pressure on both sales representatives and customers alike to think and behave differently. (Dixon and Adamson, 2011, p. 1)

3.1 The pressure from buyers

According to Dixon and Adamson (2011) the field of solution selling is changing dramatically. As the solutions that suppliers are looking to sell grow ever larger in size, complexity, disruptiveness and price, B2B customers are getting more and more careful and reluctant in their buying behavior, thus rewriting the purchasing process. The pressure to cut costs drives the purchasing managers in business markets into getting more sophisticated in their strategies as they do not afford to take suppliers' promises for granted (Anderson et al., 2007, p. 3). Ulaga and Eggert (2006) recognize also that companies have dramatically changed the way they treat supplier portfolios by for example moving to consolidating their supplier bases. What this amounts to is that traditional sales techniques no longer work the way they used to in the past. Dixon and Adamson (2011) found in their research that the key to success in the tough economic environment wasn’t so much in being able to handle the economic situation itself but in being prolific in the skills required in selling solutions.

As the buyers grow more sophisticated and powerful, and as products are being commoditized and supply base consolidation increases, customer value assessment becomes more and more important in increasingly competitive business markets. Because the price of the product and the product itself no longer serve as such an important differentiators, suppliers are increasingly trying to find different methods of demonstrating the delivered customer value and differentiating themselves that way to get recognized as a preferred supplier. (Ulaga and Eggert, 2006, p. 119)

3.2 The shift towards solution selling

Solution selling is generally described as the shift from a focus on transactional sales of individual products or services that is usually based on price or quantity to a focus on broader-based consultative sales bundles of products and services. The success factor in this type of selling is not just creating bundled offerings that meet the broader customer needs in a unique and valuable way but to also do it in a fashion that can’t be easily replicated by the competition. The superiority of a solution is therefore not judged solely on its uniqueness but on its ability to address customer challenges in a sustainable way, which is either newer or more economical in relation to the existing competition. (Dixon and Adamson, 2011, p. 6)

The reason for this is that the shift towards solution selling seen in Figure 2 is typically the result of suppliers attempting to escape the dramatically increased commoditization pressures caused by individual products and services becoming less differentiated over time. In contrast to traditional sales like this, by selling a well-designed solution bundle consisting of a wide range of capabilities that are difficult for a competitor to match, it is easier to protect premium pricing and receive a decent return on the offering. Because of this the solution selling approach has become widely popular across business-to-business sales, which is further supported by the notion that Dixon and Adamson (2011) found that as many as three-quarters of the sales leaders who responded to their survey described having aspirations to be some type of solutions provider to a majority of their customers. (Dixon and Adamson, 2011, p. 7)

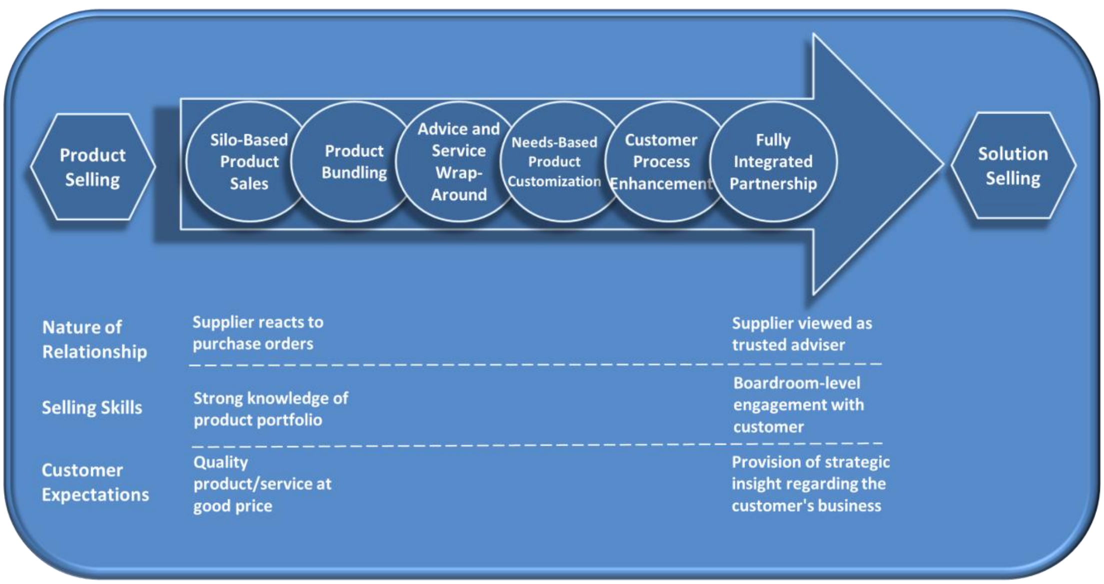

Figure 2. The Shift from Product to Solution Selling. (Dixon and Adamson, 2011, p. 7)

This is supported by the fact that in the current literature among solutions marketing research the prevailing view is that individual components such as products or services are not able to provide as much value to the customer as what can be achieved by integrating those components into solutions (Sharma and Iyer, 2011, Evanschitzky et al., 2011). The reason that the customers are preferring solutions over their individual components is that by bundling them together the supplier adds benefits that are then perceived by the customers. These benefits are tied to two different components: the efficient and knowledgeable integration of the different components of the offering (i.e. products and services) into a functioning whole that allows the customer to reach their goals, and the relational processes that aid the customer in improving their operations and productivity (Epp and Price, 2011; Tuli et al., 2007; Ulaga and Reinartz, 2011).

Tuli et al. (2007) explain it further by describing that these processes include examples such as the requirements definition of the offering, the customization and integration of it, the deployment and the post-deployment support. This is in accordance with the means-end chain theory that argues that the greatest value to the customer does not come from the products or services themselves but the outcomes that are realized during their usage (Gutman, 1982; Woodruff, 1997). What this implies is that the actual product or service offering involved in the exchange is not the only subject to which the customer value is tied to in business markets. Instead, it is also increasingly connected to the value delivery process during the exchange of the solution, which involves the supplier and the customer interacting by different ways such as sharing and integrating resources like knowledge and specialist skills (Payne et al., 2008). It is then the supplier’s ability to communicate the value generated by the functionality and the relational processes related to the offering that is the key factor in determining whether the customer is willing to pay higher prices for solutions or not (Sawhney, 2006; Tuli et al., 2007).

3.3 The characteristics of solution selling

The actual selling of solutions involves multiple characteristics that separate it from traditional transactional selling. One of the factors that differ greatly between smaller and larger sales is the size of the commitment involved. As Rackham (1988) describes it, larger purchases bring with them bigger decisions by definition and as such the customers are more conscious of the value of the product or solution being offered to them. More specifically the value perceived by the customer, the building of which Rackham (1988) argues to be the single most important selling skill when it comes to larger sales. Educating the customer extensively about the different details of an offering will amount to nothing if the sales person is not able to demonstrate enough value to the customer in order for them to justify the purchase. (Rackham, 1988, p. 8) This is further emphasized by the argument presented by Dixon and Adamson (2011), that there has been a significant increase in the need for consensus in order to get deals done in the recent years. Because of the uncertainty related to buying complex solutions, even senior decision makers require wide support for a supplier across their teams and thus the rep has to convince a number of individuals inside the customer organization (Dixon and Adamson, 2011, p. 9). Aarikka-Stenroos and Jaakkola (2012) for example point out that even the more experienced buyers might feel insecure buying professional services since it is difficult to get a comprehensive understanding of the value they provide.

This relates to the size of the purchase involved in solutions. When the scale of the sale is relatively small, the consequences of making a mistake on a purchasing decision also remain small, but as the complexity, price and publicity get higher, the same happens to the consequences of the possible mistakes. This leads to the fact that with larger sales the customers tend to be more cautious as the weight of the decision increases when the price and the fear of a public mistake also increase. (Rackham, 1988, p. 10-11) According to Dixon and Adamson (2011), because of the increased concern for the return on their investment, customers have started to move aggressively towards requiring the suppliers to share in on the perceived risk of the solutions themselves. As a result of this the success of a supplier is often measured by the performance of the customer’s business instead of the supplier’s products when it comes to complex solutions and suppliers then have to run the risk of building it directly into their value proposition (Dixon and Adamson, 2011, p. 9).

This relates to the fact that complex offerings, which solutions tend to be, are similar to "credence goods" that have the nature of being related to highly asymmetrical information and significant challenges when trying to assess the value potential prior to the purchase and usage or sometimes even after it (Hsieh et al., 2005; Darby and Karni, 1973). This usually leads to the customers not having adequate understanding of the potential value of the offering and requiring the supplier to have the ability to provide and communicate the information regarding the benefits and costs of the offering (Keränen, 2014, p. 24). Rackham (1988) agrees with this view and states that a high level of technology in an industry has an effect on the amount of value necessary to be demonstrated. Rackham (1988) believes this to be because of the higher levels of risks and uncertainties that come with the rapidly changing market environment. The goal of solution offerings then is to transfer the risks and responsibility of certain customer's operations to suppliers (Brady et al., 2005; Stremersch et al., 2001) in order to ease the life of the customer and make it better by achieving savings in costs, guaranteed performance, optimized processes and customized offerings (Miller et al., 2002; Sawhney, 2006).

As a result of attempting to alleviate the risks and uncertainties involved in complex purchases, over the recent years customers have started to increasingly employ third-party consultants with the aim of "extracting maximum value from the purchase decision". While this method has also been used by individual external consultants with the sole purpose of finding ways to negotiate a lower price, according to Dixon and Adamson (2011) larger organizational players have become more deeply involved in the purchase as well. Their intention is to aid customers in navigating the solutions complexity as they are increasingly faced with problems and solutions so broad and complex that they may not be qualified to navigate or evaluate the potential courses of action themselves (Aarikka-Stenroos and Jaakkola, 2012). Rather than relying on the supplier, the customers turn to these "neutral" third-party experts and suppliers are then frequently confronted with new and aggressive third-party intermediaries looking to take their share of the value from the deal (Dixon and Adamson, 2011, p. 11).

3.4 The nature of selling solutions

There are a number of other factors also that separate the act of selling complex solutions from the selling of a simpler product. Larger sales cases often involve an extended interaction between the supplier and the customer and this adds the ongoing relationship as one of the specific properties. Rackham (1998) describes that with more complex sales it's harder to separate the sales person from the actual product than with smaller sales as the interaction with the same person is likely to continue throughout the entire sales process. More specifically, the type of the relationship and the nature of the specific salesperson are likely to have more effect in the outcome of the sales process. Rackham (1988) adds that in larger sales the cost of the solution is not perceived as merely the purchase price, as it also includes different risks and inconveniences experienced by the buyer that usually can't be easily translated into monetary terms. (Rackham, 1988, p. 65)

Dixon and Adamson (2011) note, that by having collected data from over 5000 individual stakeholders in different customer organizations, they found the biggest factor in customer loyalty in a B2B environment to be the actual purchase experience. At 53% its appreciation is well over the respective values of both the brand and company impact (19%) and the product and service delivery (19%). While this is counter-intuitive for most executives, Dixon and Adamson (2011) illustrate that the reason behind this is the increasing amount of competition and business sophistication. As the competitors invest equal amounts of resources in their brand, product and service seeking the same growth as any supplier is, at least in the B2B environment those investments are the first step towards customer loyalty instead of the final one. (Dixon and Adamson, 2011, p. 49)

Dixon and Adamson (2011) remind that as the lowest appreciation was for the price-to-value ratio (9%), the customers tend to view the cheapest option also as the one providing the least amount of value. What this amounts to, is that while lowering the price might result in a deal, it won't increase the customer's loyalty for the supplier as they are searching for a bargain instead of a partnership - and they will more than likely perform similarly when making the next purchasing decision. Because of this, if the goal is to increase the customer's willingness to keep buying from a supplier, buy even more over time and ultimately to advocate on their behalf, price is not the way to get there. The result is that the key to increasing customer loyalty is in the actual sales process and the customer's purchase experience. What matters is what is done in the field and what kind of conversations the sales reps are having with the customer - in other words – not what is being sold but how it is being sold. (Dixon and Adamson, 2011, p. 50-51)

3.4.1 The dependence on individuals

Dixon and Adamson (2011) describe that the complexity of solution selling has an effect on the individual level also as they found that when the sale becomes more complex, the gap between the core and the star performing sales reps widens dramatically. Because of this many sales forces have been faced with key-person dependency problems when transitioning towards solution selling as they might be keeping the whole company afloat. This all leads to the notion that the value of narrowing the gap between core and star performers increases radically as the sales model becomes more complex. (Dixon and Adamson, 2011, p. 12)

Dixon and Adamson (2011) found in their research that sales reps fit into five different, distinct categories, which are The Hard Worker, The Relationship Builder, The Lone Wolf, The Reactive Problem Solver and The Challenger. The five profiles and their characteristics can be seen in Figure 3.

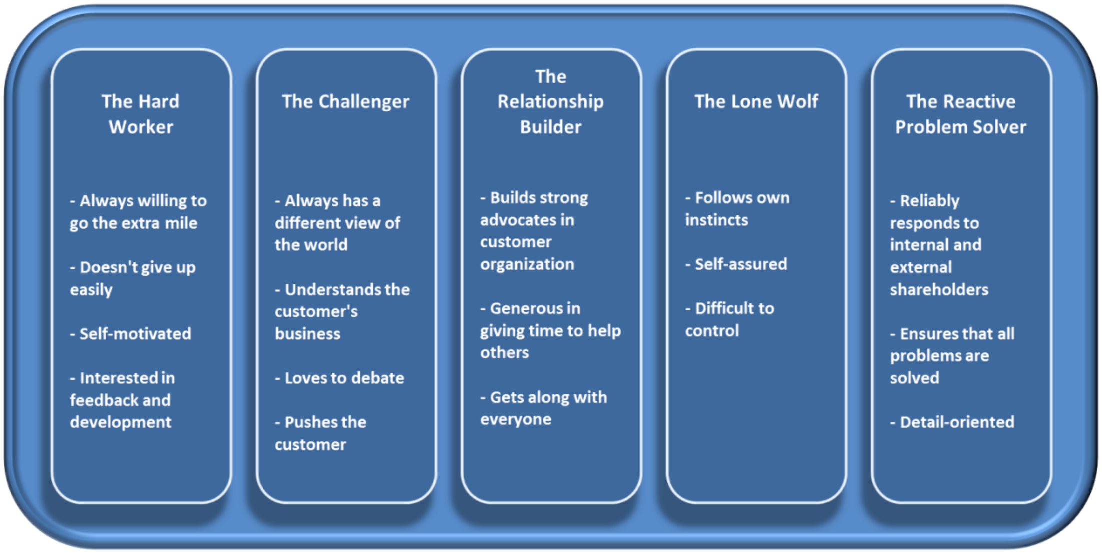

Figure 3. The Five Sales Rep Profiles (Dixon and Adamson, 2011, p. 18)

Dixon and Adamson (2011) then went to examine whether there was a clear distinction in how large of a portion each category occupied among the highest performing reps to determine what skills were needed to succeed in complex sales. It turns out that there is one clear winner and one clear loser among the five sales rep profiles in terms of sales success. Dixon and Adamson (2011) concluded that the best performing profile out of the five possibilities is The Challenger and that the attributes that were statistically significant in defining a Challenger were the following:

- Offers the customer unique perspectives
- Has strong two-way communication skills
- Knows the individual customer's value drivers
- Can identify economic drivers of the customer's business
- Is comfortable discussing money
- Can pressure the customer

When further categorized, the Challenger is defined as being able to do three things: teach, tailor, and take control. Teaching refers to the Challenger’s skill to utilize the unique perspective on the customer’s business and two-way communication ability to teach for differentiation during the sales interaction. Then, as Challengers have a good sense of the customer’s economic and value drivers, they are able to tailor for resonance by delivering the right kind of message to the right person within the customer organization. Lastly the Challengers are comfortable discussing money and are able to press the customer a bit when needed and in this way take control of the sale. (Dixon and Adamson, 2011, p. 24)

On the other side of the spectrum, the least amount of high performing sales reps belong to the Relationship Builder profile, a finding which is in contrast with popular belief and training focus in sales. Dixon and Adamson (2011) emphasize that their findings do not suggest that customer relationships are not important for sales, but that they are not to be the sole focus of customer interaction. While the Relationship Builder is focused on being available, catering to every customer need and thus being concerned mainly with customer convenience, the Challenger is focused on customer value. Instead of attempting to be accepted into the customer’s comfort zone, the Challenger rep tries to push the customer out of it. (Dixon and Adamson, 2011, p. 26)

Dixon and Adamson found this gap between the performance of the Challenger and the Relationship Builder to only widen when they proceeded to observe the data by focusing on more complex sales and longer sales cycles. As can be seen in Figure 4, while the Challenger occupied over 50% of the highest performing reps in more complex sales, the probability for a Relationship Builder to achieve that status was nearly zero. (Dixon and Adamson, 2011, p. 29)

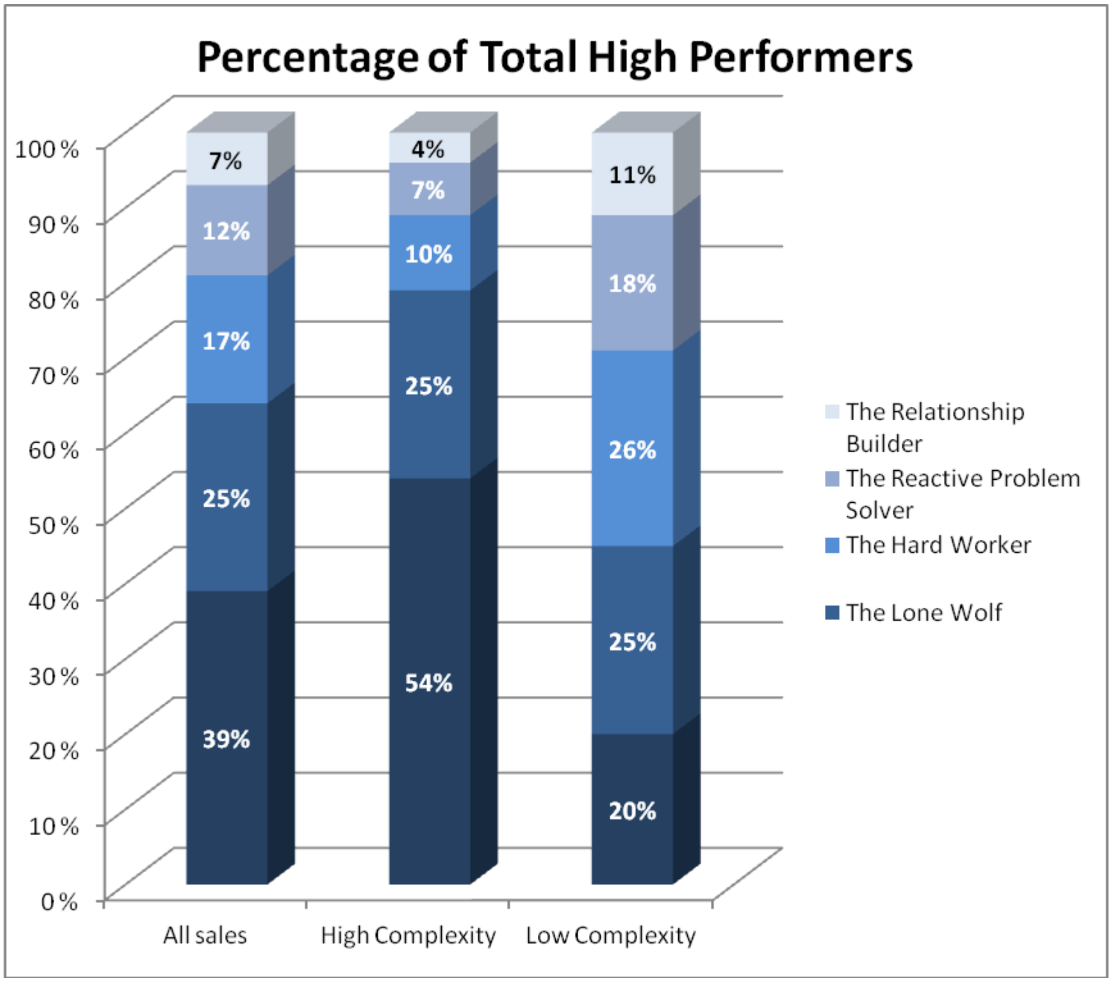

Figure 4. High Performance by Sales Rep Profile (Adapted: Dixon and Adamson, 2011, p. 22 & 27)

Dixon and Adamson (2011) argue that this explains the difficulty in shifting from transactional sales towards solution selling: as the world of solution selling is about a disruptive sale, the supplier is asking to develop the customer's behavior and show them a new way to look at their business. The Challengers are not best suited for every type of sale as for example in the more transactional and less complex parts of the business the most probable sales rep profile to succeed is the Hard Worker. If on the other hand the aim is to transition towards a more of a value-based or solutions-oriented sales approach, the ability to challenge the customers is a critical factor in the success of the attempt. (Dixon and Adamson, 2011, p. 29)

When talking about the Challenger rep's three main skills – the ability to teach, tailor, take control, and do it while leveraging constructive tension, Dixon and Adamson (2011) emphasize that companies shouldn't try to choose one or few favorites to implement as it is the combination of the three that matters. Teaching without tailoring might make the rep seem irrelevant. On the other hand, trying to tailor while ignoring to teach has the risk of sounding like any other supplier and taking control without offering any value may simply seem annoying. (Dixon and Adamson, 2011, p. 32)

3.4.2 The need for organizational support

Succeeding in solution selling is not only about the skills of the individual sales representative. Dixon and Adamson (2011) stress, that the organization has a strong effect on whether the sales reps have any chances in succeeding in their efforts. If the organization leaves the teaching content up to the different individual reps, they risk being pulled in different directions as reps promise to solve a wide variety of customer problems that might not even be in the company's range to solve. The teaching content, which consists of the business issues that the customers are taught to value and the idea of how the customer is guided to look at their business differently, have to be scalable and repeatable and thus created by the organization. It is a similar case with tailoring also; the organization has to leverage its business intelligence and research capabilities in determining what is of value for each customer company in order to equip the rep with the right tools with which to tailor the message. This includes information about the industry, the company itself and its different stakeholders as the same teaching message is not likely to resonate with every individual that has a stake in making the purchase decision. While out of the three attributes of the Challenger "taking control of the sale" is the closest to a purely individual skill, the organization has a role in that also. As a large part of being able to take control of the sale is to identify and properly engage with the correct stakeholders on the customer side, it is something the organization can help the reps with in addition to equipping them with powerful teaching messages that help in the process. (Dixon and Adamson, 2011, p. 34)

Teaching for differentiation refers to offering customers unique perspectives on their business and communicating those perspectives in a passionate way that draws the customer into the conversation. These perspectives might be related to the actual products or solutions of the supplier or to the way the customers themselves can operate in their markets more competitively. (Dixon and Adamson, 2011, p. 36) While teaching is basically what defines a Challenger rep, being able to tailor the teaching message to different types of customers and different individuals within the customer organizations is what resonates with the customer and helps the teaching message make the impact it was designed to do. Tailoring is all about the rep's knowledge of the business environment of a specific customer's stakeholder: things they value or care most about, outcomes that are expected of them; the economic drivers that are likely to affect those factors and the positions they occupy within the overall organization of the customer. In addition to business sense, this is a matter of agility as a rep has to understand how to craft the message to resonate with the person on the other side of the table. (Dixon and Adamson, 2011, p. 39)

In addition to this, Keränen's (2014) findings suggest that when developing solutions it is more important to use key capabilities as a basis instead of product or service attributes. Managers need to be able to match their customers' goals with capabilities they have identified to have the most customer value delivering potential. Solution providers need to analyze their customer's goals in-depth and indicate specifically how the solution being offered contributes in meeting these goals. Because of this managers need to be able to consider and apply different strategies for different customers or customer segments. (Keränen, 2014, p. 58)

3.4.3 The discovery of customer needs

In order to be successful in targeting a specific customer with the correct type of solution, the supplier has to know what customer values are being catered to. According to Dixon and Adamson (2011), over the last fifteen years the emphasis of the training regarding selling has been on the deep understanding of customer needs, the discovery of them and the questioning skills required in the process. Dixon and Adamson (2011) argue that while it seems good on the surface to ask enough questions to discover the entirety of the customer's needs and then craft a perfect solution to the problem that the customer simply can't resist, the same method does not work nearly as well as it used to.

Discovering customer needs as a main objective of a selling strategy relies on the notion that customers are aware of the problems they have. Dixon and Adamson (2011) mention that if, in fact, the customer's greatest need is to figure out what it is they exactly need, then instead of asking the customer about their problems, a better selling technique would be to tell the customer about their needs. This is what a Challenger rep aims to do; the key to their success is in understanding the customer's world better than they do themselves and teaching them about the different possibilities they should be aware of. (Dixon and Adamson, 2011, p. 45)

Dixon and Adamson (2011) stress that in order to be able to do all of this preparation for the customer contact is essential. First, the sales reps are not supposed to go to the customer with a blank sheet of paper, but instead the needs of the customer need to be prescoped. A lot of this work can be done on the organization's side through better segmentation and customer analysis. Second, the conversation with the customer is prescripted. While the sales rep has to still converse and interact with the customer in a live setting, the opening hypotheses and challenges have been prepared in advance to guide the conversation. Third, the solution the rep is steering the customer towards is predefined. By being able to largely predefine the solution by means of organizational identification of the customer's unique benefits reduces a lot of the burden on the rep to determine the right solution for an individual customer. (Dixon and Adamson, 2011, p.78-79)

The interaction with the customer does involve some form of questioning also. Traditionally sales trainings tend to emphasize the importance of asking open questions that cannot be answered with one word instead of closed questions that can. Contrary to this view though, Rackham (1988) found in his research that there was no clear distinction between the frequency of open and closed questions used by sales reps in relation to the success of the calls. Rackham (1988) describes that it is not whether the question is open or not that defines the power of it but whether the question is asking about an area psychologically important to the customer. It is also important to prepare the potential problems the customer might have that could be solved with the solution being sold in advance, along with the different kinds of possible questions related to them (Rackham, 1988, p. 94).

Rackham (1988) emphasizes that one of the key differences between a small and a large sale is the fact that customer needs begin to develop quite differently when the scale of the sale grows. More specifically, needs take a longer time to develop and they tend to consist of elements, influences and inputs from several people instead of simply the wishes of a single individual (Rackham, 1988; Edvardsson et al., 2011; Cantù et al., 2012). When the sale gets larger, needs are also more likely to be expressed on a rational basis and tied to a rational justification, even if the customer's underlying motivation might include emotional or irrational elements. Finally, a decision maker is likely to face more serious consequences when making a purchasing decision that does not meet the needs in a large sale than would be the case in a smaller one. (Rackham, 1988, p. 55)

This can be explained with the relationship between the size of the needs of the customer and the cost of the solution. As shown in the value equation Figure 5, if a customer perceives the seriousness of a problem to be larger than the cost of solving it with the offered solution, it is likely that a deal takes place. In simple or small sales, the price of the product or service is usually low and as such the problem does not have to be that large either, whereas with complex and expensive solutions the problem has to be developed into a more serious one in order for the purchase to be justified. (Rackham, 1988, p. 61-62) That is then a question of developing, delivering and demonstrating customer value in order to tip the scale towards the purchase decision and that is the focus of the next chapter.

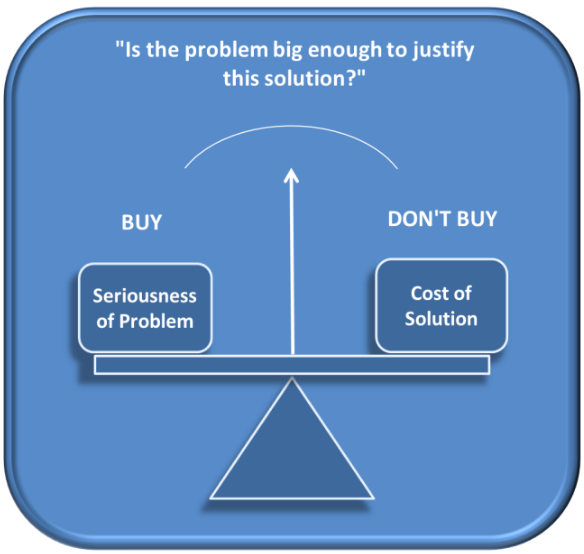

Figure 5. Value Equation. (Rackham, 1988, p. 61)

4. CUSTOMER VALUE

In order to be able to shift the sales approach from the perspective of the products to the perspective of the customer an industrial company has to take into consideration the needs and values of the customer. Successful business market management needs customer value management and, to be more precise, a proper understanding of the different ways specific customers perceive value and of the different characteristics customers value in specific offerings (Menon et al., 2005; Ulaga and Eggert, 2006). Even though there are multiple ways the concept of value itself has been understood in literature during the recent years (Lindgreen et al., 2012), it has long been recognized that the management of customer value over a period of time is essential for a company's competitive advantage and customer value assessment has been usually conducted by industrial firms in order to determine the worth of their offerings to their customers (Anderson and Narus, 1998; Anderson et al., 2009; Woodruff, 1997).

There is an increasing amount of different strategies involving customer value-based selling, pricing and management that are being adopted in industrial markets (Anderson et al., 2007; Liozu and Hinterhuber, 2013; Terho et al., 2012). These all require a profound understanding of the concept of customer value assessment and some of the leading business companies in the Forbes Global 2000 list have been working on evolving their businesses using this approach. Keränen (2014) notes that the examples include companies such as Oracle, SKF, IBM, ABB and SAP, adding that they have all created specific value assessment tools and processes for measuring and demonstrating the delivered customer value in the aim of both gaining more in price premiums and reducing sales cycles for themselves and reducing the perceived risk and total costs for the customer. The process of customer value assessment is not a simple task and in fact is considered to be a weak point in many industrial companies that offer customer solutions or complex offerings consisting of both products and services (Tuli et al., 2007; Ulaga and Reinartz, 2011). At the same time it is also viewed as the single most important challenge by companies in business markets (Keränen, 2014). As such, it is beneficial to examine the concept of value proposition in order to understand the underlying factors.

4.1 Value proposition

According to Keränen (2014), even though the creation and delivery of customer value is highly important, the majority of companies are not able to successfully demonstrate the actual worth of their offering to their customers. This is the case especially in industrial markets where an increasing number of suppliers are offering their products and services to the potential customer with promises of savings or better profitability while at the same time having no concrete evidence behind these statements (Anderson et al., 2006). When this is coupled with the fact that the multiple offers are similar and competitive in nature, customers tend to experience value ambiguity with no proper way of determining the real potential value in the different offerings (Anderson and Wynstra, 2010). The uncertainty of the potential value then often leads to the customers making the choice between the offerings solely based on the lowest price. Keränen (2014) concludes that because of this, in order to translate the potential value of their offering into a fair profit or on occasion to even close a deal, the suppliers have to able to show the customer how their offering can improve the customer's performance, create long-term cost savings or benefit them in some other way. To determine the type and amount of value their offerings can create for the customers' businesses, suppliers need to assess the customer value, which refers to the process of evaluating and communicating the value created with and for customers (Anderson and Narus, 1998; Anderson et al., 2006; Payne and Frow, 2005).

Suppliers have to take this type of customer value assessment quite seriously if they plan on both creating credible value propositions for their customers and obtaining a fair return on the customer value they are delivering as it plays a critically important role in those tasks (Anderson et al., 2006; Sawhney, 2006). What the value proposition demonstrates is the potential business benefits and concrete monetary value that is being delivered to the customer and also explains the relationship between three different qualities of the offering: what is the overall performance of the supplier's offering, how the customer's needs are being fulfilled with it and what is the total cost of the offering to the customer over the life-cycle of the relationship (Knox et al., 2003; Payne and Holt, 2001). In order to determine how likely the value proposition is to result in a superior experience for the customer, the supplier should measure the relative importance of different attributes of an offering to the customer by undertaking a customer value assessment (Anderson and Narus, 1998; Payne and Frow, 2005). In order to be able to conduct the assessment, the supplier is required to thoroughly understand the customer's operations and how the supplier's products and services will influence the costs and returns of the customer (Anderson et al., 2006).

Then, in order to achieve this, suppliers are beginning to take part in the operations of their customers in increasing amounts and because of this the extended nature of supplier-customer interactions and long-lasting relationships are becoming an integral part of the operations between the supplier and the customer (Windahl and Lakemond, 2010). In addition to offering improved margins and stability, longer relationships also provide the supplier with detailed information about the customer's industry challenges and their business operations and processes. When looking at it from this perspective, a company operating in business markets needs to pay a great deal of attention towards understanding the concept of relationship value (Corsaro and Snehota, 2010). That is because the B2B environment gives suppliers the possibility of gathering information on the different ways customers perceive and realize the value of an offering during the different phases of the relationship and of the offering's lifecycle; from the design phase to the exchange, usage and ultimately to the disposal of it (Wise and Baumgartner, 1999; Davies, 2004). The possibility to attain the information then is not enough by itself as understanding the customer value requires the actual assessment of it, which is discussed next.

4.2 The approach to assessing customer value

Many firms have traditionally performed customer value assessment using methods that aim to evaluate the functionality and quality of product offerings, and among these for example are importance ratings and value calculators (Anderson et al., 1993; Anderson and Narus, 1998) or customer satisfaction surveys (Payne and Holt, 2001). Keränen and Jalkala (2014) describe that while these types of methods might be quite straightforward and simple to implement, they have at least three important downsides to them. First, despite the fact that they perform well with physical products, they start having difficulties when needed to evaluate what the type of value is that customers are able to perceive from offerings that are more complex and service intensive in nature. Second, these kinds of methods are usually only employed at a certain single point in time; either right before the sale in order to estimate the potential value of the offering or after the delivery of the offering in order to verify the amount and type of value the customers realize from it. Third, they have the tendency of being more tactical in nature and thus usually fail to explain the extent of the value-in-use the supplier's offering provides to the customer over a longer period of time.

Because of these reasons the methods currently being employed when conducting customer value assessment are insufficient in properly guiding managers to estimate the value potential of their offerings and to measure how customers perceive the realized value generated by them (Lindgreen et al., 2012; Macdonald et al., 2011; Oström et al., 2010). Keränen and Jalkala (2014) suggest that in order to successfully provide superior value to the customer, companies should approach customer value assessment from a strategic point-of-view instead of focusing on approaches based on methods such as practices and tools.

4.3 A framework for customer value assessment

Keränen and Jalkala (2013) found in their study that customer value assessment is regarded in industrial firms as a key challenge. Considered as a firm-wide effort, customer value assessment usually involves buy-in and resources from multiple departments of the company. Keränen and Jalkala (2013) propose a framework for customer value assessment that can be seen in Figure 6 and consists of four distinct phases: 1) value potential identification, 2) baseline assessment, 3) long-time value realization, and 4) systematic data management. While the phases do not necessarily follow each other in a linear fashion and might instead be overlapping and iterative, the illustration reflects the general perspective recognized by Keränen and Jalkala (2013). Also, all of the phases include several activities that are characteristic for each and tend to be performed by companies exercising in customer value assessment. (Keränen and Jalkala, 2013, p. 8)

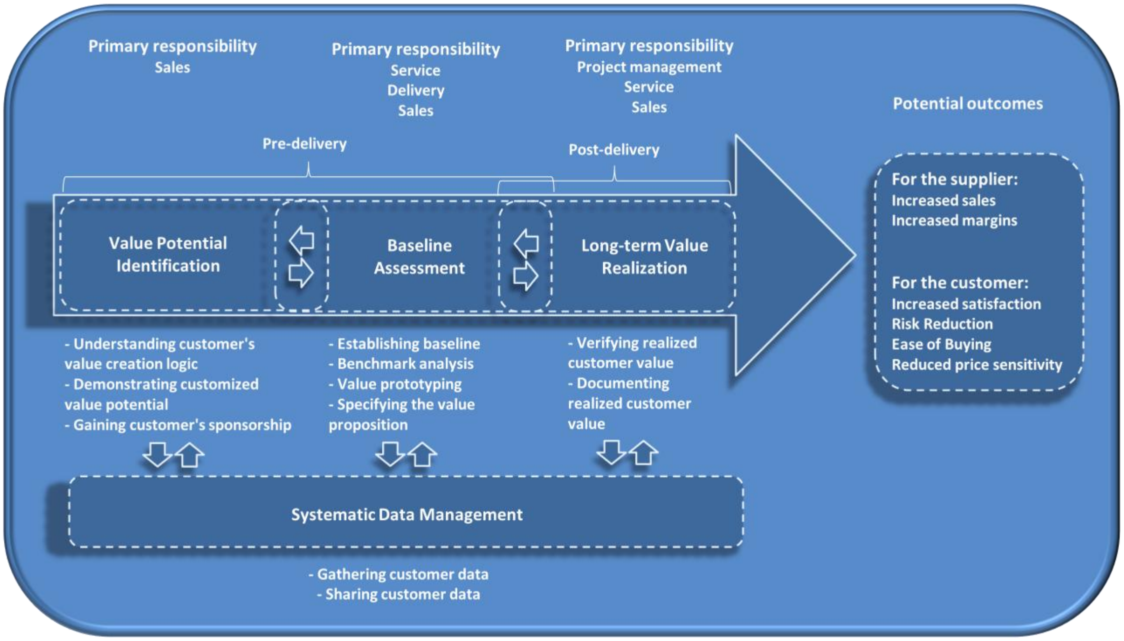

Figure 6. A framework for customer value assessment. (Keränen and Jalkala, 2013, p. 8)

4.3.1 Value potential identification

The first of the phases, value potential identification, refers to identifying the amount of value the supplier can add to the customer's business prior to the delivery of the supplier's offering. Keränen and Jalkala (2013) mention that the activity of understanding customer's value creation logic is considered to be instrumental in customer value assessment. Keränen and Jalkala (2013) point out that, while understanding the customer's capabilities, key individuals, business processes and industry in order to define the customer needs is the critical basis for evaluating the potential for value creation, an important factor is to understand the customer's business more deeply so as to be able to proactively uncover latent needs or expectations customers are currently unaware of. The supplier's responsibility in the problem solving phase (Tuli et al., 2007) is especially important with complex offerings; in identifying the needs of the customer and what the value of the offering is in that respect (Aarikka-Stenroos and Jaakkola, 2012, p. 20). Demonstrating customized value potential is important in educating the customer of all of the benefits and costs involved in the supplier's offering and thus making the customer aware of the overall value potential (Keränen and Jalkala, 2013, p. 10).

Keränen and Jalkala (2013) found that it is also important to demonstrate the relevant aspects of the value potential for different individuals in the customer's decision making unit as it increases the overall value potential perceived by the customer. Finally, in order to be able to proceed to the next phase, it is critical to identify influential decision makers and gain customer's sponsorship: by finding an influential enough executive who understands the supplier's offering's value potential, that person can steer decisions internally and provide access to decision makers higher in the customer's hierarchy. (Keränen and Jalkala, 2013, p. 10)

One of the most crucial differences between a small and a large sale is that the bigger the scale of the sale gets, the more people are involved in the process and the longer it takes. This makes it important to confirm that the person the rep is selling to is convinced and informed enough of the solution being sold that they can perform the internal selling on the customer company's side. Rackham (1988) describes that a large part of the selling in large sales takes place between the actual sales calls where the customer personnel in different decision making positions have internal conversations which the rep usually has no access to. By getting the customer to focus on the way the solution helps instead of the product details, they can be expected to be able to explain it to others also as they can relate it to their own company's operations. In addition to this, getting them actively stating the benefits rehearses them to explain them effectively towards other decision makers and thus progress the sale. (Rackham, 1988, p. 88)

4.3.2 Baseline assessment

The second phase of customer value assessment, baseline assessment, also takes place prior to the delivery of the supplier's offering and is concerned with evaluating the customer's current performance and potential development areas. Establishing a baseline is an activity that refers to evaluating the customer's current performance in a certain development area and it acts as a crucial reference point for the assessment of specific improvements gained by implementing the supplier's offering. While important, it is also a challenging task as it requires a lot of data from the side of the customer who might sometimes be reluctant or unable to provide the supplier access to it. Keränen and Jalkala (2013) mention that benchmark analysis is an important part of baseline assessment as it takes the identified customer's current business performance and compares it to the reference data from other companies in a similar industry or with similar applications. This aids the customer in identifying the potential value in developing their business as they are shown how much better it could be. (Keränen and Jalkala, 2013, p. 12)

However, it is often difficult to assess the actual amount of the potential value that the customers might realize from the supplier's offerings since it usually depends on the type of inputs both from the supplier and from the customer (Tuli et al., 2007; Grönroos and Voima, 2013) and the total value unfolds over an extended period of time. In the situation where the exchange between the supplier and the customer is complex it is especially difficult to evaluate the potential value. This is the case for example when the supplier is offering a customized solution consisting of a combination of innovative products and services that doesn't have adequate benchmarking data and concrete evidence to prove the potential benefits (Möller and Törrönen, 2003; Howden and Pressey, 2008), and where the customers may not possess the required knowledge with which to articulate what the actual value is that they desire from the supplier (Aarikka-Stenroos and Jaakkola, 2012). This type of purchasing situation is typical in industrial markets, where both the suppliers and customers are taking part in complex exchanges in increasing amounts (Gummesson, 1978; Evanshitzky et al., 2011).

If there is a lack of relevant benchmark data or significant differences in customer's processes, an alternative way is to conduct small scale experiments in order to analyze the potential effects the implementation of the offering might have on the customer's business. Keränen and Jalkala (2013) refer to this as value prototyping and it is important in helping both the supplier and the customer anticipate the possible improvements on the customer's performance. The identified activity that concludes the baseline assessment is specifying the value proposition. This refers to making a formal agreement to signify the initiation of the implementation and it includes usually information about the content of the supplier's offering, expected benefits for the customer and a mutual plan for implementation. (Keränen and Jalkala, 2013, p. 12) It is important that both the supplier and the customer are able to clearly communicate the value expectations so that a mutually beneficial and satisfactory result can be achieved (Aarikka-Stenroos and Jaakkola, 2012, p. 20).

As an agreement has to be made, it usually involves an agreement on the price also. Customer value is a key figure in the pricing research also, where the different strategies for pricing are normally divided into competition-, cost-, and value-based pricing (Ingenbleek et al., 2003; Indounas, 2009). The existing literature in the field of pricing suggests that a majority of companies in business markets have the tendency to adopt competition- or cost-based pricing strategies (Noble and Guca, 1999; Liozu et al., 2014) and newer strategies for value-based solution pricing are only emerging (Sharma and Iyer, 2011, p. 723). The reason for this often is that the companies don't possess the necessary tools or capabilities with which to properly evaluate and communicate the way their offerings are able to make an impact on the costs and returns of the customers (Sawhney, 2006; Hinterhuber, 2008; Provines, 2010). Implementing a pricing strategy based on value is highly difficult, though, because a supplier needs to have a thorough understanding of the customer's business and processes that bring with them all the relevant data and customer information that is required when making pricing decisions (Shipley and Jobber, 2001; Hinterhuber, 2004; Bonnemeier et al., 2010).

However, despite the wider application of other pricing strategies, the value-based strategy where the pricing is structured based on the way customers perceive the realized value, has long been argued to being superior to other approaches (Cannon and Morgan, 1990; Ingenbleek et al., 2010; Hinterhuber and Liozu, 2012). Liozu and Hinterhuber (2013) came to the conclusion in their recent study that value-based pricing has a significant and positive influence on a company's relative performance and profitability. In contrast to this, they found that competition-based pricing approaches have a negative impact on these factors. Moreover, value-based pricing is positively connected to the profitability of a company regardless of the company's size, industry or nationality (Liozu and Hinterhuber, 2013, p. 606). This kind of pricing is especially suited to service-intensive and complex offerings that are characterized by high levels of customization and specific design with the aim of providing more value to the customer that what would be achieved solely by the sum of its individual components (Sharma and Iyer, 2011; Storbacka, 2011).

In line with these perspectives, suppliers should quantify their delivered and realized customer value by examining performance-related results such as output or usage and base their pricing strategies on these observations (Hünerberg and Huttman, 2003; Bonnemeier et al., 2010). In regard to the pricing of solutions, Dixon and Adamson (2011) note that as the complexity of the sale increases, the customers tend to want to modify the deal to match their needs more specifically also. Because the customers assume the customization by definition to be a part of the supplier's "solution" that is designed to meet their needs, they usually aren't willing to pay for it either. In order to allow for a more comprehensive pricing of the solution based on value, Sharma and Iyer (2011) argue that suppliers need to integrate their products and services increasingly with technology, making it harder for customers to break it down and value each piece individually.

4.3.3 Long-term value realization

The third key phase in customer value assessment is long-term value realization which refers to verifying and documenting the realization of the identified value potential after the delivery of the supplier's offering. Keränen and Jalkala (2013) emphasize that it is a critical yet challenging part of customer value assessment, as the value potential is usually realized over an extended period of time and as such pinpointing the supplier's offering's stake in producing the value is difficult. Also, the amount of value to be realized is often dependent on the customer's own capabilities in utilizing the offering. There are different methods for verifying the realized customer value and out of them customer satisfaction surveys and monthly follow-up meetings are relatively basic approaches. As they are reflective and subjective of nature, it is difficult to make an accurate assessment of the actual value created.

Verifying the realized customer value in the case of larger and more complex offerings can be carried out for example through different services that help customers optimize their processes or by smart technologies that enable the supplier to remotely monitor and verify customer's process performance. By servicing the customers the supplier can gain access to customer's product usage and process data, which allows the supplier to measure and verify the realized value accurately and on an ongoing basis. Remote monitoring on the other hand allows the supplier to quickly and accurately provide diagnosis on the customer's performance and update them about potential cost savings and patterns for process optimization. The other activity in this phase is documenting the realized customer value and Keränen and Jalkala (2013) emphasize its importance as it informs the customer of the outcome and creates the supplier the possibility to create valuable reference data for internal and external utilization. The usual ways of documenting realized customer value include success stories, customer references, and joint articles and typically they describe the customer, the problem, the supplier's offering and the benefits received by the customer. While this is considered as an important task, it is typically challenging as customers might be reluctant to share data with which to translate the benefits into monetary terms usually preferred by suppliers, and also because coordinating the documenting responsibilities might prove to be difficult as the value is realized over a longer period of time. (Keränen and Jalkala, 2013, p. 14)

Anderson and Narus (1998) and Anderson et al. (2006; 2007) have found that best practice suppliers in industrial markets use value calculators, customer value models and value case histories in order to assess the customer value that is delivered by their offerings. When a supplier gathers data on the actual value its offering has delivered to one of its reference customers, the documented summary of this is called a value case history. A supplier's performance potential can be efficiently indicated by previous customer deliveries and the value the supplier has delivered to its reference customers can be communicated through a wide variety of channels such as trade journals, web sites and sales situations (Möller and Törrönen, 2003; Salminen and Möller, 2006; Jalkala and Salminen, 2010).

Keränen (2014) reminds that taking effective advantage of approaches such as value case histories requires both systematic efforts from the supplier's side in the documentation of the customer value delivered and the willingness on the customer's side to provide the supplier with the correct kind of information regarding the actual benefits received. Value calculators on the other hand are usually IT-based applications designed to concretely show the outcome that is likely to happen when the supplier's offering is applied while taking into account specific data provided by the customer and customer value models are typically value word equation summaries that aim to communicate financial differences between competing offers (Anderson et al., 2006). However, since value calculators and customer value models are both characterized as requiring profound understanding of the business processes of the customer, in addition to a significant amount of customer data, their application in practice more often than not proves to be time-consuming and challenging (Anderson et al., 2007).

4.3.4 Systematic data management

The fourth phase in customer value assessment is systematic data management, which Keränen and Jalkala (2013) describe as being influential in managing the other activities. In order to accurately assess the customer value, it is important to gather data and information from all the activities involved in the process. (Keränen and Jalkala, 2013, p. 15) Customer value assessment is more often than not assumed to be the responsibility of the sales unit because the quantification and communication of the value delivered to the company's customers is generally considered as a sales activity (Anderson et al., 2007; Terho et al., 2012). In contrast to this view, though, the value-in-use that is born from the different customer's processes that comprise their value chain is usually realized over a long period of time and as such is something that requires the interactive effort of multiple different functional units of both the supplier's and the customer's organizations (Tuli et al., 2007).

As the process includes several tasks performed by different units at different times, it is crucial to also share data effectively in order to facilitate the proper utilization of it and the fluent execution of different activities. Because of this, the supplier has to be clear on the responsibilities regarding the management of the data: depending on the extent of the data utilization, the responsibility may lie for example on solely the sales units, separately on different units involved in the process or on specialized value teams that are responsible for the customer value management through the entire process. While it ties up the least amount of resources out of the three possibilities, having the responsibility of customer value management on sales units creates problems in post-delivery as sales personnel begin to focus on the next customer. Dividing the responsibilities to different units then requires the key phases of customer value assessment and resources to be proactively predetermined. Lastly, value specialists are the most resource intensive option but also the most effective in managing the customer value. (Keränen and Jalkala, 2013, p. 15)

4.4 Challenges in customer value assessment

Customer value assessment is a highly complicated process and involves many variables that include for example actors in both organizational and individual level in addition to both tangible and intangible exchanges between these actors. Because of the intricate nature of it, customer value assessment might prove challenging to the ones exercising in it. This chapter is focused on discussing some of these challenges.

4.4.1 The differences between customers

The subjective nature of value makes the comprehensive assessment of it quite difficult. In both the supplier's and its customer's organizations there are individuals involved in sharing and integrating different resources such as knowledge and skills and while doing this their perception of what is of value to them evolves continuously (Edvardsson et al., 2011; Cantù et al., 2012). Because of this the task of customer value assessment becomes challenging as the production activities that lead to the supplier's offering are only able to generate potential value, which is then perceived at the moment of sale or prior to delivery. The realized customer value on the other hand does not take place until during the usage process and because of this the customer experiences and perceives the value over a period of time. (Macdonald et al., 2011; Grönroos and Voima, 2013)

Ulaga and Chacour (2001) view customer value as a trade-off between all the different benefits gained and sacrifices made that are perceived by the key decision-makers in the organization of the customer. They emphasize that the customers are heterogeneous by nature and that the value of the same offering for different customers may vary depending on the customer themselves, alternatively available offerings and the specifics of the usage situation. This is why one of the central roles in a company's strategic marketing plan should be assessing the significance of different benefits and costs specific to different customers or customer segments.

In regard to differences in customer types, suppliers are able to widen their value potential by taking into account the customers' value perceptions at the individual level also. Palmatier (2008) for example concluded that the value created in the relationship between two companies is generated from the number, quality and authority of the customer contacts involved in the relationship. Palmatier (2008) also notes that different relationships are beneficial with different type of customers; whereas increasing the density of contacts aids the relationships with customers that have high employee turnover rates, building stronger relationships with key decision makers is the best course of action with customers that are more challenging to access. All of these factors imply that the customer's value perceptions are unique to the different individuals that are involved in the interaction with the supplier. In addition to this, the customers' cognitive criteria of the value perceived might also change depending on the phase of the exchange, whether it's pre- or post-delivery or something in between (Parasuraman, 1997; Flint et al, 2002). As such, suppliers should evaluate and assess the value potential that customers might experience and realize at both the organizational level and the individual level, taking into account all of the different decision makers inside the specific organization.

In addition, according to Keränen (2014) it is possible that customer value assessment is not suitable for every type of offering or customer. For example in a case where customers are simply focusing on the short-term by concentrating on standard offerings and lower prices, or they are investing in offerings that are less than strategic to their own businesses, allocating time and resources towards assessing the value of the offering in more detail might not be of interest to them. Whereas it might be especially suitable for customers with their purchasing situation and interests characterized by customized offerings, long-term relationships, market uncertainty, a high level of need and an aim to realize the maximum potential value that a supplier's offering is able to provide. (Keränen, 2014, p. 59)

4.4.2 Demonstrating the value

From the customer's point-of-view the evaluation of the potential value of suppliers' offerings is usually challenging and time-consuming and this is the case especially with offerings that are complex and service-intensive in nature (Lindberg and Nordin, 2008). In these situations the supplier's help is often needed in all phases of the purchase by the customer: prior to it with the evaluation of the potential value, during it with the designing and deploying optimal solutions and after use with verifying the realized value (Aarikka-Stenroos and Jaakkola, 2012; Tuli et al., 2007). The customer's value expectations may also change along the purchasing process and usage (Corsaro and Snehota, 2010; Mcdonald et al., 2011) and this requires the supplier to provide information and evidence of the value potential as it reveals itself in order to steer clear of possible conflicts regarding the value and ensure both parties share an understanding of the expected and realized value (Aarikka-Stenroos and Jaakkola, 2012). Disagreements on the value of the offering might arise for example if the supplier has an arrogant attitude of their level of knowledge and fails to appreciate the customer's potential for contribution (Aarikka-Stenroos and Jaakkola, 2012, p. 21).

It needs to be reminded that even though customers increase the potential amount of value created in the relationship by trusting on a supplier's knowhow by outsourcing or giving away more of the responsibility regarding key operations, it also has the effect of making the participants more dependent on each other (Gulati and Sytch, 2007; Möller, 2006). This effect becomes stronger as the offering becomes more complex (Windahl and Lakemond, 2010). When customers no longer purchase simple products and services and transition into purchasing performance, they become dependent on the supplier's capabilities in making sure that the different key components, specialized services and technologies the customers desire are available and accessible (Davies et al., 2007). In addition, depending on the balance of the relationship's importance to both parties, either one might risk being the victim of opportunistic behavior by the other company (Möller and Törrönen, 2003). Because of these reasons, industrial buyers tend to not only evaluate potential suppliers by the quality of their offerings or their ability to deliver value but also by their business networks and their relative strategic positions within them (Ford et al., 2003).

In the situation where there is not enough tangible evidence of the value to be provided by the offering, customers also have the tendency of looking for different signals indicating the nature of the supplier's capabilities (Kirmani and Rao, 2000; Barry and Terry, 2008). According to Töllner et al. (2011), complex solution offerings' high value potential requires the supplier to provide the customer with signals of prior experience with similar solutions and the potential benefits of them in order to reduce the risk perceived by the customer. These types of signals can be achieved for example with references; Jalkala and Salminen (2010) arrived to the conclusion in their study that references have four distinct external uses, which are 1) the gaining of status-transfer effects from reputable customers, 2) the signaling of enhanced market position, 3) the concretization or demonstration of offerings and 4) the ability to provide indirect evidence of experience, technological functionality, prior performance and delivered customer value. These all help alleviate the risk perceived by the customer. Jalkala and Salminen (2010) emphasize that companies should treat the portfolio of previous deliveries and customers as a valuable marketing asset instead of strictly viewing them as a source of revenue.

References are beneficial internally also, as they can provide a source for organizational learning, develop a better understanding of customer needs and internal competences within the company, advance the development of new offerings and motivate and train personnel through internally shared success stories. (Jalkala and Salminen, 2010) All of these properties are instrumental advantages in the process of developing and selling complex solutions and providing customer value. The next chapter of this thesis, however, deviates from these subjects and transitions towards discussig the properties of software development with the aim of providing a basis for sales tool development.

5. TOOL DEVELOPMENT

The development of a sales tool is basically a development of a software. Development of a software may follow one of many development process models and each of them includes activities directly related to the production of a software. Jalote (2005) describes that the simplest process model is the waterfall model, in which the different phases are in linear order. The process starts with a feasibility study and after being proven feasible continues onto the analysis of requirements and the planning of the project. The designing of the software then starts after the requirements analysis is complete and the coding starts when the design if finished. (Jalote, 2005, p. 37)

5.1 The waterfall model's limitations

The linear ordering of the activities has some important consequences as having to define verification and validation means to measure the consistency of the input and output of each phase because it has to be clearly defined where a certain phase ends and where another begins. Even though the waterfall model is widely used, it has some strong limitations (Jalote, 2005, p. 40):

1. It assumes that the different phases can be frozen in order to move to the next one. This does not work well with new systems as the requirements might not be known.

2. Freezing a phase forces the developer to choose hardware which may result in the hardware becoming obsolete if the development process is prolonged.

3. It assumes that the entire software is development as a whole from start to finish in one go. This entails heavy risks as the user does not know what they

are getting until the very end. Also, if the project runs out of money in the middle of the process, there is no software.

4. The process is document-driven and it requires formal documentation in the end and start of each phase.

5.2 The prototyping model

The goal of the prototyping model is to counter the first two limitations of the waterfall model. The idea is that instead of freezing the requirements before any designing or coding can start, in order to aid in understanding what is required, a throwaway prototype is built. The prototype developed in this fashion is based on the requirements that are known at the time of starting the development. While the prototyping model consists of the same phases as the waterfall model, the phases are not done very formally or thoroughly. By giving the user an actual feel of the program the prototype helps in defining the requirements, which then are more stable and not prone to change that easily. (Jalote, 2005, p. 41)

Prototyping model is an effective method of demonstrating the feasibility of a certain approach, which might be needed in novel systems. In this event the prototyping lowers the risks involved in the development. In the prototyping model a prototype is developed with the aim of allowing the users play with its functionality and define requirements more closely. This is repeated iteratively until the cost and time involved in making the changes outweigh the benefits from further developing and testing the prototype. If the prototyping is intended for the use of requirement analysis, its costs have to be kept low and as such only the most valuable features are included in the prototype. As there is no need to test the features that are clear to all parties, the focus is on features that are not properly understood. Because of the discarding of the prototype, only minimal documents are required to be kept of it. (Jalote, 2005, p. 42)

There are two benefits in using prototyping model for developing a software. First, the experience gained from the development process may reduce costs of the later phases when the actual software development is done. Secondly in many projects the requirements are changing frequently and this serves as a cost saver as the costs of a project increase rapidly if requirements are changed in the later phases. Prototyping is well suited for projects where requirements are hard to determine and there is not a high confidence in the requirements stated in the beginning of the development. (Jalote, 2005, p. 43)

In order to understand the requirements of a software, it is beneficial to understand the problem at hand. Jalote (2005) describes that a good way to begin the problem analysis is to partition the problem into smaller subproblems and then try to understand each of the subproblems and their relationships to each other in an effort to get a picture of the overall problem. As it might be hard for the client and the users to visualize how the eventual software will work in their environment by just reading the specifications, it is beneficial to use prototyping as a means to understanding the problem (Jalote, 2005, p. 113).

During the course of writing this thesis, prototyping was used to help define the requirements of the customer value based sales tool. As the initial problem was fairly generic in nature, a lot of the requirements were unclear and the development did not afford to be very costly at this early stage, and because of these reasons prototyping was the best choice for the task. This chapter completes the theoretical section of the thesis and the next chapter in turn describes the methodology used conducting this study.

6. METHODOLOGY

The method used in this study is the constructive research method, the goal of which is to produce constructions (Kasanen et. al, 1993, s. 244). The constructive approach is a qualitative research method and in managerial context aims to solve managerial problems that occur during running business organizations through the construction of for example models, plans, diagrams and organizations. (Kasanen and Lukka, 1993, s. 244-245) By definition, Kasanen and Lukka (1993) describe constructions as being something that never existed as such before, in other words they tend to create a novel solution to the problem in question. Kasanen and Lukka (1993) propose a research process for the constructive approach that comprises of six stages, which are the following:

1. Find a practically relevant problem, which also has research potential.
2. Obtain a general and comprehensive understanding of the topic
3. Innovate, i.e., construct a solution idea
4. Demonstrate that the solution works.
5. Show the theoretical connections and the research contribution of the solution concept.
6. Examine the scope of applicability of the solution (Kasanen and Lukka, 1993, s. 246)

The issue that would make up the problem for the constructive approach was presented by Outotec before the study began: The problem Outotec was involved with stated that “there is no coherent method or tool for identifying customer needs and mapping our products serving those needs”. It was quite evident that this was a case of identifying, creating and delivering customer value.

The problem Outotec is having is practically very relevant and also holds potential as a research topic. The next phase in this approach was to gather a comprehensive understanding on the topic and in this study that is done by examining the existing literature on the topic to get a theoretical grasp on it and after that conduct a series of interviews in the company in question to understand what the situation is in practice.

In order to determine what exactly is constitutes the problem, it was important to understand the current situation of customer value management. This was done by conducting a first round of interviewing within the company. Interviews were chosen as a method for data gathering since they allowed for a comprehensive understanding of the topic: in order to shed light into the problem in qualitative study such as this, deviations in the answers by respondents are welcome. During this round a total of eight people were interviewed and the respondents were selected according to the principals of theoretical sampling with the purpose of selecting interviewees from different functions in order to get an overall picture of the situation. The overview if the respondent characteristics can be seen in Table 3.

Table 3. Respondent characteristics, first interview round.

Respondent	Responsibility	Industry experience	Interview length (min)
A1	Vice President, Product Line	19	108
A2	Vice President, R&D, Product Line	29	68
A3	Head of Market Unit	30	89
A4	Director, Product Line	20	55
A5	Manager, Marketing	1,5	62
A6	Process owner, Deliver Solutions	12	74

A7	Head of Solution Sales, Market & Business Area	11	91
A8	Commercial Product Manager, Product Line	13	99
	Average	16,93	80,75

These interviews lasted between 55 and 108 minutes and were conducted face-to-face and as semi-structured (Bryman and Bell, 2011, p. 469), including open-ended questions on Outotec's current value assessment practices focusing on the possible development areas. All interviews were recorded and subsequently transcribed, resulting in 87 pages of transcribed material in total. Open coding was employed to categorize the material according to themes emerging from the data and the original interview themes, which were 1) the factors valued by Outotec's customers, 2) customer value management activities employed in the interviewees department and 3) customer value management in Outotec in general. The material was then coded again according to the customer value assessment phases in order to shed light into the development areas of Outotec.

In order to analyze these development areas further, an additional eight interviews were held. This time the aim was to choose respondents that had actual selling experience to make sure there was enough relevant data to be gathered. The interviewees were chosen according to the principals of theoretical sampling with the purpose of selecting interviewees from different sales positions in order to gain a fairly general perspective on the matter. The overview if the respondent characteristics can be seen in Table 4.

Table 4. Respondent characteristics, second interview round

Respondent	Responsibility	Industry experience	Interview length (min)
B1	Senior Sales Manager, Product Line	20	109
B2	Senior Technology Advisor, Product Line	35	70
B3	Sales Manager	6	61
B4	Head of Market Territory	22	84
B5	Head of Service Product Management	7	74
B6	Vice President, Product Line	34	134
B7	Proposal Manager	2,5	86
B8	Head of Sales, Market & Business Area	20	72
	Average	18,31	86,25

These interviews lasted between 61 and 134 minutes and were also conducted face-to-face and as semi-structured including a similar interview structure as it was with the first round, with the addition of themes focused on the work of a sales representative. All interviews were recorded and subsequently transcribed, resulting in 88 pages of transcribed material in total. Open coding was employed to categorize the material according to the interview themes, which in addition to the previous ones included also customer value management activities specific to the sales process in Outotec. The material was then coded again to analyze the implications of the previously identified development areas and allow for the innovation of the solution to the problem.

7. RESULTS: CUSTOMER VALUE MANAGEMENT IN OUTOTEC

This chapter marks the beginning of the empirical section of the thesis. The focus of this chapter is to analyze the current situation within Outotec in regard to customer value management in order to provide further information on the problem being solved. In order to achieve this, data gathered from the first round of interviews is analyzed.

7.1 The need for increased customer value assessment

It was evident from the interviews that the need for increased customer value assessment is recognized inside Outotec. Table 5 shows demonstrative quotes from respondents regarding this area. Because of Outotec's history as an engineering company paired with past success and a proficiency in technological development it is a habit around the company to still be overly focused on the product itself. This then results in a lack of proper customer value assessment. While Outotec is customer focused in the sense that they aim to offer the customer the best quality products and technologies and are able to cover the customer's entire production process, they are not quite focused enough on how the customer perceives the value.

Table 5. Problems in leveraging competences

Respondent	Illustrative quote
A7	”Sometimes we actually fall into some kind of arrogance in which we say that we are Outotec we are the best nobody else can do this, and actually some companies can do”
A6	”In some cases there's even that kind of slight arrogance. We sort of forget a little to listen to the customer and strongly think that we are the best and we know how these things go. It might even be a bit exaggerated.”
A5	“We go with the product first, we have strong, good products and we like to tell about them. We focus very little on telling about what the product does and what it does for the customer. It's that kind of view that we should really turn the other way around”
A7	”Sometimes we don't know how to show our value to the customers and hence we're expensive. In some cases we believe we have value, and we don't. Or let's say our competition have the same value.”

Even though increasing the attention towards customer value has been a developing trend inside the company and there are mentions of for example individual product lines that have been increasingly exercising in customer value assessment, there is a need for more action, as can be seen in Table 6. This is largely due to the fact that the competition is increasing and the proven methods of the past are not going to be enough if the goal is to increase or even stay at the current profit levels.

Table 6. A need for better customer value management

Respondent	Illustrative quote
A4	”Toughening competition. I'd say that it's in the fact that in a device business like this, you're having these cheaper suppliers come in that can do the same thing. And in some way we then have to be able to differentiate.”
A5	“We still have here the sort of quite conservative concept of marketing that marketing is the same as a brochure and a fair stand behind which you just go and stand”
A2	” Maybe there's a little bit of hype from success, in a sense that during the last years we've had a lot of growth backed by the market, when the growth is faster than the competition. It has taken the focus away from the discussion about added value.”

A4	”The risk is that they’re not even able to sell them, because the competitors come from behind. Either by competing with price or promising something else. So in a sense this is not just about growth but also about continuity.”
A1	”Outotec still has this reputation of a house of high technology, we’re usually not the cheapest in basically anything.”

The way to increase the profits in a toughening competitive environment is to create more value for the customer. The transition from selling product features towards selling value is not easy, however, and that is recognized in Outotec also. The first critical factor in the customer value management within Outotec is after all transforming the mindset inside the company (Table 7).

Table 7. The importance of value selling mindset

Respondent	Illustrative quote
A4	”One of the questions we frequently think about is that how could we get even part of the sales people to understand it and go out of their comfort zones and, in fact, not sell these interfaces such as “here’s this connector and you get this information from it”, but instead “when you have this information you can do this and it benefits you in this way” and that’s actually a pretty big leap.”
A2	”The hardest thing to change is people’s behavior. You can create and develop tools, but the question is how can you change the way people think?”
A3	”In our inner way of thinking there’s also something to be developed and I don’t know how it’s, what is the way to move the mindset forward. So that we would always first think about the customer value. That should always be in our minds.”
A8	”What can be observed is that at the beginning we had to really pound our heads against the wall when our colleagues responsible of these products couldn’t very easily understand whether we really needed it – I got the sort of feeling there that this customer value discovering thing I was doing was seen as some sort of extra struggle that obviously also strained them. Because of that we had to gather this kind of cross functional knowhow there from multiple areas so that we wouldn’t stress our experts too much.”

7.2 Value potential identification

Observing the different phases of the delivery of an offering, the following chapters attempt to more specifically study the state of customer value management in Outotec. Starting with pre-delivery there are properties related to the operations of Outotec in each of the phases and activities involved in them.

7.2.1 Understanding the customer

It is widely recognized among the interviewees that it is important to understand the customer's operations when selling to them and that understanding the customer has a clear implication specifically in selling value; in order to be able to help the customer and create additional value that way the customer's business has to be understood. While the task of managing customer value is usually assumed to be the responsibility of the sales function of the company, it requires the effort of multiple parties and this is the situation with understanding the customer also. The preliminary investigation of the customer in order to gather valuable information with which to pinpoint the selling efforts is recognized to be the responsibility of the organization but the execution is not always up to par. Information gathering is a critical factor in customer value management in Outotec and is illustrated further in Table 8.

Table 8. The importance of information gathering

Respondent	Illustrative quote
A1	”The technology and product managers won’t necessarily be, in a way, all business oriented enough that they would do the market analysis thoroughly enough. – technical people, because they have the technical background, expect the sales managers to find out about the customer needs and bring to their tables and they then figure out what to do.”
A3	”I think that it is necessary for us to understand what is the business that the customer is involved with. And then what are the requirements that their customers have. So that we can help them. Because that’s where the added value comes from.”
A1	”Of course the sales managers, their knowhow might not be in as a profound level in some cases as the technical expert’s who is also involved there so it might not even be possible for them to observe all of the customer’s needs because of their knowledge level and then ask all of the questions necessary to open the field of needs completely.”
A7	“We have failed several times that we think that they need this and we think that they need that, and in the end the guy is actually thinking something totally different. Several cases we have lost because of that. So even though it’s easy to spot them, you need to do it. That’s the thing. If you don’t do it, if you don’t spot their needs then, for sure you’re gonna lose.”

The best method for uncovering the customer needs then is widely understood to be the personal contact with the customer, many respondents emphasizing the relationship aspect of selling (Table 9). In addition to this, respondents described that the extent to which the customer’s needs are discovered depends greatly on the skills of the individual person exercising in it. When it comes to the questioning of the customer done by the sales representative, open questions are supported as is the case in the traditional, but slightly misleading understanding also, but the preparation for the event and the focus of the questioning is noted.

Table 9. The importance of customer relationships

Respondent	Illustrative quote
A7	” (how to figure out customer needs?) By communicating with them. Listening to them. Visiting them, sitting down with them, having coffee, taking them for dinner. Mainly.”
A7	“It is very important to know how to communicate with customers and to somehow, have that kind of flexibility as well. They know quite a lot about the things and we need to understand that.”
A3	”Customer needs are discovered by having a conversation with the customer. -- We start be looking at the situation. Ok, this is their raw material. These kinds of things can turn up and then, we discuss with the customer and ask what they think of it and then we can present some of our ideas.”
A3	“It obviously requires that we have that sort of trusting relationship with the customer that the customer even lets us in to assess the value. It’s not always possible or then, even if we managed to get the information we don’t necessarily have the permission to use it, as the customer wants to keep it secret.”

As one of Outotec’s strengths is characterized as being able to handle the entire technological process of the customer, the product portfolio is bound to be equally wide. What this means is that the possible customer challenges that Outotec is able to cater to are variable in nature and this has an impact on the sales people’s ability to pick up on the needs of the customers in the actual selling situation. This leads to the mentioned dependence on the skills of individual personnel and also the knowhow offered by the organization. As the requirements for the individuals in the front lines are getting higher, more support from the organization is needed in order to equip sales people with tools necessary to uncover the customer’s needs.

In respect to finding out the needs it is also significantly important to know what type of stakeholder is the target of the interaction in addition to merely the customer company. It is important to pay adequate attention to this phase and understand the customer’s needs correctly as a wrong idea on it may have implications further down the stream of customer value assessment. Because of the relatively small environment of the mining and metals industry and the importance of references, mistakes for example in the value propositions are not the ideal way of operating.

7.2.2 Demonstrating the value

In addition to understanding what the customer values, it is required that the supplier understands the value of its own offering. To do this, the supplier has to identify what the competitive advantages are in their own operations and build the offerings based on those competences. This in turn translates to the actual research and development of new offerings. It is recognized by multiple respondents that the focus on customer value has to be carried back to the actual development phases. This is also a critical factor in the customer value management in Outotec (Table 10).

Table 10. The importance of competence-based value generation

Respondent	Illustrative quote
A7	” we need to really understand where our value is. Specifically for each product line and for each delivery. That’s something that we are still, I think that’s actually one of our weaknesses.”
A1	”We try to think about and mirror what we know and can do and based on that develop the kind of solutions that have some differentiating benefits for the customer.”
A1	”We should be able to go further in the thing I just said that our, product development would be, sort of, as customer and business based as possible.”
A2	”Outotec’s representative should be able to look at the customer from the perspective of Outotec’s entire field of competences and offerings and by asking and directing the conversation help that customer in the subject of what the total added value might be, if they would work with Outotec in the entire field of Outotec’s possibilities.”

One of the reasons that Outotec is in this transition towards developing solutions and increasing the selling of customer value, is the fact that the level of competition is increasing. Because of this, the previous competitive advantages are to some extend being caught up with. There is also a clear emphasis on the specific nature of customers that what they value is transitioning towards harder values such as concrete improvements on their processes; as solution providers are harder and harder to separate from each other in the eyes of the customer, they become more professional and tend not to base decisions on purely emotional suggestions, which is also recognized by the interviewees.

Before Outotec usually even has the chance to demonstrate the value of their offerings, they are required to demonstrate their experience in building the offering in question or in solving the specific problem in question. The large scale of the investments that customers perceive Outotec's offerings as, leads to the fact that the commitment is also large and the risks involved with it. It is emphasized widely by respondents that using references to alleviate the risks of the customer are a key to making any deal (Table 11).

Table 11. The importance of reference creation

Respondent	Illustrative quote
A1	”There isn't a lot of sales that we make because we're somehow young and pretty or because of the Outotec brand, but instead it mainly is about the hard values that the customer is looking at when they choose us.”
A1	”If you haven't sold any of those particular solutions you're offering, then pretty easily you might be out of the game solely because of the technical aspects.”
A2	”References are really important. Nobody wants to be the first one to implement something. A lot of customers would like to be the second one. References are sort of the most important thing to secure the deals with that Outotec has.”
A3	“They're probably among the most important factors, these references and experience. There are very few customers that want to try something new. Yes, plenty of them want to then be the second one. Or the third one but not the first.”
A8	”It's elemental if we manage to show concrete numbers of it and then could show what we assume the competitor to be able to do, that's something that can't be passed. It goes ahead of the price because it pays itself back so quickly.”
A7	“Good references are okay, bad references will haunt you for a long time. So better not have those ones. A good reference is like oh yeah that's good you have a good reference we can actually trust your technology we might actually buy from you. Bad reference it's you're out.”

Then, when actually getting into demonstrating the value, as mentioned earlier it has to be connected to the competences of the supplier. This is something that is regarded as an area for development in Outotec. In addition to this, the value of the offering and the way it is communicated has to both appeal to the specific customer in question and appeal in a concrete way.

In the increasingly competitive environment and against increasingly sophisticated purchasing processes there is a need for the suppliers to differentiate themselves from others. This can be done by catering to the latent needs the customer has not even realized having and thus teaching them something new about their business. The case with Outotec's customers is that some of them know quite well what they are after but most customers can still be taught by showing them concrete numbers. This is beneficial also in the sense that as it was mentioned earlier, the customers are increasingly emphasizing the more tangible values when it comes to value propositions.

It has to be understood, though, that while it might be beneficial to teach the customer something about their business, it has to be done carefully in Outotec's interactions with customer, since some customers know their own process best. The customers are mentioned to being very heterogeneous in nature and it affects the way the customers act and are to be approached. As the technological level of Outotec's industry is quite complex and there are a number of emerging customers with limited experience, there are a lot of third party consultants also helping them to understand the industry and assess the value of the supplier's offerings. As mentioned in the literature, these types of actors tend to only focus on the price of the offering, which is the case in Outotec's industry also. Therefore especially in those cases the timing of the customer interaction is crucial and it is important to talk to the customer and build the need before they have had the time to formulate it into a specified request for quotation.

It is widely understood among the respondents that the value that is being demonstrated has to be tailored for the audience (Table 12). In addition to having the correct offering for the correct customer's problem, the message has to be tailored according to the individual on the customer's side.

Table 12. The importance of value tailoring

Respondent	Illustrative quote
A7	”Depends of course on the decision maker, anywhere everybody should have (would have) different kind of view on their own value what is the value for them.”
A4	”If you think about this kind of sales process and how it, goes in different phases, because it might be that they're slightly different people in different phases that you have to convince and get on your side.”
A1	”The project organization, they aren't really interested in the usage support – probably if we go closer to the management of the company who think about the business, then there's probably more interest in that kind of stuff.”
A2	”I think that if we are able to present it fairly according to the value, as a whole picture to the customer, then in that case yes. Of course if the decision maker then is high enough, that they're responsible for the investment, then they can probably see it better and give Outotec a fair share of it. Or Outotec's part of the share. But when we deal with decision makers at a lower level, they are more pressured by the device business and the costs and the investment cost.”
A5	”We have to have different levels of this value argumentation available so that in the customer's organization we can have the right conversations and there's the right kind of argumentation for the perspective of each of the people involved in the decision making process.”

Recognizing the different stakeholders and tailoring the message accordingly is considered as an important task. That also has a factor in the subject of gaining customer's sponsorship as convincing the correct individual of the value of the offering may be critical in getting the deal. It is mentioned by the respondents that when making calculations of the amount of customer value generated by Outotec's offering, it is important to keep in mind exactly what position the person occupies in the customer's company that the calculations are formulated to. It then affects the ability of the person to sell Outotec's case forward inside the customer's company.

7.3 Baseline assessment

There are cases with Outotec's customers that they might not be willing to divulge too much information about their process in order to establish a baseline for this sort of value assessment. This might be the situation if the customer is very confident in their own expertise in operating the process. The consensus is, however, that most customers are willing to take part in analyzing the possible outcomes the offering is able to offer to them. In the absence of a more systematic reference database these evaluations take place usually in the form of value prototyping, and because of the nature of the industry, it might even be required in many cases. As the ore types the customers are dealing with vary greatly in quality, the pre-testing of the process is quite common.

This type of action is a good way to evaluate and possibly increase the commitment of the customer in the deal. This is recognized in Outotec's testing operations also as while it is not a large sum in the scope of the actual offering, being willing to pay for the testing services is mentioned as an indication that the customer can be taken more seriously. Increasing the level of commitment is considered to be important in the advancement of the deal and that is something that has to be done in order to proceed to specifying the value proposition. One of the advantages that the increasing focus on customer value has brought with it in Outotec is the increased cooperation with the customer in specifying the deal, which in turn has further implications; as one respondent noted, these types of actions usually lead to a closer and more fruitful relationship with the customer as it tends to include extended periods of cooperative efforts in the customer's site.

The problem with this is that since these kinds of exercises are not that common and usually focus on the technological performance, the value propositions tend to stay in a very technical level and are not traditionally translated into monetary benefits for either the customer or Outotec. In the absence of more advanced value argumentation the focus of the customer stays in the wrong subject, namely being the focus on the investment cost of the offering. There are big differences in the ways different customers act in this sense. Affected by both the geographical location and the experience level of the customer, they tend to put value on different factors of the deal.

7.4 Long-term value realization

In terms of customer value assessment one very important phase in the execution of a sales case is the post-delivery realization of the value delivered to and perceived by the customer. While the success of getting a deal might be mostly related to the development of customer needs and building and communicating the value of the offering prior to the delivery, it is here that the future deals are affected. Since past experience is highly valued in the mining and metals industry, Outotec cannot afford to underappreciate this phase.

7.4.1 Verifying realized customer value

According to the interviewees, there is room for improvement in this phase. As the value propositions are usually of technical nature, the verification of realized value is noted to staying on technical level also. The relationship between the verification of the customer value and future business is also recognized in the interview responses. While there have been efforts in gathering information from possible reference sites there is a clear need for improvement in this area as it is recognized that the “hard data” of the success of Outotec’s offerings is a clear advantage when making future sales.

It is recognized that there has been some improvement in this area in the form of for example customer satisfaction surveys. While this is a move to the right direction, there is still a lack of systematic processes and tools that would help the verification of value perceived by the customer. When it comes to gathering customer information, there might be possibilities to do this that Outotec is not leveraging to their full potential. As Outotec is providing its customers with increasingly integrated production processes and is highly involved in the operations of certain types of customers, the technology could provide automatic ways to gather more information. This is not utilized currently due to various reasons, one of which being that the customer might not allow Outotec access to the process due to competitive reasons. It is also noted that as some customers are willing to engage in this type of cooperation, it should be offered more often.

7.4.2 Documenting realized customer value

In the formulation of the important references, documenting the realized customer value is crucial. The creation of written success stories is mentioned by many respondents as being important in demonstrating experience and the value of Outotec’s offerings. This is because, as described by the interviewees, the first thing inquired by the customers is to which other customers the offerings have been sold and how are they working in their installed locations. This is also related to the reputation of Outotec as there would be a clear advantage in having a reputation as a supplier who is able to ask its customers to create success stories with it. While these are regarded as important and Outotec has created them, it is described by many respondents that there are not nearly enough of these types of documentations. In addition to that, there is a lack of other documentation regarding the value delivered to the customer as it is commented as being in a worse condition than the uncovering of customer needs. This has an implication on the competitive advantage of Outotec also, as it is noted that while Outotec's superiority in terms of technological capability is widely emphasized, there is not ample amount of concrete evidence to back it up.

The importance of the documentation is widely recognized among the respondents and the implications it has range from increasing the mindset of customer value focus inside the company to improving the abilities of sales personnel by giving concrete examples of how different goals were met in different cases and how success was achieved. While success stories were sought after in the responses, the subject of the quality and type of the material and need for concrete information rose up related to them also; without the correct kind of tangible information about the performance of the offering the success story does not have the total impact it could have.

There are advances in this area also, as a template for more systematic success story production is being developed. In addition to this one respondent described that efforts have been made in order to develop a system intended to help gather information on the values of specific reference customers and then together begin working on a conference paper based on that information.

7.5 Systematic data management

Part of the reason behind the fact that the verification and documentation of the realized customer value is currently underperforming in Outotec is that the customer data isn't being gathered very systematically despite the probable possibilities and there are certain challenges in the distribution of information and responsibilities inside Outotec's operations. The general consensus seems to be that the gathering of customer data could and should be done more systematically, but what does this mean in practice?

In order to systematically gather and utilize data related to the customer and the value perceived by them there needs to be clear definitions on who is responsible for those tasks in different phases of the sales process. In Outotec's case there seems to be a certain amount of clarity in the responsibilities when it comes to the pre-sales and the actual sales phases; the creation of the customer value data and sales arguments related to that is the responsibility of the product lines and the actual sale and the interaction with the customer is the task of the sales force.

Where it becomes problematic is the post-sales phase. While it is generally understood that the sales personnel should give the handover to project management and they then onto service, because of a lack of communication or responsibility definitions and differences in the nature of value promises made to the customer this is not happening very systematically and the handover phase tends to be insufficient.

A part of the roots of the problem with the responsibilities according to the respondents lie in the organization and with the communication and the documentation done internally and the placement of it. It is noted by the respondents that there are occasions where there are too many people involved in the same sales case with differing goals and that interferes with the focus on the thing the customers value. The final important factor in the customer value management within Outotec is the coordination of responsibilities that facilitate both the assessment and documentation of customer value (Table 13).

Table 13. The importance of coordinating customer value management activities

Respondent	Illustrative quote
A1	”Around one a little bigger sales case there was approximately 15-20 people with different interests depending on which organization they were in and this leads to a large amount of this type of inner hassle before we actually get to serve the customer, and to figure out with the customer what it is that they actually need.”
A8	”The thing with Outotec is that this is a bit of a big house already. So that we lack that sort of flexibility from it. And now that there’s so many people involved it starts to be surprisingly difficult and it gets to be less and less clear.”
A7	” I think we still have not yet somehow, found a fluent communication channel. There is still some sort of.. broken bridge there that needs to be fixed.”
A5	“Our sales don’t necessarily communicate with the other functions.”
A3	”It’s the product lines' job to, try to produce this documentation about the delivered value. But then, is there people there that really, recognize it to be in their area of responsibility?”
A8	”The information is pretty scattered and quite commonly we then notice that it’s located in some hard drive of some guy’s personal laptop.”

The more complex the offering of the supplier is, the more systematic the customer value assessment process should be. In this respect the direction hinted by one respondent is a correct one: in order to identify and assess the value created to and perceived by the customer, instead of entrusting the task to a single individual it should be a cross-functional effort of a specifically designated value team. However, as Outotec is currently in the phase of transitioning from product-focused sales towards a more comprehensive solution selling, that is not something that can be implemented right away. What needs to be analyzed is what is the more specific nature of the problematic parts of customer value assessment in Outotec and what implications do they have in the development of a customer value based sales tool.

8. RESULTS: CUSTOMER VALUE SELLING IN OUTOTEC

There were a number of definite areas of importance that stood out in the first round of interviewing and the focus of this chapter is to study these factors further by analyzing the second round of interviews. In addition, the aim is to find out what are the requirements for building a customer value based sales tool in the light of this information.

The subjects that rose up as important in the first interviews when also connected to the current literature in the matter were the following:

- Information gathering prior to sales
- Competence-based customer value creation
- Customer value mindset inside the company
- Customer relationship focus
- Value tailoring for the customer
- Coordination of customer value management activities
- Creating reference material

8.1 Information gathering prior to sales

The importance of preparation before a sales meeting grows in importance when transitioning towards a more complex sale and in Outotec's type of business operations it is very important. What this amounts to is that the preparation has to be both done by the sales people responsible for the specific sales case and facilitated by the organization. The sales representative has to know the customer very well, even better than they know themselves, in order to be able to provide the necessary value to them. The importance of preparation is recognized by the respondents also (Table 14) and the preparation isn't limited to the customer's values. As commented by respondents B7 and B5, it has implications to the actual operations of the customer and on the sales reps knowledge on Outotec's own offerings.

Table 14. Preparation before the sale.

Respondent	Illustrative quote
B4	"You should know the background information so that, you know what the customer. What is generally is what they want, and you're prepared for it that you have a certain toolbox with you. -- This is, this kind of preparation as well as possible is very important indeed, so that you don't go there to just listen, that's the worst way."
B7	"It is necessary to do, the kind of background work, you can't go to the client without knowing the status that currently is, in the technical matters, there. Then kind of, if you have information on how the company is doing, financially, you should know that. Then you can prepare yourself a bit differently also -- the thing that you're going there selling, you should at least have the enough information on it with yourself, or then you ask a colleague to help, so that you don't have to be in the phone all the time asking help from people in the home office."
B5	”Our sales people definitely have to know our offering. And if he doesn't happen to know the offering, he has to be aware of it in the sense that he takes people that do know with him to the client meeting. Or then if this client meeting is just of the sort that you know that you're going to talk at a very general level and just build the customer relationship, it's a different thing."
B5	"[Information about customer needs is gained] before anything else from our sales reps. Or actually "sales rep" is a wrong term, from every person working in the customer interface. And there we should put more efforts, to the customer interface. That's the most important thing in my opinion."

There are multiple sources of information mentioned, but the consensus is that the information comes from three generalized sources: the personal contact with the customer, the public sources of information regarding the customer company and internal sources for customer information such as market information, agent networks and colleagues. While the company needs to be able to provide customer information for the sales personnel, the respondents emphasized the importance of personal contact, as described by interviewee B5 in Table 14.

In relation to this, by aiding the sales people in preparing for the customer contact Outotec can alleviate the dependence on individual sales people in the customer value generation. The majority of respondents said that there has been sales training in customer value selling but overall support or guidance related to it has been quite scarce.

8.2 Competence-based customer value creation

One way to facilitate sales people to sell customer value more efficiently is building the value arguments on top of company competences that differentiate it from its competitors. As mentioned earlier, Outotec's traditional competitive advantage in superior products and technologies doesn't work by itself as well as it used to. This is agreed upon by sales personnel interviewed in the second round also; because of the high level of quality in the products Outotec tends to be on the expensive side and there are companies offering increasingly inexpensive alternatives. What this does is require Outotec to focus on the correct type of business and it is commented on by B1 and B7 in Table 15.

Table 15. The preferred business.

Respondent	Illustrative quote
B1	”You have to remember that also that we sell expensive stuff. If we compete with cost, I mean investment cost, then, that isn’t Outotec’s type of business, I’m convinced of that. Lousy business is never worth taking.”
B7	“Outotec is usually expensive. In a way it’s understandable also you just have to know how to, properly explain why we’re expensive so that, even this knowhow, it comes with a price -- We’re not going to go necessarily very far if we start competing with this cheapness.”

In other words, Outotec needs to find other ways to pinpoint the value in order to not be sucked into competing in price as price competition is not something that successful solution sellers want to take part in. The answer then is to recognize alternative differentiators and build competences on top of them. When including the first round of interviewing, what was emphasized by the interviewees as the competitive advantage of Outotec was the knowhow in overall technologies and processes and partly indirectly multiple mentions included Outotec’s trustworthiness and commitment to the customer (Table 16).

Table 16. The under-marketed competitive advantage.

Respondent	Illustrative quote
A6	“We have that sort of value also at least in many markets, Russia and many other markets, that we don’t leave from there in the middle of everything. We usually do our business ‘till the end and even if there’s a little threat of losses, we keep our word. At least to the owners and financers maybe this is an important thing.”
A5	”Well it is our reputation, we are known of it that we produce that quality even if with an expensive price. I would hope that they would appreciate also the fact that we know how to deliver professionally and we take care of the whole delivery process professionally from the customer’s point-of-view.”

B6	“Maybe we differentiate ourselves a little with this kind of, more customer focused way these days than a lot of the others, we can take even a bit more difficult customers a bit longer than others, sometimes you can’t seem to get the money or customer act difficult in other ways. But in our supplier’s point- of-view we have maybe more endurance and patience than many others as others may, in international business, cut off the relationship a lot faster and move on to stronger actions to get what’s theirs to have.”
B1	“We have a trustworthy supplier’s reputation. -- Outotec is really, as I mentioned earlier, a stable supplier with a good reputation which means that if Outotec builds something it works too, so that’s an added value we can bring there.”
A6	“Then somehow we should get those customers because of, this trust and our commitment and many other values that we have, so we should have some kind of statements of those also. Even if it’s something verbal or written, or letters of recommendation and descriptions of some successful deliveries and Outotec’s capabilities.”

This is to say that by being a trusted partner Outotec helps alleviate the risks of the customer and adds value to the interaction in that way. As stated in A6’s second comment in Table 16, the problem is that that specific side of Outotec’s abilities is insufficiently communicated towards the customer or added to the value proposition.

8.3 Customer value mindset in Outotec

In order to transform the company’s operations more wholly towards customer value focused, the mindset of the personnel needs to be more widely steered towards that type of thinking. As it was answered by many interviewees, there were trainings held for sales personnel or people specifically responsible of interacting with customers in some way, but no trainings were told to have been held for other personnel. The need for overall improvement especially outside the sales force is recognized by the interviewees also and some general routes for achieving it were also suggested (Table 17).

Table 17. The way to a correct mindset

Respondent	Illustrative quote
B5	"We do have in the upper levels, in our strategy, the customer focus mentioned, we talk well about the concept of customer value. How it is important to recognize but that.. Maybe it is again -- how we are able to put it into practice in the organizations -- this depends also on what kind of leaders and superiors we have in this firm. -- Still we have this pretty strong view that we should approach through the technology, through the technical stuff."
B8	"How it is implemented then, if we have a strategy and some values, then it is the job of the upper management and below from there to show by example in their everyday work and communicate it everywhere. And not accept if somebody acts against it. -- and then if the people don't buy the values or if you can't sell them to them, then they won't ever come to the firm. Then it only requires open information transfer and leadership by example."

It was also articulated that there could be more support towards the actual sales force also regarding customer value selling. As there seems to be a lack of a clear guidance into customer value selling and no mentionable bonus mechanisms related to it, the cases where customer value is really taken into consideration remain to be emergent instead of systematic.

8.4 Customer relationship focus

The effect of customer relationship was emphasized in both rounds of interviewing and even though it is important, it needs to be handled correctly and with a clear focus instead of just catering to every possible need the customer might have. As in the customers' eyes the loyalty to the supplier is in increasing amounts related to the purchasing experience, the management of customer relationships and interactions is important. As both interview rounds presented the value of relationships, many of the respondents also mentioned Outotec's current evolvement towards a focus in account management as a positive direction of movement (Table 18).

Table 18. Towards account management

Respondent	Illustrative quote
A3	“Now, it basically has only been the focus from the start of this year, the sort of account management. Both, on this site-level and then that sort of key account management on the company-level. If both could be gotten in shape so that’s one. There’s a few good examples already where we have seen that it, works. It does ease, working with the customer.”
A1	”I understand that in service we are moving towards this sort of account manager model, in other words every one of our customer sites would have a some kind of designated account manager. -- so then I could for example be in contact to find out how they are doing if necessary so that’s probably pretty good. -- There’s some guy that knows how this and that site is doing and what problems they have, and then the information would trickle down systematically to a database, for example this installed base –database and then it would be in our use in research and development and so on.”
B5	"I strongly feel that in our firm the focus has too strongly been on the business areas and the business lines. We have to raise the market area's, practically that part of the organization that is responsible of the customers - we have to raise their emphasis if we want a customer-focused company. And then start from the customer value.. So site management and key account management are, in my opinion, great development areas that we're moving forward in this company.”

This is connected to the view of many that the contact to the customer needs to be coordinated intelligently as to avoid communicating conflicted information and to maintain a coherent image of Outotec towards the customer. In prolonged interactions like solution sales the personal interaction with the customer plays a role in the success of the deal; as each person in contact with the customer is a representative of the company, every bad impression might have adverse effects on the sale.

8.5 Value tailoring for the customer

Also affecting the success of the sale is the degree to which the supplier exercises in tailoring for the specific customer. Tailoring takes multiple forms and all of them are important to take into account if the goal is to succeed in solution selling. As described by the respondents in the first round, the sales personnel in the second round also confirm this to be true. B8 commented on the effect of the decision making unit's composition and the timing of the interaction in relation to the sales process by describing an example in Table 19. Also, as noted by B5, the access to the required level of interaction may not be available if there isn't the correct kind of support from Outotec's organization in the form of higher-up executives.

Table 19. The need for the right customer contacts

Respondent	Illustrative quote
B8	”There were four people, there was the CEO, the head of production, the project manager and another project fellow. Out of the four people, there are a multitude of different profiles -- Some want to look at the bigger picture and some go into the details. And then you're supposed to be prepared to do the presentation differently. This is a typical starting meeting for sales. But then if you go later in the process to a meeting, it consists of different matters.”
B5	”Of course we understand in that way and communicate a bit different things according to which level we are at, but then.. I would say that we are way too low usually. In other words we should aim definitely higher. -- in order for us to get our hands on people at that level, it requires people from our side also with at least the same level of authority to talk with the customer.”

In addition to being in contact with the right person in terms of decision making efficiency the content of the communication has to be tailored too. Different decision makers have different drivers for their personal value and as such distinct attention has to be given to addressing the right subject with the right person. Tailoring is not limited to the individuals in a specific customer but the supplier has to take into account the customer company as a whole also. This is emphasized by the fact that Outotec's customers are very heterogenous in both size and buying processes and the same strategy will not work on every customer company.

8.6 Coordination of customer value management activities

It is recognized that there is significant room for improvement in the management of customer value and the responsibilities and interaction of different functions in the process of customer value assessment in Outotec. In order to be able to maintain focus on the values of the customer from the development of new products, to their tailored argumentation towards customers, definition of value propositions and goals and verification and documentation of value created for the customer, the effort has to be joint from every function involved in the process.

For this to be manageable the responsibilities and guidelines have to be clearly defined. Currently the level and frequency of customer value assessment in Outotec varies greatly from different products lines to different market areas because of the very apparent reason of having a wide base of products and services. While this is part of the competitive advantage of Outotec, without clear guidelines the large field of different functions and the distances between them leads to the customer value assessment remaining emergent and varied in nature. The emergent nature of customer value assessment is evident from the answers given by B6 and B7 in Table 20. The part of the customer value assessment that is mostly affected by the unclear responsibilities is the verification and documentation of realized customer value. There is an evident need for a better-coordinated follow-up on the value that the customer might have received from Outotec's offering, as described by B6's second comment in Table 20.

Table 20. The need for cooperation in customer value management

Respondent	Illustrative quote
B6	“Generally speaking the market areas and the regions, and project implementation, they do help. If they happen to have the possibility to do so and if we’re on the same page, in other words we know what we’re doing together and that we have a joint goal for example. -- it depends on the situation and the chemistry between different people and proactivity. I don’t recall that there are any specific tools or guidance of that sort, it might be that there’s some guidance but at least I don’t see it in practice.”
B7	“Without a doubt I’ve noticed it here already that you get help from other functions if needed. That is to say that I haven’t run across a situation where somebody has refused to help. Because it’s probably already clear in everybody’s minds that we’re basically all sales people here, when we start to widen this thinking.”
B6	”[there is a lack of] follow-up after project implementation. If you could think of it as a thing related to the value environment, the customer value, then I would say that’s a place we could put more emphasis and resources in so that we would know these things in the longer run also.”

The documentation done on the values of the customer is described as usually staying within the team responsible of the sales case or of the project and thus the information is not being distributed systematically. This makes it harder for the value propositions made to the customers and identified value potential to exchange hands between different functions, which would be crucial in the handover of relevant information that would make follow-up easier.

8.7 Creation of references

The successful follow-up on the value especially together with the customer would be elemental in the creation of good reference cases for future business. The sales personnel interviewed described the demonstration of experience to be an integral part of doing business in the mining and metals industry (Table 21).

Table 21. The effects of references

Respondent	Illustrative quote
B7	”If the customer is used to regard, for example Outotec as a good supplier, then they start to talk about stuff pretty easily, but if they on the other hand have regarded Outotec for some reason as a supplier they have never bought from, they think of it as expensive or for some other reason, then it could be a bit more difficult to get information. So this type of history has a pretty big effect in it.”
B1	“The better references we have the easier it for us to sell, the new cases expensively. But if we make a bad reference, if for some reason the project delivery hasn’t gone the way, then it lowers the value in the customer’s eyes. And getting that back is a lot harder.”
B6	”Our customer base is, so to speak, fairly narrow even globally so every current customer has to be seen as a future customer also. And then there are restrictions to your operations, that you have to really be able to see the project through very well so the customer is left with a good experience.”

9. RESULTS: SALES TOOL REQUIREMENTS

When discussing the development of a sales tool designed for helping sales personnel in customer value assessment the general idea is the following: a tool is not the goal, it is a means to achieving the goal. What this means in the words of the interviewed personnel is that if there is no practical use for the tool, it is pointless as the task of selling is complicated enough; the sales personnel already lives in constant turbulence and has to fill all kinds of forms and because of that the resistance towards "yet another one" is quite strong. Therefore it is essential that the tool being developed is aimed at making the sales representatives' daily work easier. It is mentioned by multiple respondents that there are a variety of tools that are not being used due to differing factors. Therefore it is essential to make sure of the functionality of the tool and thus be careful in defining the requirements. The specification of the requirements in turn starts by defining the problem at hand.

9.1 The problem

The initial problem was that there was a need for a tool that would help identify customer needs and map the offerings of Outotec's that would cater to those needs. As it was not clear what the future tool would look like and the requirements were not identified, it was justifiable to start defining the problem by prototyping it. By engaging in iterative ideation sessions and interviewing Outotec personnel the problem started to formulate a bit more.

The root of the problem is the aim of the tool becoming of use to the sales personnel in customer value selling. That is to say, it has to be both functional for sales personnel as described previously and add value specifically to the function of customer value management. When it comes to sales individuals in customer value selling, when looking at the development areas Outotec is facing and customer value management in general, the focus is in the preparation for the sales contact, providing value to the customer during it through the use of Outotec's capabilities and documenting the value for future use.

9.2 The requirements

Dissecting these three requirements further, the preparation for the contact requires the tool to provide useful information about the customer or the solution prior to the contact to widen the sales representative's ability to interact with the customer in some way. Providing value through capabilities in turn means leading the customer to the Outotec's competitive solution, in contrast to the traditional way of selling by leading with the solutions and its benefits. This requires the knowledge of Outotec's specific capabilities and the means to utilize them. Documenting then is crucial in containing and distributing the information about the customer to other functions and individuals inside the organization. Interviews were used to define requirements and potential benefits further. The benefits recognized with preparation were centered around the widening of the user's knowledge about the customer's business environment and about the portfolio of Outotec and overall increasing topics of discussion. It was emphasized that the sales representative talking with the customer needs to be aware of the customer's situation beforehand, and one of the key subjects that rose up in the interviews when discussing the sales tool was the need for information regarding the customer. It was also specifically mentioned that the knowledge about the way the customer makes decisions could be a valuable addition to the tool.

It was also frequently mentioned that it would be beneficial to be able to look at the customer's field of needs through the entire capabilities of Outotec. The wideness of the Outotec's product portfolio can be challenging to comprehend if the person is new to his/her position or to the company. It was therefore also emphasized that the tool would be most beneficial for an inexperienced sales person or someone forced out of their area of expertise.

The documentation of different aspects of customer value assessment was regarded as a clear development area in Outotec. That is why it is not a surprise that the emphasis in the tool was also on the documentation and the availability of information to aid the preparation. As the sales personnel usually are involved in a fast-paced working environment, the time for preparation for each case might be scarce and a tool aiding in that could be beneficial. In addition to that, as the information currently is quite scattered according to the interviews due to differing factors such as the changing organization and the multitude of different systems and practices, the systematic gathering of information was regarded as important.

It is recognized that the tool would include some challenges also. Assigning the responsibility of updating the data in the tool was pointed out as a central requirement. In addition to this, the data should be correct, relevant and the type of information intended to be shown specifically to sales individuals. Using of the tool was also noted to not being able to replace the knowhow of an actual sales person. The biggest challenge that was introduced was partly related to the functionality mentioned earlier. That is, convincing the sales personnel to start using it; while the tool might be beneficial to the sales personnel, if it is deployed unfinished or its benefits are not adequately communicated towards the sales representatives, it may well be left unused.

In addition to these functional requirements, the prototype concept iteration proved that there are a number of development-related requirements. While the functionalities guide the features that the software has to perform for the user, they might not be related to the design and the appearance of the software or the different softwares the one under development has to communicate or be integrated with in order to allow the features to work. Then below that there are the actual coding requirements that decide how long the actual development will take or how expensive it will be.

10. BUILDING THE SOLUTION

The aim of this chapter is to bring the different aspects of Outotec's operations discovered in the analysis together into a solution. The task is then to connect the development areas of Outotec to the requirements of the customer value based sales tool.

10.1 Outotec level

Starting with the development areas of Outotec, it was recognized that seven aspects of customer value management were the most important for Outotec to focus on. Going in the usual order of appearance during a customer value assessment the seven areas are the following:

- Information gathering prior to sales
- Competence-based customer value creation
- Customer value mindset inside the company
- Customer relationship focus
- Value tailoring for the customer
- Coordination of customer value management activities
- Creating reference material

When examining these further, it can be recognized that there are different levels of importance in terms of execution time. For example the coordination of customer value management activities has to be handled before the value tailoring for the customer can begin. To be specific, there are three levels of activities that are emerging from the list.

As the support pillars for the customer value management in Outotec, customer value mindset inside the company and the coordination of customer value management activities have to be achieved in order to move to the other development areas. While the mindset helps in generating the required atmosphere and knowledge in the subject around the company, the coordination of different activities helps in creating the responsibilities and guidelines for customer value management.

The next level of activities is consisted of information gathering prior to sales, customer relationship focus and creating reference material. Gathering information on the customer and the business environment in addition to creating the capabilities for reference material creation are the basis of creating value propositions inside Outotec's industry. These both activities affect and are facilitated by the focus on customer relationship. After laying the groundwork for customer value assessment, it can be properly performed by creating value from the core capabilities of Outotec and tailoring that value to the customer.

10.2 Sales tool level

It was recognized that in order to be a usable tool in sales, it has to serve a purpose and be functional. There are requirements for the actual performance of the tool that are determined by the problem the tool is designed to solve and features it has to consist of in order for that to happen. In addition to these, there are requirements related to the actual development of the tool which in turn are determined by the performance requirements.

There are three functions that aid the sales representative and can be adapted to a sales tool: the preparation prior to sales contact, Outotec's own value creation and documentation. These are further comprised of three individual requirements.

The preparation for the sales contact prior to it consists of gathering information about the customer's history, the decision making policies of that customer and learning more about the offerings Outotec has in its portfolio if needed. Outotec's value creation on the other hand begins from building the value from Outotec's competences, then transforming it into tailored customer solutions by focusing on the customer in question. Documentation then is simply about the storing, distributing and collection of information. The activity of documentation creates more information which in turn facilitates better information gathering. After these functional requirements are defined, the tool is ready for the activities involved in the development of the tool: integration and design and finally the implementation or in other words the actual coding of the tool. All of the phases involved in the building of a customer value based sales tool can be seen in figure 7.

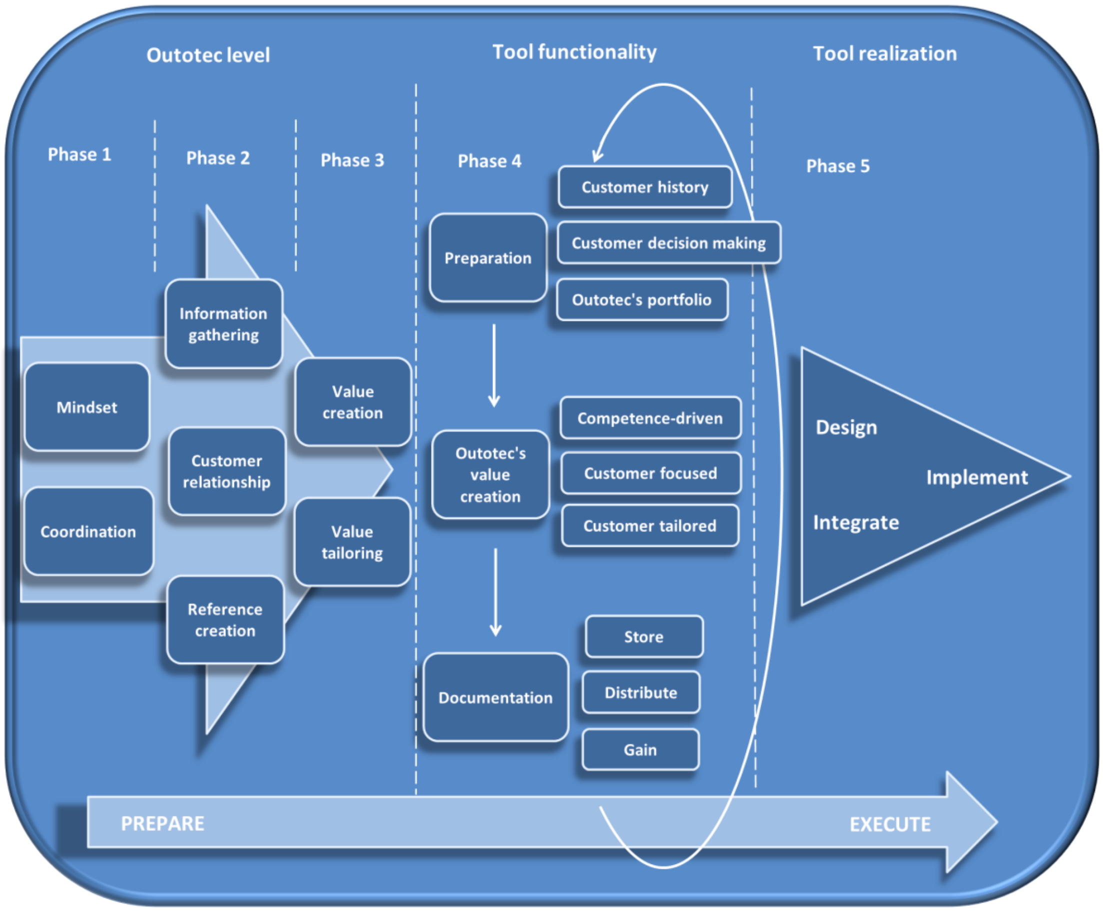

Figure 7. A phase model for building a customer value based sales tool in the mining & metals industry.

10.3 Practical implications

While each of these phases is fairly straightforward in nature by themselves, the model itself needs to be clarified further. In addition, there are different requirements related to them that need to be fulfilled in Outotec's case in order to properly execute the model. These requirements and future courses of actions are described in turn for each of the phases in the model. The different blocks inside the picture are designated in the following text by surrounding them with quotation marks for illustrative purposes.

10.3.1 Phase 1: Enable customer value utilization

Starting from the left side of Figure 7, the first phase on the company level is the distribution of customer value focused "*Mindset*" inside the company and the "*Coordination*" of customer value management-related activities and responsibilities. It is recognized in the interviews also that the direction Outotec is taking is the correct one and there is multiple actions performed that aid in these tasks. There is a recent program initiated in order to unify the different organizational parts of Outotec into a properly working unit, which includes common processes and guidelines for different operations.

It also includes a clear shift of focus towards the customer and the completion of this program is what is needed in order for customer value management to be fully successful. There are some actions that need to be taken in addition to this, however. While the direction is correct, there needs to be further attention paid towards customer value management in practice. What this means in the light of the interview responds received during this study is that these actions begin with the higher management acting as an example. Starting from the top, it is the requirement of management and superiors to convey the message of customer value focus downwards in a unified manner. This can be aided by conducting customer value trainings also for personnel outside of direct customer contact.

The next step is to continue the unification of processes and tools inside different functions of Outotec. More specifically, it is needed that the responsibilities of customer value management in each phase of the sales process of an offering are clear. This requires the identification of capabilities for different tasks in different functions related to the creation and delivery of value and the successful coordination of them. One good way of doing this is recognizing the different best practices already under development inside the company and the scaling of these further onto other similar functions. It is also required that the methods of collecting and gathering information, the location of its storing and the distribution is coherent across company in order for it to be accessible. By creating clear definitions and responsibilities in order to distribute information and tasks Outotec can also alleviate the dependence on individual personnel in the management of customer value and allow for more efficient and purposeful execution of it.

10.3.2 Phase 2: Connect with the customer

The second company level phase is focused on the relationship with the customer. By having created unified methods to gather information, it has to be translated into "*Information gathering*" specifically on the customers. Generally according to the interviews this is done by utilizing public sources, Outotec's internal capabilities and knowledge such as market intelligence and colleagues, and personal contact with the customer, which was considered to be the most important method.

The improvement of "*Customer relationship*" and the nature of the contact in customer interface are therefore beneficial in the gathering of customer information. There is a positive direction being taken inside Outotec in this sense also as the introduction and development of account management is underway. This helps in unifying the communication towards the customer and allowing for more understanding on the customer's situation and needs.

This added to the fact that the direction is towards a more wholesome form of solution selling leads to the requirement of covering a broad customer need base with a possibly limited amount of individual skill. Because of this the increased distribution of responsibilities and communication between different functions serves as an important factor in allowing Outotec to continue serving customer needs. The gathering of customer information prior to customer visits also becomes essential as the customer values and needs have to be increasingly known beforehand in order for the sales personnel to be appropriately prepared to converse with the customer.

The increasingly improved customer relationship focus then also allows for the improvement in "*Reference creation*" that is invaluable in the mining and metals industry. The emphasis in the second phase on the company level in the phase model is the cooperation with the customer and that is the focus of reference creation also. By proactively agreeing prior to delivery on the joint reference creation activities that take place after the delivery of the offering Outotec increases the value the customer perceives both from the offering and the relationship. In order to do this, though, Outotec needs to determine the key values to be measured when making the reference for them to be as useful as possible in future sales.

10.3.3 Phase 3: Create customer value

The final company level in the phase model includes the "*Value creation*" based on Outotec's own competences and *"Value tailoring*" towards the customers. Both of these activities in the phase model require the previous levels' activities to be performed at least to some extent in order for them to be executed. Neither the value creation nor the tailoring of it can be performed successfully without extensively knowing yourself and the customer.

The starting point of creating the value from the company's own competences is naturally identifying the competences of the company. In Outotec there is not a need for a complete turnover in direction with how the competitive advantages are understood. Instead, because of the increasing competition and the leveling of the playing field when it comes to the technological proficiency of the suppliers, Outotec should examine if there is a way to extend the basis of its competitive advantages in order to differentiate itself further from the competition. The advantages identified in this research in addition to the pure technology are the wholesome process knowledge, which is recognized well inside of Outotec also, and the lesser used factor of trust. By figuring out how to sew the dependability of Outotec as a partner in addition to the wide offering base into the value proposition possibly by the means of success stories might give a new opportunity for differentiation. This should not be done simply by communicating dependability as is, however, but instead by transforming it into customer value by emphasizing the amount of the alleviated risk and decrease of unexpected costs related to it.

The tailoring of the value on the other hand requires the profound knowledge of the customer's business environment. In order to tailor the solution to both the customer company and the specific customer decision maker a good information network and relationship with the customer is needed, both of which gain from a purposeful way of interacting with the customer. That is, knowing the customer and catering to the specific customer's specific needs that they favorably even themselves are not aware of. The key then is the way the value is communicated to the correct customer. Together this phase amounts to leading the customer from the perspective of their important challenge towards Outotec's solution to it that cannot be directly matched by the competition.

10.3.4 Phases 4 and 5: Facilitate with a tool

In order for the sales tool to be fully developed and implemented, the company level phases of the model have to be completed. Observing Figure 7 still, the first level aids in the acceptability of a tool such as this by the means of developing a correct mindset and aids the overall creation of it because of the unified internal processes that facilitate the creation of the content. The second level then facilitates the tool specifically by providing customer information to the other side of the functionality requirements, namely *"Preparation"* and past references to the other side, namely

"Documentation". In addition to these, the second level allows for the third level that enables the *"Outotec's customer value creation"* that can be communicated by the sales tool. These three functionality requirements each include three subportions that act as either properties or functionalities related to the three main functionalities. *"Preparation"* includes information on the customers' history and decision making properties in addition to information on the portfolio of Outotec's offerings. *"Outotec's value creation"* in turn has the properties required in value selling of being competence-driven, customer focused and customer tailored. *"Documentation"* includes the functionalities of storing, distributing and gaining information. Depending on the level of readiness on the organization's side, the sales tool might include all or a part of these sub portions, but the main concept is that the preparation before sales enables the value creation which then is followed by documentation, which in turn provides information for the preparation, as demonstrated by the curved arrow in Figure 7.

The specific traits and features of the actual sales tool depends on the actual development phase of the tool. By ways of iteration, the concept and design of the tool can be specified to match the needs of the specific situation. As the users, sponsors and the environment of the tool are highly differing by nature, the creation of a more detailed model here does not serve the purpose to the full extent. The users and the environment determine the type of *"Design"* and nature of required systems "*Integration"*, the two of which in turn define the requirements for the actual execution of the coding and *"Implementation"* of the tool. Because of the new and unknown nature of the result, prototyping the development is justifiable. During this research process a concept for a prototype based on the factors arisen was developed and the unknown nature of the specific requirements led to the changing qualities of the sales tool concept.

11. KEY FINDINGS

This research has provided Outotec Oyj with information regarding their customer value management practices. This chapter goes over the key results and their implications for possible future actions.

11.1 Key results of the study

At the beginning of this study three research questions were formulated. The first one of them is the following.

1. What are the critical development areas of Outotec Oyj in regards to customer value management?

It was identified that there is seven important development areas in Outote Oyj's operations. These development areas are listed in Table 22 with a short description of the significance of each.

Table 22. Outotec's development areas

Development area	Description
Information gathering prior to sales	Knowing the customer is essential in developing the correct type of need necessary for a sale to be successful and currently it is not done systematically enough.
Competence-based customer value creation	In order for a solution to be competitive, it has to be based on the unique competences of the supplier and be of value to the customer. As such, Outotec needs to concentrate more on its differentiating qualities and customer value when developing offerings.
Customer value mindset inside the company	The idea of focusing on the production of customer value is a fairly new approach in Outotec and has yet to be distributed across the whole company. This is required for the successful selling of value.
Customer relationship focus	In Outotec's industry the customers are very heterogeneous in nature and the purchase process is long. Developing and maintaining good relations is essential in having access to correct information and knowing what the customers value.
Value tailoring for the customer	Because of the high level of complexity and investment costs related to the solutions exchanged between a supplier and a customer in the mining & metals industry, the value has to be directed and appropriately communicated for the specific customer.
Coordination of customer value management activities	Currently there are issues in the responsibilities related to different customer value management activities in Outotec and for customer value selling to be systematic and successful, the activities have to be coordinated properly.
Creating reference material	The nature of the industry Outotec operates in dictates that the supplier has to be able to demonstrate the experience related to the solution being offered and as such the systematic creation and management of references is crucial.

The second research question was the following.

2. What are the key requirements for a customer value sales tool in the mining and metals industry?

It was identified through the research that the main requirements for a customer value sales tool in mining and metals industry are the functional requirements and the development requirements. The requirements are listed in Table 23 with a description of each

Table 23. Customer value sales tool requirements

Requirement	Description
Functional requirements	
The aid in the preparation for sales contact	The information regarding the customer and the different offerings Outotec has to offer need to be available for the preparation before a sales meeting. Preparation in turn is essential in the complex act of solution selling.
The facilitation of Outotec's value creation and communication	In order to sell solutions by communicating competitive customer value, the value of different offerings has to be described and their argumentation for different customers has to be enabled.
The documentation of information	The essence of an information technology-based sales tool is the storing and distributing of information and as such, the enablement of documentation is a crucial functional requirement.
Development requirements	
Usability	The design of the interface has to be able to facilitate the functionality defined for the tool.
Systems fit	The architecture has to match both the design of the tool and the existing systems it is in connection with.
Implementation	The actual coding has to answer to the requirements set by the architecture and the design.

The third and final research question was the following:

3. What are the key steps in developing a value-based sales tool in mining and metals industry?

The key steps for the development of a customer value based sales tool include five steps in total, out of which the three first are organizational development steps and the two last ones are related to the actual sales tool development. The five development steps consist of the seven development areas of Outotec identified earlier, composed as found in Figure 8.

Figure 8. The key steps for value-based sales tool development

11.2 Evaluation of the results

This study succeeded in identifying critical development areas within Outotec Oyj in regard to customer value management and the possible implication they might have on its overall operations. The findings correlate with the current literature about the challenges with the transfer from traditional transactional selling focus towards a more wholesome solution selling approach and also with the literature concerning the important activities included in customer value assessment. These results should prove to be useful as Outotec is currently steering its operations towards their goal of increased customer focus.

This research was done for a single company, however, and as such it has some limitations. While in Outotec's context the results can be found to be quite transferable since the selection of interviewees was fairly general but it leaves some room for error because of the wideness of Outotec's organization and operations. The bigger limitation is the mentioned fact of a single case. As the information may well be useful in Outotec, as the situation in regard to customer value management between different companies and different industries varies a lot, the results that are based on an individual company's development areas might not be transferable to other environments as is. The situation of sales transformation, however, is topical in a variety of industries and industrial companies and because of that there are bound to be similarities between Outotec's situation and some individual companies' respective ones.

As the research has been conducted with a qualitative approach and employed quite open coding on the data, there is potential for error when it comes to the dependability of it. This is because the process is dependent on the individual performing it and thus the absolute replication of that might be challenging to do. In addition to this, because the person responsible for conducting the research is fairly inexperienced in both conducting a research and operating in the mining and metals industry, it might affect the credibility and applicability of the results.

Finally, as this was conducted following a constructive research method, and the nature of the subject and results is difficult to test within the time span of this research, the required market tests were virtually left undone. The results were presented, though, to a limited audience inside the Outotec and the results were received positively and practically unanimously agreed upon. It will require observing Outotec during the following years in order to determine whether these results affected anything concretely.

11.3 Managerial implications

There was a number of future actions recommended related to the development areas uncovered. In relation to developing the correct kind of mindset inside Outotec, it should be considered that other personnel besides sales would be trained in terms of customer value management and also this transition should be done from the top down, by executives leading the way. As the organization is so wide, a clear set of instructions and responsibilities in customer value management should be developed for the different phases of the delivery of the offering. These are the first actions needed to be taken for customer value management to be on a sustainable basis and the emphasis of this responsibility is on the higher level management.

The focus then, as already guided by Outotec's strategy, should be on the customer. Increased cooperation with the customer and increased information overall lead to more and better references and future sales. The effort of customer value management should be a joint effort from all different functions related to the customer and for it to be successful information distribution needs to be active and coordinated. This relies mostly on the groundwork laid in the previous step but requires the coordination of different functions to be effective. As the creation and utilization of references is critical in the mining and metals industry, the tasks required for the systematic reference creation and the active utilization of the installed base information should be coordinated.

The next step is that Outotec should focus on identifying the core capabilities and try to think if there are possibilities for something new in terms of customer value argumentation that would set them more apart from the competition. The customer has to be known and the value tailored towards the single decision maker in addition to the customer company as a whole in order to demonstrate competitive value. It is then the task of collecting and providing the correct kind of market intelligence and customer knowledge to provide to the development of different solutions and their value argumentation. It needs to be emphasized by the managers that customer value management is not the sole responsibility of sales and in addition, more proactive cooperation and communication between functions is required.

While all the organizational requirements and activities do not necessarily need to be completed in strict order for the sales tool development to start, they do facilitate the functional capabilities it can achieve. The development of the tool starts from defining the functionality and then defining the requirements matching the attributes related to it. Since a sales tool based on customer value is a fairly new concept for Outotec, a good way of developing it is by doing it by prototyping, allowing for experimental requirements definition and conceptualization.

12. CONCLUSIONS

The original purpose of this thesis was to create a solution for the problem “there is no coherent method or tool for identifying customer needs and mapping our products serving those needs”. In order to do this, the problem was approached by using a qualitative constructive research method and as such further defined by conducting a series of interviews. In addition to this, current literature in the subjects of industrial selling and customer value was explored.

It was apparent from the interviews and the literature that the subject was topical both in academic B2B (business-to-business) research and in Outotec’s operations as there proved to be several development areas regarding customer value management. Directed by the results of the interviews, the thesis focused on exploring the actions needed to be performed in order for a customer value tool to be developed instead of concentrating on the actual development of a tool.

During the study, seven areas of important development areas were identified and based on those areas the requirements for a customer value based sales tool were defined. Based on these findings a step-by-step model for building a customer value based sales tool was created. The actions during the process of the thesis were guided by the needs of Outotec and the data gathered from the interviews and because of this there is a reason to believe the results are appropriate. As the topic is also very relevant in the current market environment and in Outotec’s industry, the development of operations related to customer value management is important and thus the findings should prove to be beneficial.

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