

**2009 Naples Forum on Service: Service-Dominant Logic, Service Science and  
Network Theory**

**The Implications of Service-Dominant Logic and Integrated  
Solutions for the Sales Function**

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17<sup>th</sup> May 2009

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## **The Implications of Service-Dominant Logic and Integrated Solutions for the Sales Function**

### ***ABSTRACT***

**Purpose** – This study explores the implications of the service-dominant logic (S-D logic) and integrated solutions for the sales function. Buyers are increasingly demanding solution-based products and services instead of attribute-based products and additional services. A service orientation can provide these solutions, and service by its nature requires personal interaction. Sales personnel are in an ideal position to develop offerings with the customer that provide solutions for both parties, but may require them to develop additional skills.

**Design/methodology/approach** – An exploratory qualitative case study based in the house-building market is used to examine the issues and challenges that the S-D logic and integrated solutions presents to sales staff and management.

**Findings** – The study illustrates how far an organization in the house-building sector is able to customize its offering and to what extent sales staff have had to extend their activities in response to both integrated solutions and S-D logic. The study concludes that there are a number of sales activities that will need development to meet the needs of S-D logic and integrated selling.

**Research limitations/implications** – The qualitative approach has produced rich data, further multiple-case research would allow for comparison and generalization of the issues identified in this study.

**Practical implications** – Extends understanding of new marketing paradigms with regard to the sales function and advances the concepts of integrated solutions and service.

**Originality/value** – Identifies practical implications of S-D logic and integrated solutions for the sales function.

**Keywords:** *Service-Dominant Logic, Integrated Solutions, Sales Management*

**Paper type:** Research paper

Service dominant logic (S-D logic) has been creating considerable interest in academic and practitioner circles with the proposition that S-D logic has the potential to dramatically alter an organization's operations, culture and overall strategic outlook and to create mutual benefits to buyer and seller groups. However, no one has yet considered if and how far this development has specific implications for sales activities. As one of the primary interfaces with the buyer, the sales function is likely to be highly influenced by S-D logic. Interestingly, Vargo and Lusch (2004) make no specific reference to sales activities in their article, although Sheth and Sharma (2008) and Sharma *et al.* (2008) suggest there are five of the fundamental premises that are specifically relevant to personal selling.

Traditionally, the sales function has focused on persuading customers that they require the supplier's goods/services and have coordinated the servicing of that requirement (Moncrief and Marshall, 2005; Weitz and Bradford, 1999). This definition best relates to transactional selling that demands a very specific set of selling skills, which have been well documented and form the basis of sales literature (e.g. Cespedes, 1994). However, the more complex modern sales environment is demanding that sales people improve their skills and develop an understanding of integrated solutions and relationship building (e.g. Lian and Laing, 2006; Sharma, 2007; Sheth and Sharma, 2008). The development of customer relationships requires a more tailored approach to selling than transactional selling (e.g. Ingram *et al.*, 1992; Piercy *et al.*, 2007). Further, Homburg *et al.* (2000) observed a trend for modern sales forces to be structured around providing coherent, multiple solutions for specific customer groups. These environmental drivers require the sales force to become more sensitive to the needs of their customers and have greater flexibility in their response, and develop an integrated solutions perspective (Tuli *et al.*, 2007).

The proposition of this paper is that sales, as the primary interface with the customer, is being transformed by two perspectives: S-D logic and integrated solutions. Each of these perspectives is driving sales staff to develop new capabilities and this study aims to identify how they are impacting on sales activities. It is proposed that the adoption of integrated solutions and/or S-D logic may have specific implications for their operation and the development of a customer-centric sales culture. This study will develop a conceptual framework and use a single case study to explore these concepts.

## **LITERATURE REVIEW**

Organizations are beginning to change their perspectives from goods-dominant (G-D) to service-dominant (S-D) logic to meet the needs of rapidly changing and complex environments and offer their customers bespoke integrated solutions. These three concepts will be explored, followed by a review of the role of sales.

### **Goods-Dominant Logic and Service-Dominant Logic**

A goods-dominant logic has dominated marketing and sales since the concept was initially developed in the early 1900s. Moving through the concepts of taking goods 'to market' (product orientation) and 'market to' (market orientation), G-D logic places the product/service offer at the centre of the process (Ballantyne and Aitken, 2007; Cova and Salle, 2008; Lusch *et al.*, 2007). The customer in this perspective is viewed as a resource to be acted on (an *operand* resource). Mainstream marketing, where goods and services are produced in response to stated market needs, and service marketing do highlight the importance of service in marketing (Ballantyne and Aitken, 2007), but the focus is still on the offer being made to the market. Further, the market is analyzed, segmented and enticed to purchase (and re-purchase) the offer

created by the organization (Lusch *et al.*, 2007). The move from a G-D logic to an S-D logic as outlined by Vargo and Lusch (2004) aims to extend the service orientation of the organization further so that it becomes the core of all business activities.

Conversely, at the core of S-D logic lays the idea of exchanging service for service (Vargo and Lusch, 2004). In this perspective the customer is a participant or partner who may create value with the organization (an *operant* resource) and the “goods purchased become *service appliances*”, or merely a way of delivering the value required (Ballantyne and Aitken, 2007, p. 364). This implies that firms can only provide their customers with value propositions that are then realized in the use of those products/services by the customers, which amalgamate to constitute experiences and/or solutions for their needs and wants (Lusch and Vargo, 2006). Sheth and Sharma (2008, p. 262) noted that “Service-centered firms develop networks that allow firms to offer solutions to customers that may involve both in and outsourcing”. In S-D logic, networks become increasingly important as they allow organizations to develop solutions that involve a greater range of skills and attributes than the organization is able to offer alone (Sheth and Sharma, 2008).

There are examples of organizations who have successfully transformed themselves from selling goods/services (G-D logic) to customer-centric solution providers (S-D logic) (Davies *et al.*, 2007; Sawhney, 2006). To achieve this transformation, changes are required in the organization’s mindset, structure, and objectives. Despite the obvious advantages of adopting S-D mentality, it appears that few organizations have actually fully followed the ‘problem-solution’ approach in practice. Further, it may be argued that the application of S-D logic is mainly limited to complex and/or high value products and services, where individual solutions are more critical and the potential profits allow the organization to invest more in

satisfying the customer (Brady *et al.*, 2005; Sawhney, 2006). However, to focus on the organization in this context is to imply that only they can create value propositions. Vargo and Lusch (2004) stress the importance of co-creation of value in S-D logic, which “clouds who is seller and who is customer, because each is involved in creating value for the other” (Woodruff and Flint, 2006, p. 183). This suggests that the sales function, which is frequently the primary customer-facing function, understanding how value can be created and can craft solutions with the customer to meet needs.

Before it can be considered how S-D logic impacts on the activities of the sales force, a framework or structure is required. The foundational premises put forward by Lusch and Vargo (2004) and extended in Lusch *et al.* (2007) shall be used as the basis for analyzing how S-D logic influences the activities of the sales force (see Table 1). Sheth and Sharma (2008) have initially examined the interaction of sales activities with a S-D logic and found that five of the foundational premises (FP) are relevant in the context of personal selling and sales management: FP1 = The application of specialized skills and knowledge is the fundamental unit of exchange; FP3 = Goods are distribution mechanisms for service provision; FP4 = Knowledge is the fundamental source of competitive advantage; FP6 = The customer is always a co-creator of value, and FP8 = A service-centered view is customer oriented and relational. To these five FPs FP7 = The enterprise can only make value propositions should be added, as communication of value is one of the critical activities in which sales people engage. Further, the necessity of sales force staff being able to negotiate with actors outside the organization emerged from the case study and therefore FP9 = Organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace would be significant. There

are two FPs of S-D logic that are not directly linked to the sales role: FP2 = Indirect exchange masks the fundamental unit of exchange, and FP5 = All economies are service economies (Lusch *et al.*, 2007, p. 7).

[Take in Table 1]

### **Integrated Solutions**

The shift to integrated solutions may be described as a move towards a new marketing paradigm (Sharma, 2007; Sheth and Sharma, 2008). Over the past years, the call for integrated solutions has spread across industries, as buyers increasingly demand solution-based instead of attribute-based products and services (Brady *et al.*, 2005). Increasingly organizations are offering their customers integrated solutions, i.e. a combination of their products with other services in order to meet a customer's particular business problems (Brady *et al.*, 2005; Davies *et al.*, 2007). This shift implies that projects comprising integrated solutions exceed the traditional cycle of concept, definition, execution, and close, both backwards to a pre-project phase and forwards beyond the actual delivery into the operational stage. Therefore, providers have to acquire new capabilities to incorporate pre-bid and post-deployment activities into their offering to create substantial value for their customers (Brady *et al.*, 2005; Davies *et al.*, 2006).

Within this context, addressing user requirements by providing integrated solutions is defined as “combining products and systems with services in order to specify, design, deliver, finance, maintain, support and operate a system throughout its life cycle” (Brady *et al.*, 2005, p. 260). This definition emphasizes that integrated solution providers have to assume activities previously implemented by their customers (such as the actual deployment of a new system), but at the same time also have to carry out new service tasks such as finance and consultancy (Brady *et al.*,

2005). This role extension results in new capabilities educed by both product and service organizations when shifting towards offering integrated solutions (Davies *et al.*, 2007).

This redefined strategy has severe implications for organizations deciding to become integrated solution providers. They have to transform most aspects of their business such as their organizational structure and culture as well as operations and inter-departmental collaboration. For the customer, the benefit of integrated solutions lies in the unique combination of products and services that is tailored to meet their business needs. Providers of integrated solutions have to “understand how value is created through the eyes of the customer” (Brady *et al.*, 2005, p. 362) to successfully become solutions oriented. Instead of regarding their product as the starting point, integrated solution firms have to focus on the result the customers needs and work backwards to identify the combination of products and services that will meet the customer’s requirements (Brady *et al.*, 2005; Davies *et al.*, 2007).

The strategic move towards providing integrated solutions not only changes an organization’s activities and internal structure, but also has great impact on its customer relationships. Instead of passively reacting to requirements defined by the customer and offering products/services from a set menu, the integrated solution provider and customer cooperate to identify needs and create value through designing a bespoke solution. To avoid the expensive phase of placing competitive bids for one-off transactions, integrated solution firms strive to develop long-term relationships with customers and to build up mutual trust (Brady *et al.*, 2005).

Tuli *et al.* (2007), however, have demonstrated that integrated solution purchasers do have a very different perception of solutions. According to their findings, customers regard solutions to be a “set of customer-supplier relational

processes comprising (1) customer requirements definition, (2) customization and integration of goods and/or services, (3) their deployment, and (4) postdeployment customer support, all of which are aimed at meeting customers' business needs" (Tuli *et al.*, 2007, p. 5). Furthermore, the effectiveness of a solution does not only depend on supplier characteristics such as the provider's organizational structure, capabilities and communication, but on customer determinants as well. For example, customers sometimes have to adapt their workflows and procedures to a certain extent to accommodate a provider's solution. The customer has to inform the supplier about internal operational and political issues that might impact on the solution's design and implementation (Tuli *et al.*, 2007). These research findings support the notion advocated in the integrated solutions, relationship marketing and S-D logic literature of customers not being mere consumers anymore, but co-producers of value (Gummesson, 1998; Sheth and Parvatiyar, 1995; Sheth and Sharma, 2008; Vargo and Lusch, 2004). Adopting a customer's perception of solutions as relational processes means that suppliers have to ensure that all departments involved in developing and delivering a solution are intertwined and work together closely; mechanisms to coordinate the individual functions have to be established (Brady *et al.*, 2005; Davies *et al.*, 2007; Tuli *et al.*, 2007). Furthermore, solutions are continuous processes, i.e. suppliers have to think ahead and consider the effects of each step on the subsequent stages while executing it (Tuli *et al.*, 2007).

### **The Role of Sales**

The traditional sales role comprises five basic types of activities carried out by the sales person: contacting customers, selling the product or service, working with wholesalers, servicing the account, and managing information between the seller and buyer (Cespedes, 1994). However, this tactical view of sales activities is

complemented by longer-term strategic roles such as customer partner, buyer/seller team coordinator, customer service provider, buyer behavior expert, information gatherer, market analyst, planner, sales forecaster, market cost analyzer and technologist (Moncrief and Marshall, 2005; Wilson, 1993). Therefore, an effective sales person will understand the interactive nature of personal selling and how it relates to organizational objectives and behavior (Plank and Dempsey, 1980).

As customers become more demanding, it is common to find sales organizations under intense pressure to meet elevated customer expectations (Ingram *et al.*, 1992). In this situation, a credible sales force is essential to build trust and long-lasting relationships with customers (Flynn and Murray, 1993). Establishing two-way communication is essential when selling as the sales staff are the experts who interpret the benefits of the offer for the customer. Stafford (1996) believes that personal selling could bring a sense of comfort, particularly to purchasers of high value items. The sales person can use their in-depth product knowledge to match the perceived needs of the buyers as well as negotiate on price, delivery or special requirements.

A study by Brent and Rogers (2007, p. 35) argued that the “ability to apply knowledge, skills, and personal attributes, to solve the customer’s problem ... underpinned by the core capabilities and competencies of the firm” provide the basis for successful sales behaviors. The two-way communication between buyer and seller allows for identification of the buyer’s specific needs and problems, so that the presentation and demonstration of the product/service’s features and benefits can be tailored to the customer’s needs (Doyle, 2002). Using customer-friendly language during the sales encounter, being knowledgeable of the benefits of the products, and being able to clarify these, are some of the key competencies in the sales role (Jaramillo and Marshall, 2004). Therefore, knowledge and product experience,

honesty and integrity, and market accountability as core traits in good salespeople (Hodge and Schachter, 2006). Listening is also an integral part of the sales process, but even more important to the customer are empathy, customer focus and problem solving (Mayer and Greenberg, 1964; Kennedy, 2006). In addition, Hodge and Schachter (2006) indicated that offering a creative or a tailored solution on the spot is an important facet of the process for customers.

## **RESEARCH APPROACH**

The research aims to consider the implications of the adoption of S-D logic and integrated solutions for sales personnel through a single case study design. There has been very little research into the role of sales in an organization adopting S-D logic and therefore an exploratory case study approach was selected to consider the constructs. Case studies can be described as a “*research strategy or design that is used to study one or more selected social phenomena and to understand or explain the phenomena by placing them in their wider context*” (Kitay and Callus, 1998, p. 103). The use of a single case is justified when the case is critical to the testing of theory, or that it provides access to data that would otherwise not be obtainable (Yin, 2003).

The case study selected is designed to draw general conclusions from a specific situation exploring the implications of S-D logic for sales. A case study is a suitable research method to adopt when the “theory base is comparatively weak and the environment under study is messy” (Harrison, 2002, p. 158). A common complaint about case study research is that it does not provide a sound basis for generalization, as case studies may not be representative of wider social phenomena (Gummesson, 2000). However, as Yin (2003, p. 2) points out, case studies “retain the holistic and meaningful characteristics of real-life events” and allow for analytical (in

contrast to statistical) generalization to theoretical propositions. In this respect, the present study begins to identify the key implications of S-D logic and integrated solutions for the sales function and provides a framework for taking the next steps in researching the impact of these concepts on the sales roles. As the theory associated with S-D logic is still in the early stages of development, this case study can be used as a source of ideas, circumstantial evidence and a basis for formulating testable hypotheses or propositions.

The subject organization was selected through personal contact because it offers a rare insight into an organization that is undergoing substantial change with respect to its marketing and customer-facing practices, reflecting aspects of both goods and service dominant logic. The main aim of the interviews was to explore how far S-D logic has been adopted by the organization and how this impacts on sales functions within the context of the organization. It was hoped that a clearer understanding would be gained of how far sales has embraced S-D logic, how this influences the interaction between sales and marketing, and how their role may be altered by this change of perspective.

The research focused on the sales and marketing functions, which in this organization corresponds broadly to the department under the Group Sales and Marketing Director. The subject company is a UK headquartered construction firm active in the UK and US, and specifically its house-building subsidiary. The case was selected on the basis that it appeared to exhibit aspects of multiple and dynamic marketing practices, and the agreement and co-operation of senior management was forthcoming. Data was gathered by means of nine semi-structured, face to face interviews with sales and marketing managers and executives. Interviews lasted about 30 minutes and were tape recorded. A review of marketing collateral was also

undertaken, including internal company documents, sales literature, press advertisements and the website.

A conceptual framework has been derived from the literature review to demonstrate how the traditional activities of sales have been influenced by the development of S-D logic and integrated solutions (see Figure 1). Within the framework the elements from S-D logic were developed from the foundational provisions outlined by Lusch *et al.* (2007). Seven of the nine foundational provisions have been selected as those that impact significantly on sales activities (Sheth and Sharma, 2008; Sharma, 2007). The elements from integrated solutions have been adopted from Tuli *et al.* (2007) as the relational customer/supplier processes that impact on the organization's ability to meet customers' needs. The sales activities were identified from the existing literature on sales (e.g. Stafford, 1996; Hodge and Schachter, 2006; Brent and Rogers, 2007). These elements will now be explored through the case study in the following section.

[Take in Figure 1]

### **CASE STUDY – NEW HOME DEVELOPER**

The subject company specializes in building new development houses, ranging from homes for first time buyers to those for executive homes. The properties are sold from show houses directly to the customers by specialist sales personnel. Buying a house is a complex, expensive, individual and a highly emotionally engaging purchase, which requires the sales person to be closely involved in the process. In order to meet this need, the company has developed the concept of the Design Centre. This gives potential buyers the opportunity to participate in the design of their intended purchase and to add value by selecting furnishings and fittings appropriate to their needs. The Design Centre provides a controllable environment for the interface

between the customer and sales personnel, thereby aiding the provision of an individually tailored solution instead of a package from a set menu. In this way the company can give a framework to the dialogue and value-adding process that takes place between the customer and sales personnel, allowing the sales personnel to use their specialized knowledge to facilitate the exchange.

There is much greater recognition of the need to manage expectations not just in terms of communications with potential purchasers, but also considering the role of word-of-mouth and local opinion. One insight given by the research was that homebuyers made substantial expenditure post house purchase on furnishings and other items, typically extending the sales period over nine months after completion. According to the Sales and Marketing Director the next stage in adding further value to the customer would be to offer a range of tertiary services to extend the relationship further into the future, e.g. boiler maintenance, window cleaning and even the possibility of building extensions.

All salespeople were fully trained in the available options, their costs and features, as well as being provided with testimonials from previous customers regarding their experiences to help overcome any skepticism and to reduce cognitive dissonance in the purchasing process. Although the sales person is focused on trying to convey customer value, the need to meet sales targets means that they may not be able to maximize the customer's perceived value: in particular, there is pressure to hand over a new house at the earliest possible date, irrespective of the impact on customer satisfaction while snags are sorted out. Numerous different trades and crafts contribute to the construction of a house, often on a subcontract basis. Whilst this might be cost efficient, there are often penalties to pay in terms of quality if work is completed primarily against the twin criteria of price and meeting deadlines. There is

evidence from the case that the sales personnel, through their organizational structures, are not able to ensure that the timing of the completion agreed with the customer is always met or that all their requests are entirely fulfilled. In order to manage the organization's external network, customer facing personnel are provided with training by the company to assist in the adoption of this new role implicated by the realization of S-D logic.

A picture emerges of an organization that operates primarily from a G-D logic perspective, but recognizes the potential and opportunity that S-D logic offers. Currently in a state of transition, the marketing and sales team demonstrates their understanding of the solution selling concept, which is implemented in various ways through the organization of customer databases, promotional activities, and the use of the Design Centre, although these initiatives may not be fully effective in the way that they are implemented. However, a significant impediment is seen as failures in terms of product quality and on-time service delivery, which may be out of the control of the sales personnel.

## **DISCUSSION**

The literature review and the model identified six key sales activities that are influenced by integrated solutions and S-D logic. These key activities are: leveraging customer, market and internal knowledge, communication and conveying value propositions, problem identification and exploration, creating tailored solutions with customers, building trust and long-lasting relationships, and acting as intermediary between suppliers, organizations and customers (see Figure 1). Each of these activities were observed in the target organization, and demonstrated how the sales staff were

evolving from G-D logic to S-D logic and incorporating the concept of integrated solutions with the structural changes within the organization.

In line with the development of integrated solutions, formerly transactional sales staff have to evolve into customer experts. Working together with the customer, a salesperson does not only act as a representative of the provider's offer, but also as the customer's consultant, relationship manager and trusted partner seeking to provide solutions for the buying firm (Guenzi, 2002; Liu and Leach, 2001; Sharma, 2007; Sheth and Sharma, 2008). In terms of employee selection and training, integrated solutions require sales staff to be team players and problem-solvers who can adapt their communications to the customer's needs and characteristics rather than old-fashioned persuaders. They have to be trained how to acquire in-depth knowledge about customers and use market research information, as well as how to adapt their behavior according to the customer's requirements (Sharma, 2007; Sheth and Sharma, 2008).

Vargo and Lusch (2004) identified that the organization can only make value propositions (FP7) as the actual value is determined by the customer when the offer is in use. Customer participation in the firm's value chain activities and value creation processes such as product development and customer relationship management may rely on sales personnel acting as the intermediary (Kalaignanam and Varadarajan, 2006) and interpreting the value to the customer. The organization's sales and service personnel have the accrued local knowledge necessary to know what specific customers value in each area of supply-chain activity and these are required to act in concert to provide a coherent response to customers' needs (Cespedes, 1994; Le Meunier-FitzHugh and Piercy, 2007). The implication for sales is that they need to be able to understand and convey the value proposition to the customer through their

interactions, adjusting the value proposition in reaction to feedback from the customer.

Three of the sales activities identified in literature: Leveraging customer, market and internal knowledge, problem identification and exploration and building trust and long-lasting relationships are all established sales activities that are important to S-D logic and integrated solutions, but do not require much additional development to meet the requirements of S-D logic. Certainly, the development and leveraging of customer and marketing knowledge have always been at the centre of sales activities. However, the development of S-D logic and integrated solutions requires a change of emphasis by sales personnel from *selling* to *market sensing* and the development of their ability to intuitively apply market knowledge to create competitive advantage. Problem identification and exploration is allied to leveraging knowledge. Studies have indicated that sales personnel are developing excellent interrogative and listening skills that may be linked to problem-diagnosis skills through sales training (Pelham, 2006). In the Design Centre sales personnel are able to focus individually on the customer and closely identify their needs, leading to the ability to select appropriate solutions for customers.

Building trust and long-lasting relationships is another area that has been extensively explored in the existing sales literature, specifically literature on relationship marketing. This concept is closely aligned with FP8: “A service centered view is customer orientated and relational” (Lusch *et al.*, 2007, p. 7). Establishing the credibility of sales personnel in order to build trust and a long-lasting relationship with their customers is now regarded by many companies as a critical strategic capability (e.g. Piercy *et al.*, 2007). However, the development of strong customer satisfaction and loyalty depends on the value customers receive from organizations

and their suppliers (Doyle, 1995). The quality of the customer relationship is determined by how well it is managed, and poor relationships may tarnish the company's image. It may be argued that relationship marketing is a necessary, but not sufficient condition for S-D logic marketing (Gummesson, 2006). Within the case, the marketing staff is able to extend the sales relationship with the customer through their additional service offers. Further, there is evidence to indicate that satisfied customers frequently return to purchase larger properties as their family expands, and/or recommend the company to their family and friends. This extension of the customer relationship, however, relies on the organization being able to meet their needs and deliver on the solutions packages agreed by the sales staff.

The concept of co-creation of value is probably one of the areas where both integrated solutions and S-D logic have impacted most strongly on sales activities. Within the case study, the sales personnel are heavily involved in the solution-provision process through customization of the offer and managing the integration of the organization's activities. In order to meet the need to co-create value, the company has developed a flexible offer that gives customers a wide range of choices that the sales person must manage. Sales personnel have to gather information from the customers during the negotiation phase and then feedback this information to allow the organization to adapt the offer to create better value. However, the requirement to meet sales targets means that sales staff may not have time to engage in co-creation as they are focusing on the existing offer rather than developing new possibilities with the customer. This necessity often leads to losing an opportunity to enhance margins further through product and service offering provided by co-creation.

Acting as the intermediary between suppliers, the organization and customers is linked to FP 9 and is probably the area that requires the greatest development in

skills of the sales team. Although sales personnel are at the interface with customers, to provide solutions they may have to cut across the organization's functional areas (Brady *et al.*, 2005; Davies *et al.*, 2007; Homburg *et al.*, 2000) and in some cases, network with outsourced functions to obtain the optimum solution through integration of multiple resources. There is considerable support for the concept of sales people working across internal boundaries. Piercy and Lane (2005) highlight the need for a seamless internal system to provide superior value to the customer. However, S-D logic and integrated solutions demand that internal as well as external networks are required to operate in concert to provide the best solution for the customer. This moves sales staff to a strategic position, facilitating communication between the internal and external networks and focusing on providing the service level demanded by the customer.

In the case study, the difficulties of meeting the minimum necessary levels of quality and service increase with the scope of the network involved, as each actor in the network was measured against different criteria. In particular, the requirement to deliver against minimal cost or short-term profit criteria, and the absence of other, suitable and recognized S-D logic criteria made it difficult to sustain the case for innovation and change. This aspect, although outside the scope of sales, has implications for their interaction with the customer and delivery of solutions. To be successful sales personnel must be able to rely, absolutely, on the delivery of the solution and therefore on the reliability of the network.

## **CONCLUSION**

The case study explores an organization that is engaged in integrated solutions and demonstrates how this has impacted on their sales activities. However, the recent move towards S-D logic has suggested that certain sales activities will have to be

developed or enhanced to meet the new paradigm. The two key sales activities that need adaptation are creating tailored solutions in cooperation with the customers and working as an intermediary between suppliers, organizations and customers.

The development of the Design Centre is a strong first step in creating the conditions for co-creation of value as required by S-D logic and does meet the needs of integrated solutions as it enables the customization and integration of the combination of goods and services demanded by the customer. The facilitated co-creation needs to be a feedback mechanism to product development and service, and sales staff has to be trained to pass on and manage this customer information to ensure the continuous improvement of the organization's offer. As the requirement to meet short-term sales targets can still induce salespeople to only offer pre-defined product/service packages, a revision of sales personnel's remuneration structure might be crucial to the engagement in value co-creation with the customer and the willingness to develop truly tailored solutions.

Furthermore, numerous external suppliers contribute to the construction of a house, often on a subcontract basis. There is evidence from the case that due to inconsistencies in this external network the sales personnel are not always able to ensure that the agreed timing of the completion is met or that all of the customer's requests are entirely fulfilled. Customer facing personnel need to be provided with training to assist in the adoption of their new role as network managers, and network ties have to be strengthened to be able to rely on partners and define similar and coherent criteria for success.

The concepts of S-D logic and integrated solutions share an innovative all-encompassing nature and the requirement to be embraced by the organization as a whole instead of individual departments alone. Both paradigms have the potential to

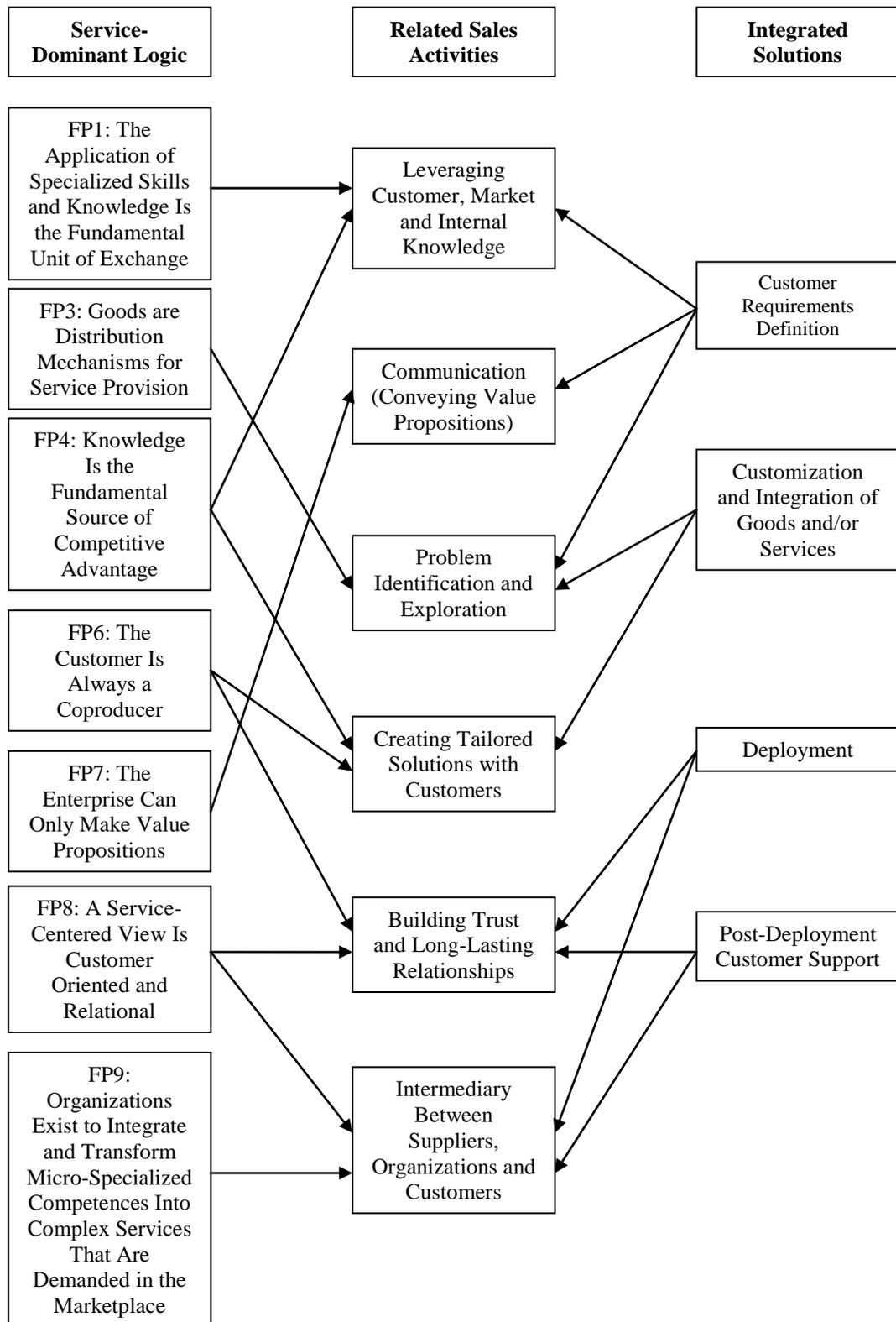
drastically change an organization's overall identity, strategic outlook and operations. In this context, their specific implications for the sales function and key selling activities, in particular co-creating valuable tailored solutions and acting as managers of internal and external networks, may seem to be of only minor importance. However, as the sales function usually is the primary customer interface, the implementation of S-D logic and integrated solutions can not be successfully realized without considering and addressing the consequences for sales personnel in practice. This study provides initial insight into these implications and offers a framework that combines the impact of both S-D logic and integrated solutions on sales. As both concepts are still emerging and raise a multitude of yet unanswered questions, this framework can be used as a basis to further research.

**TABLE 1 SUMMARY OF FOUNDATIONAL PREMISES**

FP1	The application of specialized skills and knowledge is the fundamental unit of exchange
FP2	Indirect exchange masks the fundamental unit of exchange
FP3	Goods are distribution mechanisms for service provision
FP4	Knowledge is the fundamental source of competitive advantage
FP5	All economies are service economies
FP6	The customer is always a co-creator of value
FP7	The enterprise can only make value propositions
FP8	A service-centered view is customer oriented and relational
FP9	Organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace

*Source: Lusch et al. (2007)*

**FIGURE 1 THE DEVELOPMENT OF SERVICE DOMINANT LOGIC AND INTEGRATED SOLUTIONS AND RELATED SALES ACTIVITIES**



Source: Adapted from Lusch et al, (2007) and Tuli et al. (2007)

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