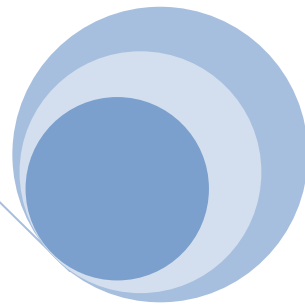
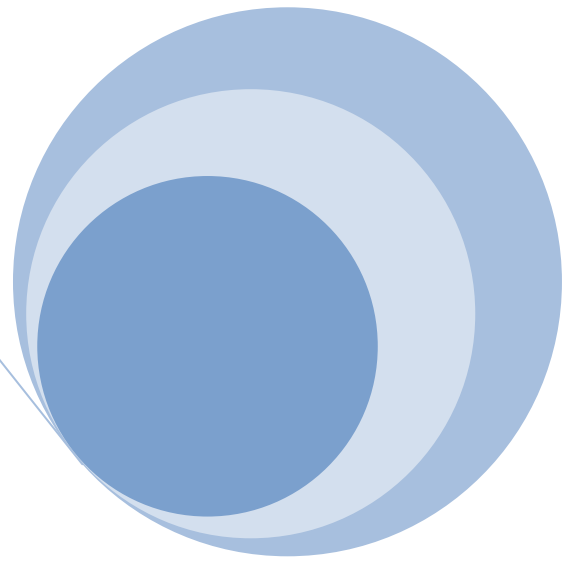




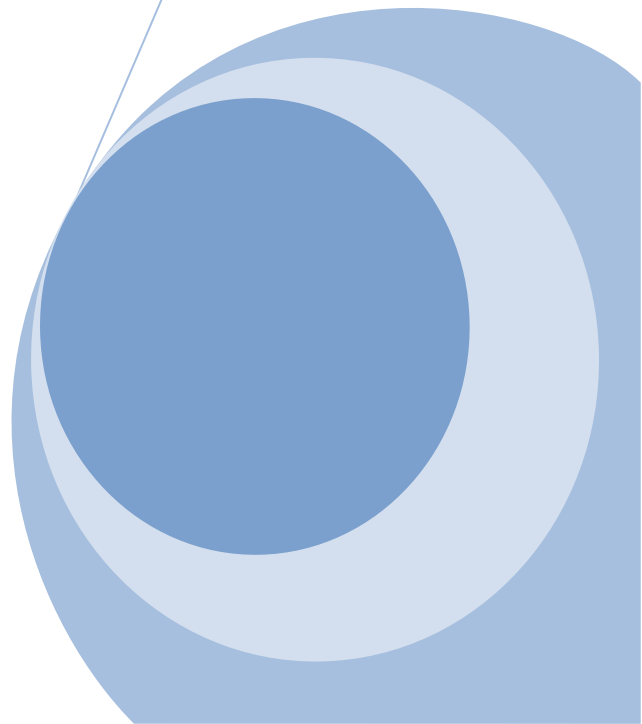
UNIVERSITY OF GOTHENBURG
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Value selling strategy

Case study of ESAB Brazil

Bachelor of science thesis, economic geography
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Spring 2011



Executive summary

The purpose of this thesis is to describe the value selling strategy and its impact on the sales development of ESAB Brazil. Central questions have been focusing on the influence of the value selling strategy on sales representatives of ESAB Brazil and on ESAB Brazil's customers as well as on identifying factors for further development of the value selling strategy. Since the nature of the study is of explanative form, a qualitative approach has been utilized. The employed theoretical work consist of literature and article review on subjects of customer value, value chain, different market strategies and industrial trends which have influenced the changing roles of sales force towards the value sales. The empirical inputs derive from interviews with sales and marketing managers as well as welding engineers of ESAB Brazil.

To conclude, the value selling tool facilitates the value sales process in terms of identifying the current productivity of customer's business operations. Based on the input placed in the tool, the tool makes it is possible to conduct value quantification of ESAB value proposition and visualize the business impacts and benefits of ESAB solution for its customers. Sales representatives can use the tool to demonstrate the business impacts of ESAB solution, increasing their selling arguments. It is also possible to share information between departments and thus increase the level of knowledge about customer's business operations.

Value selling solution will create benefits for ESAB Brazil's customers in terms of improving customer's business operations and increasing customer's productivity. Value selling tool will provide ESAB Brazil's customers the opportunity to allocate areas of business operations in need for improvement. Trust and good relationship with customer is a prerequisite for implementation of the value selling strategy. Relationship is emphasized as highly important not only for segmentation basis for new customers, but also for implementing and developing the value selling process with current customers. In order to develop strong relationships and trust with customer spatial proximity to the customer is essential.

The value selling tool needs to be more adapted to the need of the sales force, not only the needs of sales and marketing managers and welding engineers. It is necessary to translate the technical information in the tool to sales terms and selling points. There is the necessity of adjusting the tool to perform calculations for separate welding processes. Furthermore it is important to present business solutions based on the future investments of the customer's business operations. It is necessary to be well prepared when presenting the customer solution. There is a suggestion to adjust audit or an analysis process to the different company size or maybe to conduct simpler audits for some customers. ESAB Brazil should also let the customer discuss the solution first internally before presenting the quotation.

Acknowledgement

I would like to direct special thanks to all persons who participated in interviews during the creation of this thesis. Thank you all for your valuable information and inputs.

Furthermore, a special thanks goes to my supervisor at ESAB AB, Lars-Erik Stridh. Thank you Lars -Erik, for your expert knowledge and support during the process of this thesis.

Furthermore I would like to thank my supervisor Inge Ivarsson, at School of Business, Economics and Law, at Gothenburg University, for his constructive feedback and an academic guidance.

Last but not least I would like to thank my family and friends for their patience and support during the entire process of my education.

Gothenburg, January 2011

Danijela Kasnecovic

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Abbreviations

MAG	Metal Active Gas
MIG/MAG	Metal Inert Gas/ Metal Active Gas
SAW	Submerged Arc Welding
SMAW	Shielded Metal Arc Welding
TIG	Tungsten Inert Gas

1. Introduction

This chapter starts with the thesis background presentation which serves as an explanation of the study undertaken. The chapter continues with describing the problem definition, purpose, research questions, limitations and disposal of the rapport. Furthermore the company overview on ESAB AB is described with product and segment overview followed by presentation of ESAB Brazil, Global Welding Applications department and the value selling tool.

1.1 Background

There is an ongoing transition process in many manufacturing companies in terms of changing their sales strategies. The sales focus of manufacturing companies is moving from the traditional role of selling products towards new business direction, selling industrial offerings with business solutions. This transition process has also affected the role of sales people in terms of shifting their role from product sales orientation towards business solutions orientation.

There are several driving forces which have influenced this transition process. Increased competition from Asian countries, decreasing unit prices of products and new customer's requirements have driven the demand for new strategic models with focus on industrial offerings with business solutions.

Increased competition from Asia has affected many manufacturing companies due to the cheaper labor cost and an increasing trend of product copying in Asian countries.

Decreasing unit prices have pushed the business strategies of many manufacturing companies in the direction of creating unique business solutions as a source of new competitive advantage.

New customer requirements have put significant pressure on manufacturing companies to not only offer products but to also create, develop and tailor solutions to the customer's specific needs.

The greatest challenge to be addressed is to move away from the product orientated sales process and to instead concentrate on the value selling process, based on offering the impactful value of business solutions which can improve the customer's business processes. In order to proceed with this process there is a need to better understand the financial situation of the customer's business operations in terms of allocating not only the manufacturing costs for creating the products but also allocating the costs of customer's entire business operations.

1.2 Problem definition

Increased competition from Asian countries, decreasing unit prices of products and new customer's requirements have reshaped the design of sales strategy in manufacturing industry. Due to these market trends there is a need for differentiation of industrial offerings in manufacturing industry in order to capture and maintain competitive advantage on the market. Welding industry has not been an exception from these market trends, which has been particularly evident for one of the most recognizable companies in the welding industry, ESAB.

According to Lars-Erik Stridh, the Global Welding Applications Manager at ESAB AB, welding companies from Asia have been successful in pressing product prices and launching products very similar to the ESAB's product range. *"Companies from Asia have reached ESAB's customers by selling their products through sales agents or direct export. They have created products similar to ESAB's product range but most importantly without the high level of technical expertise, knowledge and support that ESAB can provide. The products they deliver do not have the complete solution offerings with the technical service, certificates and after sales service as ESAB have."*¹

In order to defend its market share and visualize the real value for the customer business operation, ESAB has adopted the value selling strategy. This new selling approach requires high level of knowledge of customer's business operations and an understanding of the customer's financial situation which has also affected the changing role of sales people from product sales towards business solutions sales.

While sales people had focus on product sales in the traditional sales approach, the main focus in the value selling approach is on identifying the improvement areas of the customer production processes and creating the business situation. *This implies that sales people will no longer work alone but more in a team in order to identify and deliver the value or complete solution for the customer. The real output from this process is the acquired knowledge about the customers' entire production process and the creation of business solution."*²

In order to implement the value selling strategy sales people have a new task, to transform the nature of current relationships with customers from good relationships to strong partnerships. This requires spatial proximity to the customers in order to develop, nurture and cherish relationships with customers. Sales units need to be placed close to the market in order to capture the relevant feedback from customers but also to tailor products to local needs and preferences.³ Having the spatial proximity in mind, ESAB has decided to start with the process of implementing the value selling strategy starting with ESAB Brazil due to the proximity to the high volume customers and possibility of gaining high revenues.

¹ Interview with Lars-Erik Stridh, Global Welding Applications Manager, ESAB AB, 8 December 2010

² Ibid, 8 December 2010

³ Dicken (2007), page 146

1.3 Purpose

The main purpose of this thesis is to describe and explain the value selling strategy and its impact on the sales development of ESAB Brazil.

1.3.1 Research questions

Having the overall purpose in mind, three questions have been chosen for further investigation, namely:

1. In what way does the implementation of the value selling strategy influence sales representatives of ESAB Brazil in terms of organizing their sales processes?

This question is interesting in order to find out the internal impact of the value selling strategy, on planning and organizing the sales processes of sales representatives of ESAB Brazil.

2. In what way does the implementation of the value selling strategy influence ESAB Brazil's customers in terms of affecting their business performance?

Besides evaluating the impact of the value selling strategy on the internal target group (ESAB Brazil's sales representatives) it is also interesting to highlight the external impact of the value selling strategy, on business performance of ESAB Brazil customers.

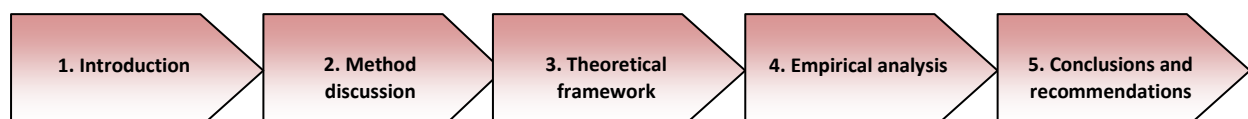
3. What factors ESAB Brazil need to take in consideration in order to develop the process of implementation of the value selling strategy?

Identification of improvement areas will create an awareness of areas in need for improvement and also create a knowledge platform for further development and implementation of the value selling strategy.

1.4 Disposition of the report

A graphical presentation of the disposition of the report is given in figure 1. After this introduction chapter in chapter 1, method discussion is presented in chapter 2, outlining the research methods and research approach utilized in this thesis. In Chapter 3 theoretical framework is presented with significant models guiding the study. Chapter 4 consists of empirical analysis collected during the empirical research of the study. Chapter 5 provides conclusions from the conducted studies and recommendations for future investigations.

Figure 1: Disposition of report



Source: own creation

1.5 Limitations

In this chapter limitations for this thesis are outlined and the reasons for choosing these limitations are further described.

This thesis is particularly focusing on the case study of one company within ESAB organization, ESAB Brazil. The idea from the start was to include two companies in order to analyze the impact of the value selling solution: ESAB Brazil and ESAB Russia, since the sales representatives from both companies have received the training in the value selling tool.

Due to the limited time frame of ten weeks, the writer of this thesis, has decided to focus only on ESAB Brazil since ESAB Brazil have utilized the value selling tool for longer period compared to ESAB Russia and thus have longer experience of the value selling process.

Furthermore in the initial stage of presenting the value selling tool for the sales representatives of ESAB Brazil, it was decided to train first the group with high technical knowledge at middle and top management level at ESAB Brazil who has customer contacts before proceeding with the training for salespeople.

This decision was made based on the complexity of the value selling tool in terms of firstly understanding financial information of customer's business operations and secondly on presenting the technical solutions for the entire process of customer's business operations. The group interviewed in this thesis consists of welding engineers, sales and marketing managers, but not the sales force. The process of training sales people in the value selling tool is at the moment of writing of this thesis in progress.

Only internal respondents within ESAB Brazil have been chosen for participation in this thesis. External respondents (ESAB Brazil customers) have not been chosen for participating in this thesis, due to the fact that design of the value selling solution is in the developing stage for external customers.

This study is only focusing on Business to Business market environment, precisely on the manufacturing industry.

1.6 ESAB

In 1904 ESAB was founded in Gothenburg, by Oscar Kjellberg who invented covered electrode for electrical arc welding. The company is a world leading producer and supplier of welding consumables and equipment as well as provider of cutting and welding solutions. ESAB has an outspoken vision to be an authority in welding and cutting, to be customer's preferred partner and to be the global leader in welding and cutting industry.⁴

⁴ www.esab.com, 18 December, 2010

The company produces and offers consumables and equipment for a wide range of welding and cutting processes. ESAB is owned by Charter International Plc since 1994 and has its headquarters in London.⁵

In 2009, ESAB' revenue were £1,031m, which is 18% less than in 2008. ESAB has leading positions in Europe, Brazil, Russia and India and has the potential to develop its business in emerging markets such as China, Asia and Africa. The company sees its major segments in energy, nuclear and renewable.⁶ ESAB has identified a wide range of customer groups including: automotive, general fabrication & civil construction, pipelines, pipe mills, power generation, process industry, repair & maintenance, shipbuilding & offshore, transport & mobile machinery.⁷

The company is divided in six different regions: Europe, South America, Asia Pacific, India and ESAB North America which is a subsidiary of Anderson group Inc. ESAB has a global presence coverage with 8500 employees, 26 manufacturing plants, sales and support units in 80 countries.⁸

1.6.1 ESAB's product overview

ESAB has long experience of developing new materials, technologies and innovative, high productivity solutions in welding and cutting industries. Due to the broad product range, extensive level of knowledge and more than 100 years of experience ESAB serve the vast needs of the welding and cutting industries.

ESAB product range is divided in: welding automation, welding equipment, welding consumables, accessories, cutting systems and production equipment.

Welding automation

Welding automation consists of mechanized and automated welding applications, designed to provide high quality, capacity and high level of productivity.

Welding equipment

Welding equipment is designed with specific process preferences. ESAB's different plasma cutting equipment facilitates the process of cutting all types of metals in efficient and an accurate manner.

Welding consumables

Being one of global leaders in manufacturing of consumables, ESAB's product range covers broad line of consumables, i.e. covered electrodes, cored wires, solid wires, TIG rods, strips and fluxes.⁹

⁵ www.esab.com, 18 December, 2010

⁶ www.charterplc.com, 18 December 2010

⁷ www.esab.com, 18 December 2010

⁸ *Ibid*, 18 December 2010

⁹ *Ibid*, 14 January 2010

Accessories

Since ESAB supports high level of health and safety standards, extensive product portfolio on Personal Protection Equipment has been designed. This product range includes a wide range of tools and accessories aimed for personal protection for both welding and cutting processes and general engineering applications. Besides personal protection equipment, there is also Special Process Equipment range, which includes fume extraction units, torches and grinders.

Cutting systems

This product range contains plasma, oxy-fuel laser cutting and waterjet cutting technology.

Production equipment

ESAB Production Equipment can offer equipment for the production of MMA electrodes, MIG/MAG wire, flux-cored wire, SMAW wire and agglomerated flux.

1.6.2 ESAB's segments and applications

ESAB support customers in different branches, namely: the transport, offshore, shipbuilding, power, process industry, aerospace and the construction industries.

Automotive

ESAB provides support for its automotive customers on a local level due to ESAB's local presence worldwide, its technological performance and logistical capability. The areas of expertise provided by ESAB for customers in the automotive industry include: laser cutting, Friction Stir Welding, MAG brazing, robot cored wires, environmental solid wires, after sales, supply-chain expertise, e.t.c.

Energy

Wind energy represents the area of great potential in power generation industry. ESAB's mission in this sector is to optimize a workflow which is cutting and welding intensive. The areas of expertise provided by ESAB for customers in the energy industry include: wind-tower fabrication, hydro turbine wheels, advanced cutting systems, quality assurance processes, large-gantry, narrow-gap SAW installations, creep-resistant steels.¹⁰

General fabrication and civil construction

General fabrication and civil construction industry requires high strength steels for its projects. The area of expertise provided by ESAB for customers in general fabrication and civil construction industry include: high strength steel consumables, cold-wire SAW, automated welding and cutting processes and technical expertise.

¹⁰ Ibid, 14 January 2011

Pipe mills

ESAB has provided equipment, consumables and process technology for transmission pipelines carrying gas, oil water or sewage for wide range of clients. The area of expertise provided by ESAB for customers in the pipe mills industry includes: pipe welding - longitudinal or spiral pipes.

Process industry

ESAB can provide both simpler and more advanced solutions for process industry. The area of expertise provided by ESAB for customers in the process industry includes: orbital welding, strip cladding, large storage tanks, stainless steel experts, training services, certification of products etc.

Repair and maintenance

ESAB has the extensive experience in providing an effective repair and maintenance solutions. The area of expertise provided by ESAB for clients in the repair and maintenance industry include: rail & track repair, cement production lines, coal-fired power plants, cane-sugar processing mills, earth-moving equipment, continuous casting roll etc.

Shipbuilding and offshore

ESAB's has a strong position in the shipbuilding and offshore segment which goes back to companies traditional business approach started in Gothenburg, with focus on ship and boiler repair. The area of expertise provided by ESAB for clients in the shipbuilding and offshore industry include: high heat input welding, narrow gap, duplex steels, integrated cutting systems, solution-oriented customer support, training facilities, etc.¹¹

1.6.3 ESAB Brazil

ESAB Brazil is together with ESAB Argentina part of ESAB South America region. The head office of ESAB Brazil is in Belo Horizonte. ESAB Brazil has also offices in Porto Alegre, Sao Paulo, Rio de Janeiro, Sao Salvador and Recife. The company has around 1000 employees. The biggest competitors to ESAB Brazil are Lincoln and UTB Bohler in consumables and power sources and Miler in power sources. Today the biggest customers for ESAB Brazil are from different range of segments: the naval, offshore, energy and sugar segment.¹²

1.6.4 Global welding applications

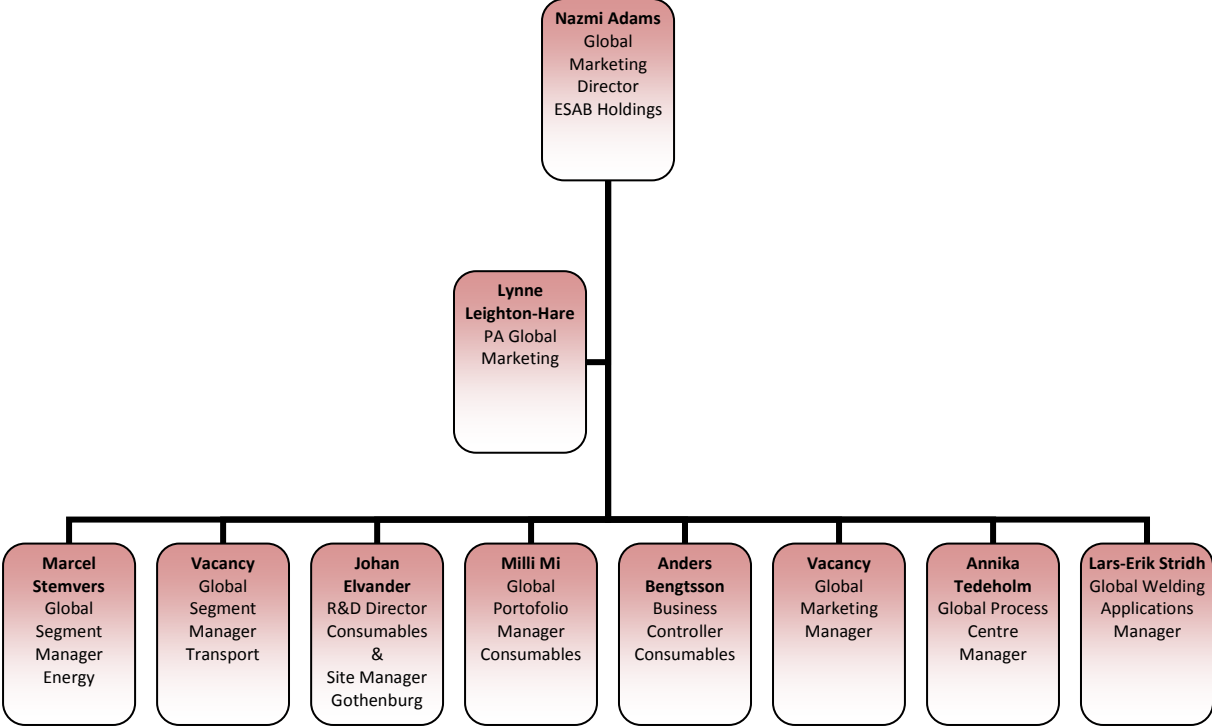
As illustrated in figure 2 Global welding applications department belong to the central marketing unit in the ESAB organization. Global welding applications department consist currently of three positions: Global Welding Applications Manager, Welding Productivity Manager and Project Manager Value Sell. Its primary function is to provide support, welding

¹¹ Ibid, 14 January 2011

¹² ESAB's intranet, 19 December, 2010

expertise and training in implementing the value selling strategy for regional and local sales organization. The idea of designing the value selling tool and implementing the value selling strategy was initiated by Global Welding Applications department.¹³

Figure 2: Organization chart of Central Marketing within ESAB organization



Source: ESAB’s intranet, 2010

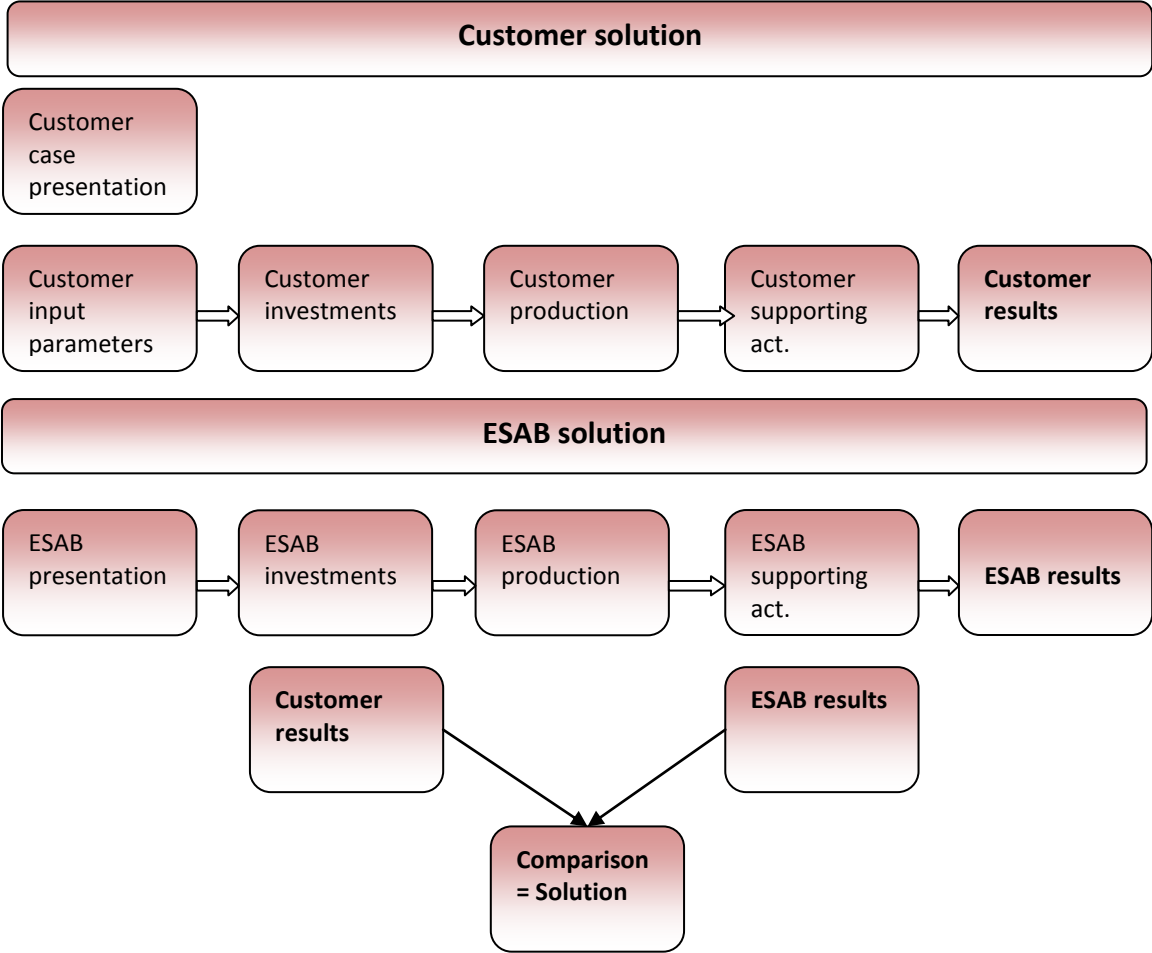
1.6.5 Value selling tool

For about four years ago there was a discussion within ESAB AB on how to spread and disseminate the knowledge ESAB had in the welding and cutting industry. The process of exploring these issues have started by looking at the value creation utilized at the Sandvik AB. Sandvik AB is famous in the manufacturing industry for providing an efficient and shorter production time. Having an extensive knowledge on the customer’s business processes, Sandvik AB, created an entire education system based on selling the value solution and an extensive knowledge of the customer’s business processes. By visiting Sandvik AB at one occasion, representatives from ESAB have gained the opportunity to get an insight into the Sandvik’s production processes. This visit provided necessary ideas for further discussion on the subject of creating the value selling tool.¹⁴ *“In order to defend its market share and to achieve better revenues ESAB has developed the value selling tool.”*¹⁵ As illustrated in figure 3, value selling tool is a calculation program which consists of several steps towards creation of a business solution, utilized to quantify the business impacts of the supplier’s solution. The idea of the value selling tool is to visualize benefits of ESAB solution

¹³ Ibid
¹⁴ Interview with Lars-Erik Stridh, Global Welding Applications Manager, ESAB AB, 8 December 2010
¹⁵ Ibid, 8 December 2010

offering, by demonstrating and calculating the costs for the entire customer’s business operation. The value selling tool was designed with the purpose to provide all necessary foundation in order to collect the vital information on customer business processes and to create solution offerings adjusted to the specific customer needs. In order to provide the necessary foundation for creating the solution offerings for the specific customer needs it is necessary to obtain the information on the entire customer’s business operation. This data is obtained by the customer case presentation and customer input parameters which together create a base for a detailed analysis of the customer’s entire business operations including investments, manufacturing costs and costs for supporting activities. Customer solution is compared to ESAB solution in order to design and tailor solution offerings for the specific customer’s needs. Solution offering is presented as the result of comparison between the customer’s solution and ESAB’s solution.

Figure 3: Illustration of the value selling tool



Source: ESAB’s internal source of information, 2010

2. Method discussion

This section covers method discussion starting with the survey approach, followed by survey strategy. Furthermore survey methodology is described including both quantitative and qualitative research method. Next section covers information concerning data collection which is divided in secondary and primary data as well as target group and sampling methods. The section continues with the evaluation of the research with explanations on validity, reliability, objectivity and source criticism. Final section in chapter 2 includes personal reflection on the research process.

2.1 Survey approach

According to Björklund & Paulsson they are 4 different survey approaches. Explorative survey approach is utilized when there is a limited amount of knowledge within the research area and the main focus of the researcher is to find basic understanding on the research area. Explanative research survey approach is aimed to both describe and explain relationships between variables in a particular research area. Normative survey approach is utilized when there is already existing knowledge in the research area and there is a need to suggest corrective actions. Descriptive survey approach is utilized when the purpose of the study is more to describe rather than to explain relations in particular research area.¹⁶ Its primary mission is to obtain the data that describes characteristic elements of the research topic, for instance: How are performance and experiences related?¹⁷ This study has an explanative research survey approach since the purpose of this study is to both describe and explain the value selling strategy.

2.2 Survey strategy

There are several different survey strategies (experiment, survey, case study). Experiments deal with identifying samples to different experimental conditions as well as taking measures on a small number of variables.¹⁸ Survey enables large amount of data collection in economical way since it include using the questionnaires. However significant amount of time will be spend on the design of the questionnaire and analysis of the results. There is also the risk of becoming too depended on respondents for obtaining information which could affect the progress of the data collection. Structured observation and structured questions belong also to survey strategy.¹⁹

The case study can be utilized for empirical investigation of a study object within its real-life setting. The researcher is encouraged to use the multiple data sources to examine reality. Through case study the researcher can obtain answers to the question why as well as what and how, but also further theories based on the existing ones can be formulated.²⁰

¹⁶ Björklund & Paulsson,(2003), page 58

¹⁷ Hair et al. (2007), page 145

¹⁸ Saunders et alt.(2003), page 91

¹⁹ Ibid, page 92

²⁰ Ibid, page 93

Case study focuses on gathering information on particularly issue of a firm or industry in order to obtain better picture of the problem situation connected to the real life context.²¹ The author of this thesis has utilized the case study survey strategy since the purpose of the research is to examine the real-life example, sales strategy of ESAB Brazil.

2.3 Survey methodology

Survey methodology includes describing of both quantitative and qualitative research method. The reasons for applying qualitative research method in this thesis will be further described as well as motivations for not choosing quantitative research approach.

2.3.1 Quantitative research method

Quantitative research method is utilized when there is a need to conduct the statistical form of analysis.²² It refers to the survey methodology where the collected data is quantified in order to answer the research questions.²³ This survey methodology has not been utilized in this thesis since the aim of the research questions was not to quantify the collected data or to conduct the statistical form of analysis.

2.3.2 Qualitative research method

Qualitative research method emphasizes the process, meaning, and understanding of social phenomena by utilizing words and pictures rather than numbers.²⁴ The purpose of the qualitative research method is to describe and explore different phenomena, as well as to interpret and understand feelings, perceptions and meanings.²⁵ The author of this thesis has chosen qualitative research method instead of quantitative research method since utilization of this method will bring overall understanding to the subject of the value selling strategy by examine perceptions and opinions of the studied group.

2.4 Data collection

The results from the research will not be trustworthy if the researcher fails to provide necessary information regarding the research approach to the reader.²⁶ In this section research approach in collection of secondary and primary data is discussed, data collection methods as well as target group and sampling methods.

2.4.1 Secondary data

Secondary data is defined as information that has already been collected for some other purpose, that the one for this study. It builds on already existing information.²⁷ The secondary data collection in this study consists of relevant literature, electronic books,

²¹ Hair et al. (2007), page 203

²² Patel & Davidsson (2003),page 14

²³ Saunders et al. (2003), page 327

²⁴ Merriam, (1998) page 8

²⁵ Patel & Davidsson, (2003),page 103

²⁶ Biggam, (2008), page 79

²⁷ Flowerdew & Martin, (2005), page57

scientific articles, internal sources of information (ESAB's intranet) and the relevant Internet sources. Relevant literature within the field of academically methodology writing has been utilized in order to choose an appropriate research method. Literature on sales strategies and market trends in business to business industry with focus on manufacturing industries in particular have been utilized in order to obtain suitable theoretical framework necessary for better understanding of sales strategies and the driving forces behind the changing nature of the sales strategies. Internet sources and scientific articles have been utilized as complementary source to the literature research. Since the collection and analysis of secondary data is not sufficient for answering the research questions, primary data based on the real-life example has been collected.

2.4.2 Primary data

Primary data is data which you collect by yourself, direct from the source.²⁸ The most common approach for data collection in qualitative study is interviewing.²⁹ Conducting interviews is recommended as primary data collection when the researcher wants to better understand behavior, feelings or opinions from the selected group.³⁰

The primary data in this thesis was collected based on the telephone interviews with welding engineers, sales and marketing managers of ESAB Brazil, who have received the training in the value selling tool as well as with Global Welding Applications Manager, the initiator of the value selling tool. However primary data from the interview with Lars-Erik Stridh, Global Welding Applications Manager within ESAB is not utilized for empirical analysis since the purpose of the interview was to gain better understanding of the creation process of value selling tool and its background. All respondents chosen in this thesis have very good knowledge in the area that fit the scope of this thesis.

Preparing structural questions which highlight the need to explore meanings, feelings and opinions will help the author to cover the topics the author wants to explore, even though it is not necessary to ask questions in advance prepared order.³¹ The author of this have prepared the questions in advance in order to obtain the necessary tool for keeping focus on the main issues needed to be discussed in this thesis. The respondents didn't receive the questionnaire before the interview, since the aim was to let them answer the questions unprepared and hopefully give them the opportunity to answer the questions more spontaneously. Flowerdew & Martin highlight the importance of obtaining the balance between two processes: keeping the focus of the interview and letting it flow and take its own direction in order to keep the spontaneity of the interview.³² The author of the thesis did have this statement in mind when asking questions, giving the respondents the opportunity to answer questions without interrupting them while still being aware of the importance to maintain focus on the subject that fits the scope of this thesis.

²⁸ Ibid, page57

²⁹ Merriam, (1998), page 70

³⁰ Ibid, page 72

³¹ Flowerdew & Martin, (2005), page 119

³² Ibid, page 120

All respondents have been asked the same type of questions in order to measure the results based on the same content of the questions. The author of his thesis have been utilized the tape recorder for both taking the notes of the interview and controlling that all answers were captured. Utilizing tape recorder allows the researcher to participate in conversation without being pressured to take notes of the interview.³³

After summarizing the findings from the interviews in written form, both questions and answers have been distributed to respondents for final review in order to minimize the risk of misinterpreting the information.

2.4.3 Target group & sampling methods

The target group represents the group of people which are essential to the research process due to their knowledge of the topic of interest as well as their access to the information valuable for the research process.³⁴The target group for collecting primary data for empirical analysis in this thesis consists of following participants:

Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil

Jose Roberto Dominques, Marketing Manager, ESAB Brazil

Pedro Rosetti Netto, National Sales and Marketing Manager, ESAB Brazil

The target group for collecting primary information in this thesis has been chosen based on the fact that they have participated in the training of the value selling tool and thus they are assumed to have good knowledge of the value selling tool as well as access to the valuable information for further implementation of the value selling strategy.

Sampling methods are based on two classifications: probability and non probability. Probability samples indicate that chances of selection of elements into a sample are known while for non probability sampling chances for sampling are not known.³⁵

In this thesis the basis for sampling methods are based on non probability sampling, more precisely on judgment sampling, since the author of this thesis has chosen the respondents based on own judgment how well do the respondents have the expertise in the chosen area for investigation.

2.5 Evaluation of the research

According to Björklund & Paulsson the trustworthiness of the study can be measured based on three criteria's: validity, reliability and objectivity.³⁶ All three criteria will be further explained and discussed in the next sections.

³³ Flowerdew & Martin, (2005), page 123

³⁴ Hair et alt.(2007), page 173

³⁵ Ibid, page 188

³⁶ Björklund & Paulsson,(2003),page 93

2.5.1 Validity

Validity refers to the question of how research results match reality and if they capture the true story of reality? Are researchers measuring what they think they are measuring?³⁷ Therefore it is essential to visualize and explain the choices the researcher has applied in the research process. If the research process contains detailed information and motivation why the particular subject was chosen, selection of respondents, how the information was gathered and analyzed, the reader will obtain better understanding of the entire research process and gain an insight on which basis conclusions have been drawn. In this way, the validity of the entire research process will be enhanced.³⁸ In order to increase the validity of this thesis the author of this thesis has sent the interview questions for approval to the supervisor.

2.5.2 Reliability

Reliability deals with the consistency of a measure in terms of obtaining the same research findings when repeating the research. It is difficult to measure reliability in the qualitative studies since it is difficult to measure abstract phenomena such as feelings, thoughts and perceptions which make each qualitative study very unique in its concept.³⁹ In order to better understand the process and impact of the value selling strategy, the best way was to utilize a qualitative research approach even if the reliability did suffer.

2.5.3 Objectivity

Objective approach explains if the values of the researcher have had an impact on the conducted study.⁴⁰ The reader of this thesis should bear in mind that author of this thesis is employed by ESAB AB and this may have “colored” the thesis process in terms of having an emotional bonding to the organization. According to Björklund & Paulsson, emotional bonding is a process where the researcher is only focusing on its own organization without having the broad information of the problem area in the introduction phase of the thesis. This can create an obstacle in broadening the view which can influence the problem definition.⁴¹ The author of this thesis was aware of this statement, which has influenced the author to conduct a broad introduction chapter with the purpose to broaden the view on the issues influencing the problem definition.

2.5.4 Source criticism

In order to ensure that the presented results are accurate and reliable there is a need to carry out critical approach in evaluating the gathered information. The primary data is considered to have high degree of reliability since respondents have good knowledge in the investigated area. Scientific articles and literature are also considered to have accurate and

³⁷ Merriam, (1998), page 201

³⁸ Patel & Davidsson, (2003), page 106

³⁹ Merriam, (1998), page 205

⁴⁰ Björklund & Paulsson, (2003), page 59

⁴¹ Ibid, page93

relevant information that fit the scope of theoretical framework even though some of the scientific articles and literature are more than ten years old.

Since the theoretical framework covers partly the aspects of the past which has influenced the changing role of salespeople in current situation, it is necessary to go back in time in order to capture the transition process towards the current value selling role of salespeople. The author of this thesis is aware of the fact that information gathered on internet and company's webpage could have elements of glorified information but this is not considered to have a significant impact on the results of this research process.

2.6 Personal reflections on the research approach

It is worth to mention that author of this thesis have proceeded this thesis alone, not having the opportunity to discuss and reflect the ideas with other student or students. This may had an impact on the creativity process of the thesis, in terms of not having the opportunity to brainstorm and share ideas with other student/students.

However, there was an opportunity to divide the working process according to the prerequisites of the author, who was working on a part-time basis during the process of the thesis creation.

On the other hand, the author of this thesis gained an opportunity to discuss different ideas with the assigner of this thesis, Lars-Erik Stridh, Global welding application Manager within ESAB AB. According to Björklund & Paulsson students may listen to advices and ideas from the assigner but the responsibility for making relevant choices in thesis creation is authors and no one else. The assigner of the thesis has privilege of leading the problem definition in its own direction, which is in the interest of the assigner but the author has the privilege of conducting the thesis.⁴² Björklund and Paulsson further state that the risk for influencing the direction of thesis is bigger when the assigner of the thesis is involved but there is also a risk of not presenting the case of reality, with focus on problems that occur in companies, if the assigner is not involved.⁴³

The author of this thesis has particularly interest in the field of sales development, which has directed the area of interest for this thesis. Since the writer of this thesis is employed by ESAB AB, the idea of conducting this thesis on behalf of ESAB AB was initiated in collaboration with Lars-Erik Stridh, Global Welding Application Manager of ESAB AB.

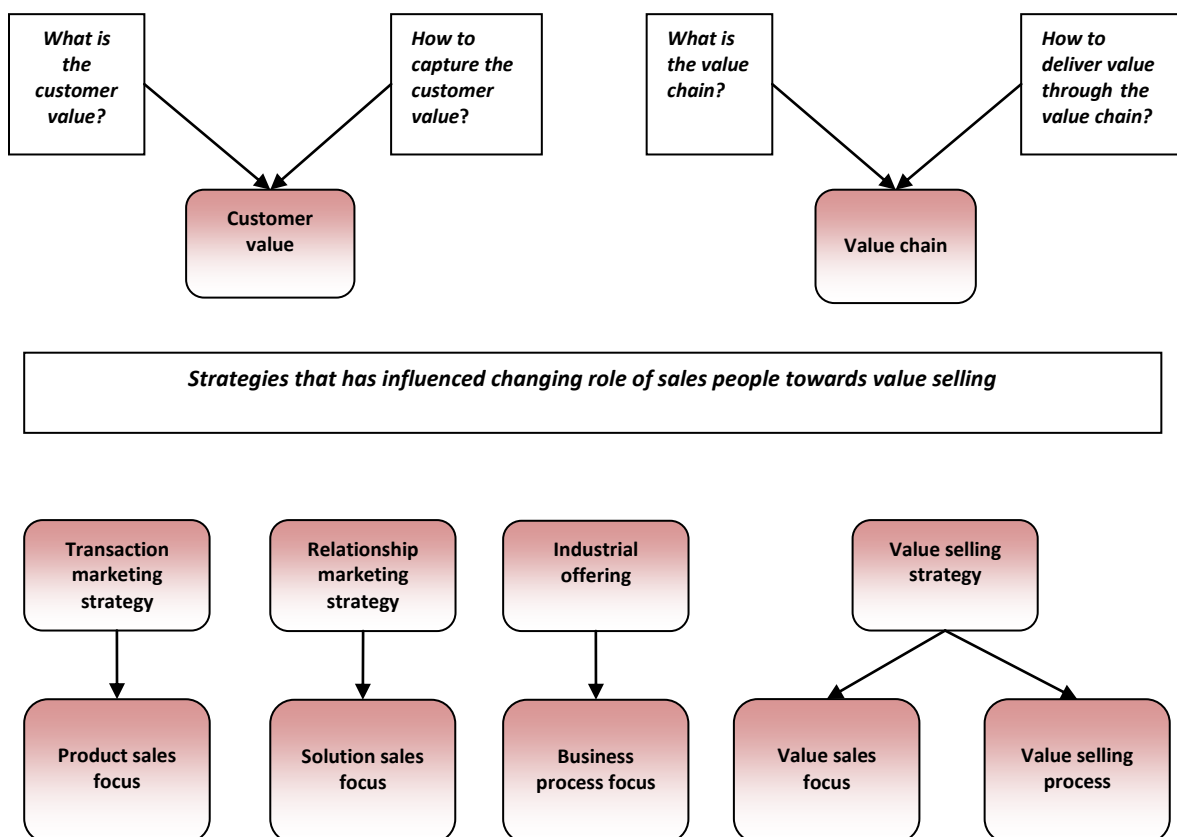
⁴² Ibid, page 90

⁴³ Ibid, page 93

3. Theoretical framework

As illustrated in figure 4, this chapter begins with the description on what the customer value is and an explanation on how to capture the customer value. In order to explain how to deliver the customer value, value chain model is further described answering question how to deliver value through value chain. The chapter continues with describing the changing role of sales people from product focus in transaction marketing through solution focus in relationship marketing. In next section the key drivers which has influenced emergence of industrial offering emphasizing business focus in sales processes are described. The chapter ends with section covering the transition of sales strategies towards the value selling strategy, emphasizing the role of sales force in the value selling strategy and describing the value selling process.

Figure 4: Illustration of theoretical framework



Source: Own creation

3.1 Customer value

Today customers require more than delivery of products from their suppliers due to the increasing trend of globalization and price transparency. Globalization has pushed suppliers to focus more on cherishing relationships with their current customers in order to identify and deliver the customer value and thus maintain source of differentiation from the increasing competition derived mostly from the Asian countries.

Price transparency has emerged from the increasing utilization of Internet as a source of marketing channel where company's world wide can visualize their products and prices. This trend has also influenced the increasing need for visualization of customer value as a source of differentiation and competitive advantage. In order to better understand the meaning of customer value, definition on customer value and determinants which have influenced the creation of customer value will be further described in this section.

Customer value is defined as the difference between the values the customer obtains from owning and using a product and the cost of acquiring the product.⁴⁴ The offering will be successful if it delivers the highest value and satisfaction for the companies' customers.⁴⁵

As exemplified in the figure 5 customer-delivered value is defined as the difference between total customer value and total customer cost.⁴⁶ Total customer cost is measured as the sum of the monetary cost, time cost, energy cost (cost for putting personal energy) and psychic cost (cost for added stress) the customers have invested.

Total customer value is measured as the sum of perceived value or benefits that customer expect from a proposed marketing offering based on product, services, personal and image value.⁴⁷ Customer delivered value is a useful framework in order to measure if the company has lived up to the customer expectations.⁴⁸

Customer value is perceived by customers who evaluate the attributes and the attributes performance of a marketing offer. These preferences are evaluated by customers who form the value experience from utilizing the product in a usage situation.

When customer is trying to choose a marketing offer they tend to predict the proposed value of the offer, but it is during the time that customer actually uses the marketing offer that they can judge if their predictions of the received value are in line with their expectations.⁴⁹

⁴⁴ Kotler et alt. (2008), page 11

⁴⁵ Kotler & Keller, (2007), page 14

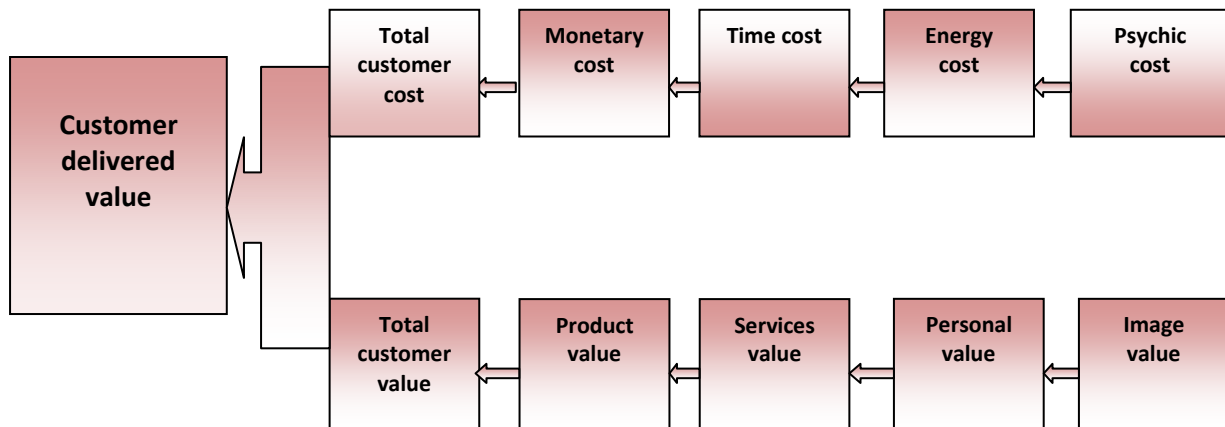
⁴⁶ Ibid, page 79

⁴⁷ Ibid, page 64

⁴⁸ Ibid, page 65

⁴⁹ Woodruff, (1997), page 141

Figure 5: Determinants of the customer-delivered value



Source: Kotler & Keller (2007), page 64

In order to explain the process of designing the customer value it is necessary to describe and explain the process of capturing the customer value. This process starts initially with value exploration, goes further to value creation and ends with the value delivery. All three steps are further described below:

Value exploration is needed in order to answer the question how companies can identify new value opportunities?⁵⁰ This requires an understanding of the customer's business process and its existing and future needs such as the need for change, stability, profitability e.t.c. The company must understand its customer's needs and based on the analysis of customer needs respond to the customer demands.

Value creation is needed in order to answer on question how companies can efficiently design new value offerings suitable for its targeted customers? Here it is necessary to start from the customer's point of view when mapping out the new customer benefits of the value offering, work closely with customers in partnership.

Value delivery is needed in order to answer the question how companies can utilize its capabilities and resources in order to deliver the new value offerings more efficiently. Effective response depends on management of the internal and external resources.⁵¹

3.2 Value chain

In order to understand what actions are necessary for allocating the customer value it is important to take value chain, in consideration? Companies can deliver customer value by examining the cost and performance in its own value chain and then look for improvement areas in the customer's value chain.⁵² It seems that possibilities to create and capture value

⁵⁰ Kotler & Keller, (2007), page 25

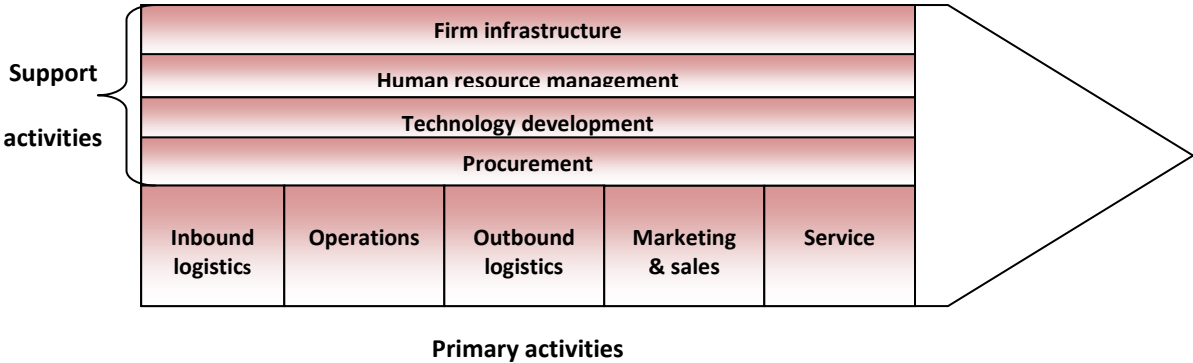
⁵¹ Ibid, page 26

⁵² Kotler et alt. (2008), page 381

increase the more suppliers' are going further into the value chain of their customer's, due to the ongoing trend of transition in terms of shifting the business operations from handling the raw material to developing products for end-users.⁵³

Value chain consists of nine value creating activities, which can be divided into five primary activities and four support activities. As exemplified in figure 6 five primary activities are: inbound logistics (deals with delivering the materials into market), operations (manufacturing process), outbound logistics (deals with sending the material to the customer, marketing/sales and service. The four supporting activities are: firm's infrastructure (top management, finance, planning, accounting and legal department), human resources, technology development and procurement.⁵⁴ Support activities provide support to primary activities in order to deliver the customer value.⁵⁵

Figure 6: Illustration of the value chain model



Source: Kotler et alt. (2008), page 380

The firm's success depends not only on each department's success to deliver customer value but also on the success of an internal coordination within the company, how well are different activities coordinated across different departments in order to deliver the customer value. For instance if the sales department have placed an urgent order and distribution department choose cheaper but more slower way of transportation, this can result in customer waits.⁵⁶

According to Cheverton it is not enough to only understand the customer's needs. Value occurs inside the customer's operation but the design of the value starts firstly in the supplier's organization. Suppliers need to map out their own priorities, which opportunities to chase, and try to allocate the source to "the right kind" of value.⁵⁷ Cheverton describes "the right kind" of value as the one, which suits to both the suppliers and the customers.⁵⁸ In order to allocate the "right kind" of value it is necessary to work out the smooth management of core business processes, which are:

⁵³ Kaario et alt. (2004), page 19
⁵⁴ Kotler et alt. (2008) , page 380
⁵⁵ Ibid, page 399
⁵⁶ Ibid, page 381
⁵⁷ Cheverton, (2009), page 4
⁵⁸ Ibid, page 5

- Product development process – process of identifying, researching and developing new product
- Inventory management process- process of managing the right amount of raw material when needed
- Order-to-payment process- process from placing an order, shipping the order and gathering payment
- Customer service process- process of delivering service, solutions and answers to the customer.⁵⁹ The companies who manage the smooth coordination of its core business processes will gain a substantial competitive advantage.⁶⁰

3.3 Transaction marketing strategy

In next stage of this thesis, the reader will be presented to different marketing strategies that have influenced the changing role of salespeople starting with transition marketing where the main focus is on product sales. Transaction marketing is a business strategy that emphasizes acquisition of new customers rather than retaining the existing customers and developing deeper relationships with them.⁶¹ Transaction marketing is based on four elements of marketing mix. The marketing mix is defined as the set of marketing tools, aimed to influence the demand for the supplier's products.⁶² The marketing mix illustrated in figure 7 consists of four marketing tools sometimes referred to as *the four P's* which are:

- *Product* – include the range of goods and services companies offer to its target market. Product offer consists of product variety, quality, design, product features, brand names and additional services attached to a product.
- *Price* – is the amount of money customer pay to obtain the product. Price includes the list price, discounts, payment period, credit terms.
- *Promotion* – include set of marketing activities in order to communicate benefits of products and influence the target group to buy products. Promotion covers the area of advertising, promotions, personal selling, publicity.
- *Place* – includes set of activities in order to make the product available for target customers.⁶³ It consists of channels, coverage, locations, inventory and transport.⁶⁴

⁵⁹ Ibid, page 381

⁶⁰ Ibid, page 381

⁶¹ Kotler, (2003), page 152

⁶² Kotler et al. (2008), page 49

⁶³ Ibid, page 50

⁶⁴ Ibid, page 49

Figure 7: Illustration of marketing mix model

Marketing mix			
Product	Price	Promotion	Place
Variety	List price	Advertising	Channels
Quality	Discounts	Promotions	Coverage
Design	Payment period	Personal selling	Locations
Features	Credit terms	Publicity	Inventory
Brand name			Transport
Services			
Target market			

Source: Kotler et al., (2008), page 49

3.3.1 Sales force role in the transaction marketing strategy

In the transaction marketing, sales people were focusing on emphasizing the technical aspects of the product.⁶⁵ During this time when the competition was limited and the demand for products was greater than the supply, the salespeople were focusing on short-term profits, informing the customers about products and taking orders.⁶⁶

Customers were focusing on price-oriented purchasing negotiations without having interest in the value-added services. There was no mutual interest in the relationship and thus there was no interest in looking for improvements in the value chain.⁶⁷

In the organization where product-focus was central, the sales people were targeting products to all customers.⁶⁸ The provider was focusing on cost leadership.⁶⁹ Traditional role of sales people was to sell products, while the companies were focusing on obtaining discounts.⁷⁰

The role of salespeople was to support customer's purchasing process by offering products, negotiating prices and obtaining the deal. As illustrated in figure number 8 the customer's purchasing processes include specifications of customer's needs, request for quotation (RFQ), evaluation of an offer, choosing and accepting the appropriate offer and in the last phase installing the offer and start utilizing it. The supplier's selling process includes presenting the offer, negotiating prices and closing the deals.⁷¹

⁶⁵ Kaario et al. (2004), page 28

⁶⁶ Weitz & Bradford Page, (1999), page 243

⁶⁷ Kaario et al. (2004), page 29

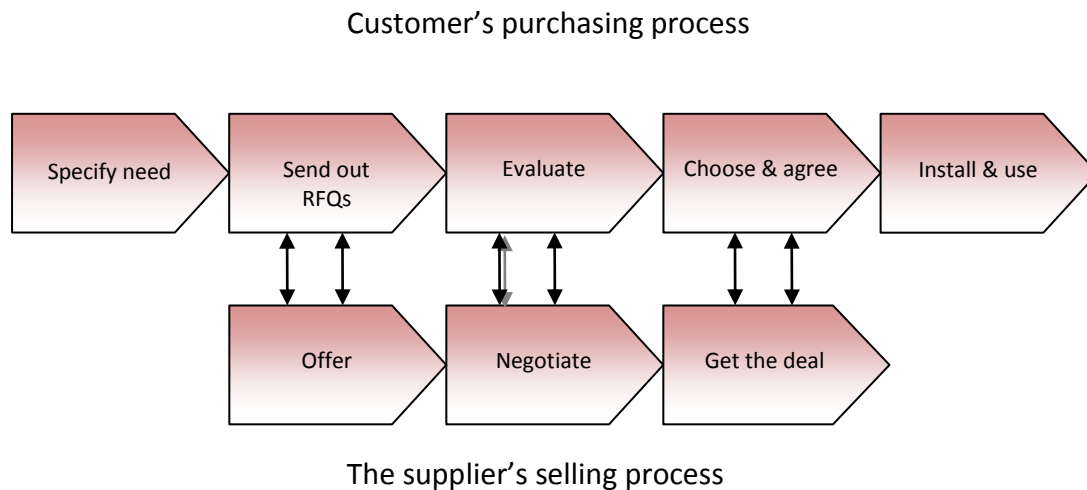
⁶⁸ Homburg et al. (2000), page 9

⁶⁹ Kaario et al. (2004), page 172

⁷⁰ Ibid, page 15

⁷¹ Ibid, page 52

Figure 8: Illustration of product sales process



Source: Kaario et al. (2004), page 52

3.4 Relationship marketing strategy

The next step in this thesis will involve explanation on the next strategy which has influenced changing role of sales people towards solution sales which is the relationship marketing. Relationship marketing is a process of identifying and satisfying customer' needs in order to create the mutual value between suppliers and customers. Within relationship marketing, the value creation is designed *with* customers, not *for* them.⁷²

Relationship marketing covers a wide range of marketing activities from creating the marketing programs to designing and conducting selling activities directed towards building relationships with customers.⁷³ The product in the relationship marketing is the output of a close interaction between company and its customers.⁷⁴ The goal is to deliver the long-term value to customers and the measure of that success is a long-term customer satisfaction.

Relationship marketing requires strong internal cooperation in terms of teamwork, within the supplier's departments.⁷⁵ In the process of relationship marketing, product development is a cooperative process between suppliers and customers.⁷⁶ The selected product is highly tailored to the customer requirements and thus it generates benefits for the customer. The price needs to reflect the value sourced from these choices. The relationship marketing company is focusing on involving the customer in the value creation process and seeking to create new benefits for the customer.⁷⁷

⁷² Gordon, (1998), page 9

⁷³ Weitz & Bradford, (1999), page 241

⁷⁴ Gordon, (1998), page 13

⁷⁵ Kotler et al. (2008),page 387

⁷⁶ Kotler, (2003), page 153

⁷⁷ Gordon,(1998), page 13

By applying the Relationship Marketing the company should organize its activities around the customers it has chosen to serve. The relationship itself consists of sub processes created for understanding customer expectations and gaining information on the customer needs. These processes are necessary in order to clarify customer expectations and structure the relationship by allocating which people will be involved in the relationship, what kind of roles are needed in the relationship and the time they will dedicate to the relationship.

It is necessary to clarify the relationship objectives between the company and its customers and set up future strategies for delivering on these objectives.

These are the prerequisites for developing mutual understanding in order to create the value they are looking for. In addition, process should be designed to manage the relationship but also to make necessary changes and adjustments in order to capture the current market conditions.⁷⁸

3.4.1 Sales force role in the relationship marketing strategy

The shift from product-focus in transaction marketing towards customer-focus in relationship marketing is initiated by the need to work close in partnership with customers in order to find suitable solutions for the customer's problem areas and needs.⁷⁹ Solution is defined as a combination of products, services and information that is offered as a package to the customer.⁸⁰

In the relationship marketing organization, salespeople were assigned to the particular customer group and their role was to differentiate the offer on the basis of their customer knowledge.⁸¹ Differentiation is a process of differentiating the company's offer from competitors in order to create the customer value.⁸²

The sales team was responsible for managing the personal relationship between the company and the customers. Sale's people have coordinated the firm's actions towards customers in order to satisfy customer requirements but they have also gathered the information concerning competitors and market force.⁸³

Sales' responsibility was to listen to the customer needs, involve the customer in a dialogue and stimulate an open, two-way communication in order to achieve the mutual interests.⁸⁴ The sales force has managed customer relationship in order to build deeper relations with customers, increase sales and manage customer satisfaction.⁸⁵

⁷⁸ Ibid, page 65

⁷⁹ Homburg et al. (2000), page 9

⁸⁰ Kaario et al. (2004), page 30

⁸¹ Homburg et al. (2000), page 10

⁸² Kotler et al. (2008), page 998

⁸³ Dwyer & Tanner, (2002), page 395

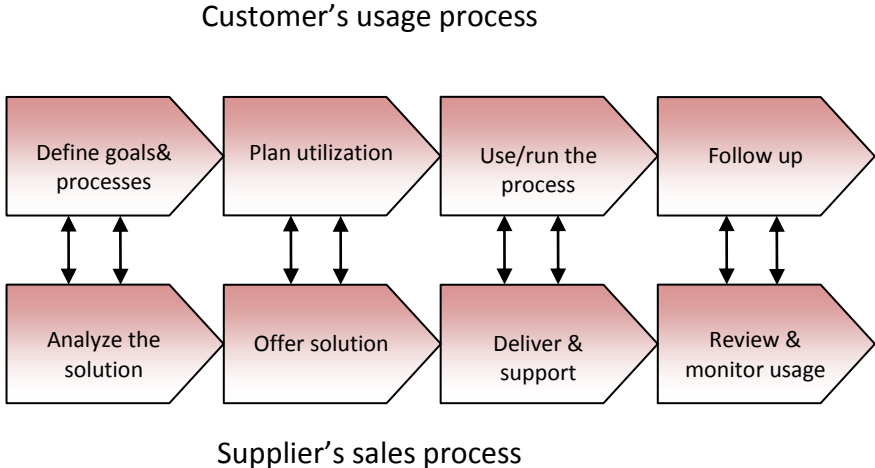
⁸⁴ Ibid, page 398

⁸⁵ Dwyer & Tanner, (2002), page 398

The role of sales people in the relationship marketing was directed to sell solutions based on understanding of the customer’s needs and presenting the solutions that fit the customer’s needs. Main focus was on linking the product benefits to the customer needs and not at focusing on the purchasing price. Solution selling is utilized when the supplier has the superior knowledge in a given application area and the customer is in the need of an expertise support.⁸⁶ In the solution sales process the purchasing process is only one part of the customer’s business process. *The role of salespeople in the solution sales process was to support a wider process of customer’s business operations* by firstly understanding how the proposed solution is going to fit in customer’s organization and secondly on creating the solutions that support the customer’s usage process.⁸⁷

As illustrated in figure 9 customer’s usage process starts with defining goals and processes on which the supplier needs to analyze the situation. When customers have an idea of their plan utilization, supplier needs to provide an offer with the solution focus. Next stage in the customer’s usage process involves an actual utilization of the solution sales process on which the suppliers need to deliver and support the process. Final stage in the customer’s usage process is follow-up phase on which the supplier needs to review and monitor the usage.

Figure 9: Illustration of solution sales process



Source: Kaario et al. (2004), page 53

3.5 Industrial offerings

In order to relate different marketing strategies towards manufacturing industries it is necessary to analyze current industrial strategies that have emphasized the need for industrial offerings and services.

In the light of the increased competition, commoditization (decreasing unit prices of products) and new customer demands, manufacturing companies are looking for new source of competitive advantage, differentiation and possibilities for growth. Traditional values in

⁸⁶ Kaario et al. (2004), page 30
⁸⁷ Ibid, page 53

manufacturing companies have emphasized costs and the price of offerings while the new values instead highlight the performance and productivity.⁸⁸

Manufacturing companies have been influenced by several driving forces to create industrial offerings with high level of service content. Industrial offerings are offerings with the high degree of service content which can be sold either as purely service offerings or in combination with the product offerings.⁸⁹ The purpose of industrial offerings is to create value by having an impact on customers' business processes, total cost structure and product profitability.⁹⁰

One of the primary reasons for increased demands for industrial offerings is the increasing and changing customer requirements as they become more global, thus opening marketing potential for more complete industrial offerings.⁹¹ Declining product prices due to commoditization have brought the creation of industrial offerings in focus. These services require a small level of assets and thus lower need for investments. By defining industrial offerings companies are able to charge customers for service activities, not only products, and thus boost revenues which can potentially lead to the higher profitability. Industrial services and offerings can be utilized as additional offerings connected to the sales of existing products. Services can become a source of competitive advantage and differentiation being intangible and more difficult to imitate.⁹²

Service intangibility is a characteristic of service which cannot be seen, tasted, felt, heard or smelt before they are bought.⁹³ Offering more services will also enable suppliers to gain a deeper understanding of customer's technologies, processes and plans. By defining industrial offerings companies are able to charge customers for service activities, not only products, and thus boost revenues which can potentially lead to the higher profitability.⁹⁴

The companies need to understand the driving forces behind value creation for each customer when they design offerings. It is necessary to identify customer's real needs in order to design service content in industrial offerings that are attractive to the customer.⁹⁵

Typical examples of service content in industrial offerings are:

- Customer training: customer training or activities are utilized in order to display the use of products and education of these products for the customer
- Inspection: examination or check up of capital equipment for identifying potential problems
- Maintenance: activities in order to preserve equipment in proper condition
- Operation: production process on a daily bases

⁸⁸ Nilsson & Kindström, (2009), page 70

⁸⁹ Ibid, page 18

⁹⁰ Ibid, page 28

⁹¹ Ibid, page 26

⁹² Ibid, page 23

⁹³ Kotler et alt. (2008), page 599

⁹⁴ Nilsson & Kindström, page 23

⁹⁵ Ibid, page 28

- Performance audit: performing an audit of the customer's production process, improving customers cost efficiency and productivity
- Performance upgrade: adding or replacing necessary pieces of both hardware(products) and software(solutions) in order to improve the performance
- Spare parts: provision of replacement components for capital equipment.
- Technical consulting: supplying customer with the technical knowledge and an expertise focusing on problem solution of the customer's industrial production process.
- Technical support: advice to users of equipment via a call centre, web-page.⁹⁶

3.5.1 Focus on business processes

Manufacturing companies are shifting their focus from *selling industrial products*, through process of *selling added services with focus on operational processes* towards *selling industrial offerings with focus on business processes*.⁹⁷

A single product and service focus often indicates an internal orientation on technology, with little customer integration and thus little understanding of the customer's situation and customer needs. An operational process focus implies a closer cooperation with the customer and an increased perception of the customer processes.⁹⁸

Industrial offerings are focusing on improving customer's core business and thus have business process focus with high degree of customer interaction. A business process focus requires close cooperation and integration with the customer in order to understand both customer needs and their customers' needs on both the operational and strategic level.

Three different processes: single products and services, products with operational processes and products with business processes are summarized in table 1 from customer, offering and supplier perspective. It is important to note that it is easy to focus on internal perspective when classifying and discussing offerings.

Besides defining the company's current position it is of vital importance to identify what is the aimed position of the company in the future from an internal perspective as well as from the customer perspective. If the movement of the sales process is towards industrial offerings, the service content will play a significant role in the offerings and the relationship content will become even more important. This will result in stronger process and business orientation which requires better knowledge about the customer process and also more cooperation with customer.⁹⁹

From customer perspective single products and services are needed in transaction oriented product sales. Operational processes are needed when products include more added services with operational relationships. Business processes are needed when products

⁹⁶ Ibid, page 17

⁹⁷ Ibid, page 32

⁹⁸ Ibid, page 33

⁹⁹ Ibid, page 35

include high level of business processes where solutions and complete industrial offerings with both operational and strategic relationship are in focus. From an offering perspective single products are standard products with no extensive level of services.

But when offerings are moving towards operational processes they need to consist of simplicity and smoothness which can affect customer’s business processes. When offerings move towards visualizing the business processes they exemplify results and productivity in customer’s business.

From supplier’s point of view single products needs to contain technology focus, pricing level, little or no customer integration. Products with focus on operational processes from supplier’s perspective are separate products and service offerings. Products from supplier’s perspective need to contain the complete offerings, complex contracts and the high degree of customer integration.

Table 1: Illustration of product offering from three different perspectives

Perspective	Single products and services	Operational processes	Business processes
Customer perspective	Transaction oriented product sales	Products and added services with an operational relationship	Solutions and industrial offerings with an operational and strategic relationship
Offering perspective	Standard product	Simplicity and smoothness in the customer’s processes (operations, purchasing,	Results and productivity in the customer’s business
Supplier perspective	Technology focus, cost-plus pricing, little/no customer integration	Separate product and service offerings	Complete offerings, complex contracts, high degree of customer integration

Product oriented focus
Service oriented focus

Source: Nilsson & Kindström,(2009), page 33

3.6 Value selling strategy

Due to industrial trends emphasizing industrial offerings with focus on business processes, it is necessary to revise the role of sales people towards selling business impacts to customers and thus value selling strategy is of crucial importance.

Value selling is about selling business impacts to the customer.¹⁰⁰ Business impacts can be achieved by increased revenues, lower production cost or decreased manufacturing costs.¹⁰¹ Value selling strategy focuses on identifying new opportunities for profitability and growth.¹⁰² It enables new opportunities for profitability and growth by identifying

¹⁰⁰ Kaario et al.(2004), page 74
¹⁰¹ Ibid, page 32
¹⁰² Ibid, page 16

customer's business processes through customer's process innovation.¹⁰³ Customer process innovation is an analysis of customer's business processes conducted in order to improve or replace the current kind of processes with the overall aim to improve customer business results.¹⁰⁴ Those companies who will provide customer process innovations will gain competitive advantage since many competitors are still focusing on providing solutions adapted to the old processes.¹⁰⁵

Value selling strategy consists of 4 core beliefs: trust, win-win outcomes, customer value focus and selling of package solutions.¹⁰⁶

1. Trust is a base for creating the good relationships between supplier and customer.
2. Satisfying deals (win-win outcomes) for both the supplier and the customer are necessary in order to achieve long-term relationships.
3. Customer value focus starts with identifying the value in customer's terms, not the seller terms. The customer will pay a higher selling price if they know the real value of the offer.
4. Selling of package solutions consist of products and services.¹⁰⁷

3.6.1 Sales force role in the value selling strategy

The role of salespeople in the value selling strategy is to understand business processes of the customer's business operations, suggest innovative changes to the customer's processes and visualize the business impacts of the whole process.¹⁰⁸ In the value selling process, sales representatives should gather information about the customer's business processes.¹⁰⁹ Salespeople are more consultants than product experts in the value selling process (process innovator) since they suggest changes in the customer's process, matching the supplier's capabilities to the customer's process understanding.

In product-oriented sales the salespeople were dealing with the purchasing department. *In value-oriented sales, the sales people must understand the customer business process.* In this situation the contacts are moving from middle management level to the top management level. Salespeople need to understand value drivers of the customer's business operations.¹¹⁰ In order to proceed with customer process innovation, it is necessary to change the role of sales people from product experts to business consultants.¹¹¹

¹⁰³ Ibid, page 21

¹⁰⁴ Ibid, page 84

¹⁰⁵ Ibid, page 21

¹⁰⁶ <http://www.tomreillytraining.com/VAS%20article%203.htm/20101227>

¹⁰⁷ Ibid/20101227

¹⁰⁸ Kaario et al. (2004), page 22

¹⁰⁹ Ibid, page 59

¹¹⁰ Ibid, page 32

¹¹¹ Ibid, page 34

The sales force in the value selling process needs to understand the customer's value chain in order to obtain overall comprehension of the customer's industry, customer's position in the industry and current changes that are affecting the industry.¹¹²

The role of sales people has changed in the value selling process from the traditional selling approach in three ways, namely:

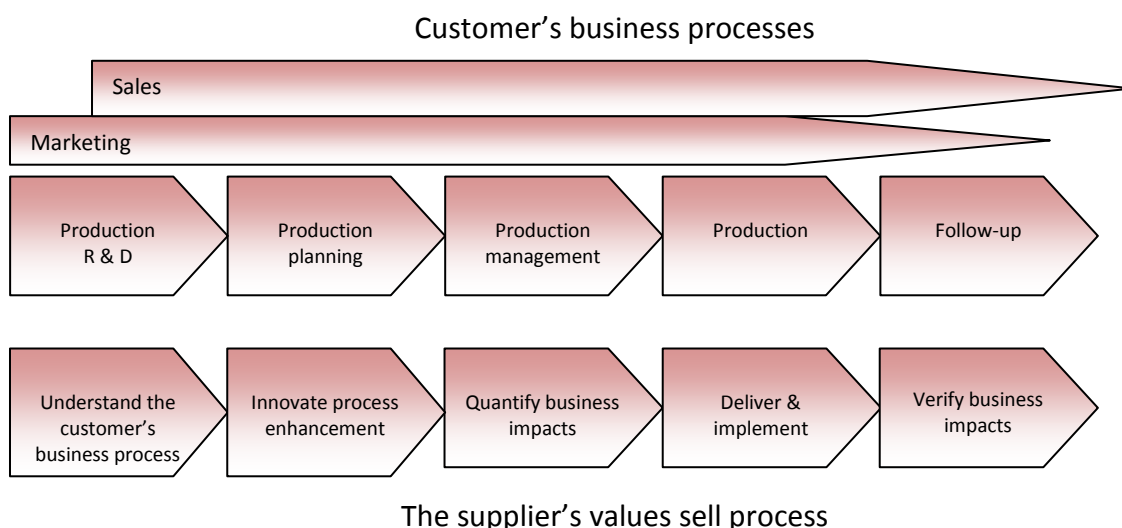
- In the value selling process salespeople sell solutions, not products.
- Value added salespeople focus on understanding the customer's needs, not creating the customer's needs as traditional salespeople did.
- In the value selling process, the role of salespeople is to make a difference for a customer not only to make a deal.¹¹³

Since the sales force in the value selling needs to innovate customer's processes, there is a need to cooperate with Research and Development, logistics and production departments in order to provide customer process innovation.¹¹⁴

3.6.2 Value selling process

As exemplified in figure 10 value selling process is divided in 5 different stages: understanding the customer business process, innovating process enhancement, quantifying the business impacts, delivering and implementing the process and verifying the business impacts. Customer business processes contains a wide range of different business processes, namely: sales and marketing, research and development, production planning, production management, production/manufacturing process and follow-up process.

Figure 10: Illustration of the value sales process



Source: Kaario et al. (2004), page 54

¹¹² Ibid, page 70

¹¹³ <http://www.tomreillytraining.com/VAS%20article%203.htm> /20101227

¹¹⁴ Kaario et al. (2004), page 35

3.6.2.1 Understanding customer's needs

In the value selling process it is firstly necessary to *understand customer's long-term goals, vision and strategy* in order to evaluate if the supplier can support the customer in accomplishing its long-term goals. In this way supplier will identify future potential of the customer's business operations.¹¹⁵ Cheverton describes this matching process as a collaborative process where it is of vital importance to build deep relationships with the customer, to understand customer needs, strategies and driving forces in order to find the suitable and impactful value proposition.¹¹⁶ Value proposition is a statement which defines the business effects the customer will receive from the supplier's offering.¹¹⁷

Value selling process requires close and open relationship between supplier and customer in order to share strategic information for exploring new types of business models.¹¹⁸ It is also essential to take the spatial proximity to the customer in consideration in order to capture the tacit knowledge (uncodified and unwritten knowledge) of customer's current business operations and build relationship. Customers provide tacit knowledge to suppliers with hope that revealing the tacit knowledge will help suppliers to design innovative solutions adjusted to customer's particular needs. Suppliers share their tacit knowledge with customers when they supply customers with innovative technologies. The key to this joint innovation is the spatial proximity between customers and suppliers which makes it possible to transfer and share the knowledge.¹¹⁹

Those companies who apply personal contacts with its customers are more likely to respond promptly to the market changes and launch new products and services.¹²⁰

Proximity to customers is important due to the several reasons, namely:

- Customers buy frequently even when the volume is not high
- A single customer stands for a large profit share
- Personal relationships with customers are of vital importance for business development
- The goods are expensive to transport¹²¹

Spatial proximity of firms facilitates the exchange of information and knowledge in different ways. It is easier to arrange personal visits and meetings between the firms, thus facilitating the exchange of knowledge and ideas between the customer and the supplier. Furthermore it is easier to develop relationships based on successful cooperation and personal knowledge of each other if both the supplier and customer are geographically close to each other.

¹¹⁵ Ibid, page 73

¹¹⁶ Cheverton, (2009), page 139

¹¹⁷ Barnes et al. (2009), page 22

¹¹⁸ Kaario et al (2004), page 75

¹¹⁹ Gertler, (2001), page 85

¹²⁰ Weterings, (2009), page 28

¹²¹ Campbell & Craig, (2005), page 94

Spatial proximity of suppliers and customer will likely enhance the high degree of trust since trust is of crucial importance for exchanging firm-specific knowledge.¹²² Personal interaction between suppliers and customers are vital for exchanging the tacit knowledge and in order to increase personal interaction it is significant to take geographical proximity to customers in consideration. Short distance to customers is more likely needed in order to facilitate the exchange of tacit knowledge between the supplier and the customer.¹²³

It is further stated that employees who have direct contact with customers have the opportunity to directly influence the perceived quality of the service level since they are most geographically close to customers. They have easier access to customer information since they have more direct interactions with customers.¹²⁴

It is also very important to take the time needed for this process since it is necessary to involve the customer in the value creation. Customer's involvement in this process will be needed in order to obtain the detailed knowledge about the customer's business operations which hopefully will result in a collaborative partnership.¹²⁵ Due to the collaborative partnership with the customer, it is possible to find the appropriate capabilities tailored to the true needs of the customer, which results in the value creation.¹²⁶

Value selling requires deep *understanding of customer's all business functions and processes* in order to identify areas for improvement in the customer's value chain. Based on the analysis, suppliers will be able to deliver suggestions on new operational model in the entire value chain and thus improve customer's business results.

Value selling requires *understanding of customer's organizational structure and decision making process* in order to gain valuable input for planning meetings with customer contacts and presenting the business impacts of the value selling strategy.¹²⁷

Cheverton highlights the importance of gaining necessary data in order to create the value proposition, the process which he calls "fuelling the value machine".¹²⁸ The value machine model demonstrates a business model where suppliers have knowledge on their own capabilities in order to make suitable matching between the supplier's capabilities with the needs of the customer's operation. Good leadership is necessary in order to allocate the appropriate supplier's capabilities in this matching process as well as for targeting the appropriate customer.¹²⁹

Understanding customer's financial situation is of key importance for evaluating business possibilities between the supplier and customer. The best way to sell business impacts to the customer is to demonstrate the value of the business impacts of the cooperation between supplier and customer in terms of calculating customer's revenues, cost structure and the

¹²² Weterings, (2009), page 6

¹²³ Ibid, (2009), page 7

¹²⁴ Rutgers & Subramony,(2008), page 318

¹²⁵ Gertler, (2001), page 144

¹²⁶ Ibid, page 139

¹²⁷ Kaario et alt. (2004), page 73

¹²⁸ Cheverton, (2009), page 19

¹²⁹ Ibid, page 8

balance sheet.¹³⁰ Balance sheet is a financial statement which consists of a company's assets, liabilities and shareholders' equity. The company has to pay for its assets by either obtaining more money from the shareholders or borrowing money (liabilities).¹³¹ In order to obtain financial data on customer's cost structure it is necessary that the customer have high level of trust for the supplier.¹³² According to Gordon customers acknowledge trust, long term commitment and problem solving as being vital aspects of customer relationship.¹³³ Trust is of key importance when trying to obtain financial information from the customer.¹³⁴

By combining two sources of information, data on supplier's business operation and data on customer's business operation, it will be possible to create value propositions.¹³⁵

3.6.2.2 Process enhancement

According to Cheverton the final results of the matching process is the creation of an enhanced value proposition. The customer will accept the value proposition into their business operations if the value proposition fulfills their business needs and strategic plans. The value will be most impactful in those areas of customer's business operations where the problems exist and there is a need to find suitable solutions. The experience and collaboration will grow if the collaboration continues to improve the value over time. The supplier will also improve and enhance its capabilities.¹³⁶

The suppliers should in this way understand customer's all business operations and suggest *innovative ways of process enhancement* in order to help customer's reaching its strategic targets and improving their business results.¹³⁷

The customer is seen a source of knowledge or business wisdom, giving the feedback to the supplier or even developing the business processes and value propositions together with the supplier.¹³⁸

Chevertone suggest the utilization of the positive impact analysis, which is an analysis for evaluation of different solutions in order to select the possibilities that represent the best investments for the future. It is necessary to answer on two main questions when choosing the best solution:

- What promises will make to most impact on the customer?
- What promises will give the best return for the supplier?¹³⁹

¹³⁰ Kaario et alt. (2004), page 75

¹³¹ <http://www.investopedia.com/terms/b/balancesheet.asp>, 3 January 2011

¹³² Kaario et alt.(2004), page 97

¹³³ Nilsson & Kindström, (2009), page 29

¹³⁴ Kaario et alt. (2004), page 97

¹³⁵ Cheverton, (2009),page 18

¹³⁶ Ibid, page 139

¹³⁷ Kaario et alt. (2004), page 54

¹³⁸ Cheverton,(2009), page 8

¹³⁹ Ibid, page 146

3.6.2.3 Quantification of business impacts

Traditionally value with product focus has been relatively easy to communicate. As companies move from product orientation towards service orientation companies also move towards value-based visualizations. The question is how to visualize intangible values, such as productivity and customer's business performance? Since services are intangible it becomes more complicated to produce "product-like" fact sheets that cover and explain full meaning of the offering. Similarly, it is more difficult to visualize the potential value of a service in comparison with a product. This indicates that companies need to find methods to transform intangible arguments into unique selling points such as cost savings and increased revenues.¹⁴⁰ Intangible values such as productivity are difficult but necessary to visualize for customers in order to successfully launch industrial offerings.¹⁴¹

Value quantification is a sales method utilized in order to quantify financial business impacts of the offering. According to Kaario et al. value quantification facilitates sales discussion by shifting the focus from prices to business impacts.¹⁴² Following additional reasons for adapting value quantification are outlined:

- To visualize customers business processes and financial results
- To illustrate business impacts of the suppliers' business solution
- To highlight relevant sales arguments
- To establish communication with the senior management by presenting the financial data¹⁴³

Visualization of the value can be demonstrated in different ways, for instance by utilizing value calculators. Value calculator's can be utilized as a tool in order to display and visualize the cost savings the customer has obtained by utilizing the offer from the supplier.¹⁴⁴

The following two principles need to be taken in consideration when designing the value calculators in order to support sales representatives:

- The tool should provide clear benefits for the salespeople
- The tool should be part of the management system¹⁴⁵

According to Nilsson and Kindström utilizing the value calculators in form of spreadsheet applications can facilitate the visualization of an industrial offer. Salespeople, service technicians and specialists can use to the spreadsheet applications in order to demonstrate the monetary value the customer will receive from the industrial offer.¹⁴⁶ By having the information on customer's business processes in the tool, everybody within the supplier's

¹⁴⁰ Nilsson & Kindström, (2009), page 74

¹⁴¹ Ibid page 25

¹⁴² Kaario et al. (2004), page 96

¹⁴³ Ibid, page 96

¹⁴⁴ Andersson et al. (2006), page 6

¹⁴⁵ Kaario et al. (2004), page 58

¹⁴⁶ Nilsson & Kindström,(2009), page 28

company will have the opportunity to edit information and monitor progress in the sales project.¹⁴⁷

Many customers have a good knowledge of their own requirements, but they don't fully understand the value of fulfillment of these requirements for their business operations. By demonstrating the value of fulfilling customer needs, the suppliers can visualize what they can provide and in that way they can find suitable solutions for customers. Visualization of the customer value can be illustrated by the customer value models. Customer value models are based on the final assessment of the costs and benefits of customer's business activities, calculated from the value calculators. Customer-value models are dependent on availability of data and customer's cooperation in order to gather data for representing the value in monetary terms or find suitable solutions for customers.¹⁴⁸

3.6.2.4 Delivery

Value proposition delivery is at the heart of any value-focused organization¹⁴⁹ It needs to contain explanations on benefits or values the company promises to deliver to its customers in order to satisfy the customer's needs.¹⁵⁰

Three elements are necessary in the Value proposition:

Capability – emphasizing what the supplier can do for a customer.

Impact – how the supplier will help the customer to succeed.

Cost – what the customer must pay for the value proposition.¹⁵¹

Three kinds of value propositions have been identified when asking the suppliers what kind of value proposition they use: all benefits, favorable points of difference and resonating focus value proposition. When presenting all benefits from the supplier's offer, there is a risk of highlighting the advantages of product features instead of the benefits the customer will receive by buying the product. It is necessary to identify several point of difference, which will bring most value for the targeted customer, not emphasizing all benefits.¹⁵²

When creating the favorable point of difference, the suppliers have emphasized one elements of the offering as a differentiated sales argument in comparison with the competitor's offer. Without a detailed analysis of customer's needs and requirements there is a risk that one emphasized element of differentiation (favorable point of difference) will bring little value for the entire customer business operation. Resonating focus value proposition is on another hand defined as a gold standard value proposition. It goes beyond traditional sales approach, capturing critical issues of the customer's operation and based on the analysis of customer needs it concentrates on several points of difference which bring

¹⁴⁷ Kaario et al. (2004), page 63

¹⁴⁸ Andersson & Narus, (1998), page 6

¹⁴⁹ Barnes et al. (2009), page 23

¹⁵⁰ Kotler et al. (2008), page 15

¹⁵¹ Barnes et al. (2009), page 28

¹⁵² Andersson et al. (2006), page 2

the greatest value to the customer.¹⁵³ Resonating focus value proposition are not easy to design. They require deep research on the customer value in order to gain insight of the customer's business operations.¹⁵⁴

3.6.2.5 Implementation

This phase include the establishment of the value-based pricing which depends on the nature of the solution, the relationship between the supplier and the customer and the attitude of customer towards supplier. It can also be current industrial opportunities and limitations which influence the implementation of the value-based pricing.¹⁵⁵

3.6.2.6 Verification of business impacts

After designing the initial value proposition the suppliers should validate it, by conducting additional assessments with current customers or potential customers. In this way suppliers will improve and adjust their value models to better adjust its offer to different customer needs. Suppliers can utilize their knowledge gained from the customer value model to create their competitive advantage in order to tailor services, programs and systems to current needs of their customer but also for creating new offerings. They can also develop relationships with customers by documenting the delivery process of customer value over time. Suppliers can also use the customer value models to create persuasive sales tools.¹⁵⁶

The process of documenting the delivered customer value brings confidence in the supplier's organization, enhancing their knowledge about customer needs and facilitating the prediction of cost savings and added value the customer will need in the future.¹⁵⁷

¹⁵³ Ibid, page 3

¹⁵⁴ Andersson et alt. (2006), page 5

¹⁵⁵ Kaario et alt. (2004), page 108

¹⁵⁶ Andersson & Narus,(1998), page 9

¹⁵⁷ Ibid, page 7

4. Empirical analysis

This chapter will present the description of the empirical data collected throughout the interviews and the empirical analysis with support from the theoretical framework in chapter 3. The section starts with presenting and analyzing the impact of value selling on sales representatives of ESAB Brazil. Next section involves presenting and analyzing the impact of value selling on ESAB Brazil's customers. The chapter ends with presenting and analyzing segmentation basis for new customers and improvement areas of implementing the value selling strategy.

4.1. Impact of value selling on sales representatives of ESAB Brazil

Implementation of the value selling strategy is a time requiring process based on the long-term investments in terms of needed resources and developing working tools. As exemplified in chapter 3, since the role of sales people has changed towards value selling in terms of selling business impacts to customers, it becomes highly significant to train sales representatives in both value selling as a sales technique and in value selling tool as a source of information on customer business processes. The results obtained from the value selling tool are visualized in form of the value quantification, which requires understanding of customer's financial situation of the entire customer's business operation. The training in the value selling tool for ESAB Brazil is initially presented in February 2010 to sales representatives at middle management level.

All three interviewed respondents in this thesis consider the value selling tool significant in providing support for sales representatives. However they are different views and opinions from all three respondents in defining the nature of support provided by the value selling tool. According to Ronaldo Cardoso Junior the utilization of the value selling tool makes it easier to convince customers about the benefits gained by utilizing the ESAB's business solution. It makes it also possible to support sales people in their daily work.¹⁵⁸

Jose Roberto Dominques states that the value selling tool facilitates the process of identifying the current productivity of customer's business operations and based on the input placed in the tool, value propositions can be made. The tool makes it easier to validate the improvement process of customer's business operations.¹⁵⁹ Pedro Rosetti Netto adds on above mentioned comments by claiming that the utilization of the value selling tool has started up the process of talking about customer's problems and necessities in order to find appropriate business solutions.

Furthermore the impact of the value selling tool and the results from the tool is emphasized as significant in creating and visualizing selling arguments. The utilization of the value selling tool facilitates the process of convincing financial people at the customer's company that ESAB's business solution is a value based solution. Value selling tool is a technical tool and

¹⁵⁸ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor ESAB Brazil, 1 december 2010

¹⁵⁹ Interview with Jose Roberto Dominques, Marketing Manager ESAB Brazil, 10 december 2010

the results from the tool are gained by analyzing the technical information.¹⁶⁰ This implies that creation of ESAB's business solution is based on several stages: gathering the financial information of customer's entire business operations, analyzing this information in hope to allocate the improvement areas, matching the customer's needs with ESAB capabilities and transforming gathered information by value quantification to final business solutions. Creation of business solution with focus on value delivery in ESAB's case is in line with the theoretical framework in chapter 3.6.2 where the creation of business solution in the value selling process is described.

According to Ronaldo Cardoso Junior information about customer's business operation is gathered by visiting customer at customer's site but also obtaining information from ESAB Brazil own marketing system.¹⁶¹ Information placed in the value-selling tool is transformed to firstly value quantification and secondly to business solutions. Value quantification in form of calculation testing makes it easier to visualize the results from the tool. Both Pedro Rosetti Netto and Ronaldo Cardoso Junior agree in identifying the internal advantage of utilizing the value selling tool and creating the output from the tool. According to them it is possible to place and share the information in the value selling tool between different departments of ESAB Brazil.¹⁶² These statements indicate that there is an internal advantage of utilizing the values selling tool since it is possible to share information between departments and thus increase the level of knowledge about customer's business operations.

4.2 Impact of value selling on ESAB Brazil's customers

Since the purpose of the value selling solution has also an external impact it is also important to evaluate the impact of both the value selling tool and the output from the tool on ESAB Brazil's customers. The value selling tool has been presented to two customers: Fluke Engenharia-Naval in the offshore segment and to Alston Power in the energy segment. Fluke Engenharia really liked the tool as a whole and they have captured the benefits obtained by utilizing the tool.¹⁶³

All three interviewed respondents state the extensive impact of the value selling solution on creating benefits for customers in terms of improving the customer's business operations and increasing customer's productivity. Ronaldo Cardoso Junior further states additional benefits for customers by utilizing the value selling solution: possibility to produce more pieces or to produce more pieces at the same time.

Pedro Rosetti Netto further claim that ESAB Brazil will have the opportunity to perform audit of customer's business operations since ESAB Brazil's customers have full confidence in ESAB, its knowledge and experiences. He is fully confident that "customers will receive totally new knowledge and skills about their processes using the value selling tool and ESAB Brazil's knowledge". The output from the system will save their manufacturing times.¹⁶⁴

¹⁶⁰ Interview with Pedro Rosetti Netto, National Marketing Manager, ESAB Brazil, 17 december 2010

¹⁶¹ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil, 1 december 2010

¹⁶² Ibid, 1 december 2010

¹⁶³ Interview with Pedro Rosetti Netto, National Marketing Manager, ESAB Brazil, 17 december 2010

¹⁶⁴ Ibid , 17 december 2010

Customers will obtain new skills and knowledge about their business processes since ESAB Brazil will guide them through a value selling process by utilizing its experience and knowledge.¹⁶⁵ Having these statements in mind, it is evident that all respondents have the positive views on the impact of the value selling on ESAB Brazil's customers, in terms of increased productivity, skills and knowledge. However one should remember that there is an outspoken wish to present the tool for people who have the strategic influence at the customer's company in order to maximize the external impact, on future plans of customer's business operations and processes.¹⁶⁶ According to Jose Roberto Dominques, the real target group for presenting the value selling solution is people with higher positions within the customer's organization or people of the strategic importance within the customer's organization since it is necessary to identify the customer's vision of the future. It is important to present business solutions based on the future investments of the customer's business operations.¹⁶⁷ This implies that there is a need to present the value selling solution for the director at the customer's company. The true purpose of the value selling solution is to visualize the long-term value, customer future investments.¹⁶⁸

4.3 Segmentation basis for new customers

All three respondents agree in defining the segmentation basis for the new customers, highlighting relationship and trust as key parameters when choosing a customer in order to present the value selling tool and the results from the tool in form of business solution. Ronaldo Cardoso Junior further state that good relationships with customers are of most significant importance for presenting the value selling solutions since it is easier to present the tool for a customer that has strong relationship with ESAB.¹⁶⁹

The one should also keep in mind the importance of spatial proximity to customers in order to develop relationship with customers and visualize the business impacts of the value selling tool. In order to create, nurture and develop strong relationship with customers, it is essential to take the spatial proximity to the customer in consideration. To be geographically closed to the customer is of crucial importance since it is easier to personally visit the customer or to be at the customer's side when is needed in a very short time. This will be very difficult to achieve if sales representative of ESAB Brazil don't have the spatial proximity to their customers which is also facilitated by having sex different sales offices covering the area of the whole Brazil.

Relationship is emphasized as highly important not only for segmentation basis for new customers, but also for implementing and developing the value selling process with current customers. Pedro Rosetti Netto further explain the significance of good relationship with customers by emphasizing that If you don't have good relationship with customer it will be

¹⁶⁵ Ibid, 17 december 2010

¹⁶⁶ Interview with Jose Roberto Dominques, Marketing Manager ESAB Brazil, 10 december 2010

¹⁶⁷ Ibid, 10 December 2010

¹⁶⁸ Ibid, 10 December 2010

¹⁶⁹ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil, 1 december 2010

impossible to obtain information regarding customer processes, needs and problems, which are necessary inputs for the creation of business solution.¹⁷⁰

Good level of technical knowledge is also emphasized as being important for choosing a customer for presenting the value selling tool.¹⁷¹

Pedro Rosetti Netto is very skeptical to presenting the value selling solution for totally new customers. *“I don’t believe in success when presenting this solution for totally new customers. I don’t know what their problems are, I don’t know their processes and I am not familiar with their way of thinking. The only information I will have about them is the information I gain through newspapers and magazines. This is not enough. It will be too difficult and far too complex to gain the type of information needed.”*¹⁷² This statement indicates the importance of developing relationships with current customers by firstly showing them the purpose of the value selling tool and secondly by showing them the business impacts created by the results originated from the tool.

Jose Domingues is more positive to future plans in presenting the value selling process for new customers, but these are not new customers in terms of not having any previous relationships with ESAB. These are new customers in terms of utilizing the value selling tool. There is a plan of presenting the value selling process for eight customers of ESAB Brazil in the future.¹⁷³ The relationship plays an important role when ESAB Brazil plans to choose a new customer for the value selling process since it is easier to present the value selling tool to customers ESAB Brazil has good relationships with.¹⁷⁴ Pedro Rosetti Netto emphasize that it is necessary to firstly finalize the initial two projects with two customers before going further with choosing a profile for next customer to whom value selling tool and results from the tool will be presented.¹⁷⁵

4.4. Improvement areas of implementing value selling

During interviews all three respondents have pointed out the need for improvement actions in order to implement the value selling strategy on sales level by utilizing the value selling tool and finalizing the results from the tool. As it is today, value selling tool is utilized by welding engineers as well as sales and marketing managers.

Currently the value-selling tool is not able to provide necessary calculations for separate welding processes. *“The tool cannot fit two kinds of joint on the same piece”*. This implies the necessity of adjusting the tool to perform calculations for separate welding processes.

Information on total waste is very difficult to obtain due to the lack of that kind of information on the customer’s site. It is also very difficult to obtain the financial type of information from customers such as salary and manufacturing costs. It was particularly

¹⁷⁰ Interview with Pedro Rosetti Netto, National Marketing Manager, ESAB Brazil, 17 december 2010

¹⁷¹ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil, 1 december 2010

¹⁷² Ibid, 17 december 2010

¹⁷³ Interview with Jose Roberto Dominques, Marketing Manager ESAB Brazil, 10 december 2010

¹⁷⁴ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil, 1 december 2010

¹⁷⁵ Interview with Pedro Rosetti Netto, National Marketing Manager, ESAB Brazil, 17 december 2010

emphasized that there is an outspoken wish to make the tool easier and more understandable.¹⁷⁶

It was stressed that the information or the input placed in the tool is firstly of technical and secondly of financial nature. The financial results are gained after analyzing the technical information.¹⁷⁷ The tool is too complicated and complex for sales people since it contains high degree of technical inputs. It is important to “translate the technical information in a commercial way”.¹⁷⁸ These statements imply the complexity of the tool which is currently more adjusted to the sales representatives with high level of both technical and financial knowledge. Having these statements in mind, it is evident the information required in the tool needs to be more adjusted to prerequisites of sales representative to obtain the information. There is a need to translate technical information in the tool to sales words and terms in order to be more understandable for sales people. Furthermore it was stressed that it is necessary to explain more deeply advantages of the value-selling tool. This is an area for future improvements since it is firstly necessary to provide detailed and well-prepared training in the value-selling tool, adjusted to the needs of salespeople. Secondly it is necessary to design and distribute the handbook on the value selling process.¹⁷⁹ Sales people need to work with you in the process of developing value solutions.¹⁸⁰ These statements highlight the importance of bridging the knowledge of welding engineers as well as sales and marketing managers together with sales people in order to conduct meaningful and informative training courses in both value selling as a sales technique and in the value selling tool as a source of information on customer’s business processes.

It is necessary to be well prepared when presenting the customer solution. The presentation of the value selling process needs to occur in stages. The first stage needs to cover the presentation of the value selling concept and if the customer accept the value selling concept project team for presenting the value selling tool needs to be defined. Since this is a long and time requiring process it is necessary to set up a project team who will manage the entire value selling process, from input, towards transforming the inputs to the solutions. Project team needs to consist of Project Manager, local technical support, staff from the Process Centre and the automation staff since it is necessary to provide the ideas and solution proposals to customers.¹⁸¹ These statements direct one to consider defining and setting up the value selling project team who will support and guide the presentation of business solutions for ESAB Brazil’s customers.

Furthermore, it is necessary to conduct an audit or an analysis of the customer’s business operations in order to allocate areas for improvements and find suitable solutions matching the customer needs. It was also mentioned that this is a point when the real problems start since the whole process usually takes a lot of time in order to obtain all information needed. Due to the fact that the situation gets complex if the customer doesn’t have the information needed for the value-selling tool, there is a suggestion to adjust audit or an analysis process

¹⁷⁶ Interview with Ronaldo Cardoso Junior, Process Centre Supervisor, ESAB Brazil, 1 december 2010

¹⁷⁷ Ibid, 1 December 2010

¹⁷⁸ Interview with Pedro Rosetti Netto, National Marketing Manager, ESAB Brazil, 17 december 2010

¹⁷⁹ Interview with Jose Roberto Dominques, Marketing Manager ESAB Brazil, 10 december 2010

¹⁸⁰ Ibid, 10 December 2010

¹⁸¹ Ibid, 10 December 2010

to the different company size or maybe to conduct simpler audit for some customers.¹⁸²To do an audit or an analysis of the customer business operations requires a lot of attention, listening to the customer real needs, defining what the customer really wants. This process will also give an opportunity to identify what is most important to the customer. Key learning points which can be drawn from presenting the value selling solutions to current customers include avoiding discussion of quotation when the value selling solution is presented for the first time. Let the customer discuss the solution first internally before presenting the quotation.¹⁸³ These comments imply the necessity to focus firstly on solution and secondly on quotation of the business offer when presenting the solution to the customer.

¹⁸² Ibid, 10 December 2010

¹⁸³ Ibid, 10 December 2010

5. Conclusions and recommendation

In this chapter, firstly conclusions based on the accomplished research will be presented. Secondly, recommendations for further research will be outlined.

5.1 Conclusions

This section is divided in three different areas highlighting the conclusions based on the three main research questions.

1. In what way does the implementation of the value selling strategy influence sales representatives of ESAB Brazil in terms of organizing their sales processes?

The value selling tool facilitates the value sales process in terms of identifying the current productivity of customer's business operations. Based on the input placed in the tool, the tool makes it is possible to conduct value quantification of ESAB value proposition and visualize the business impacts and benefits of ESAB solution for its customers. Sales representatives can use the tool to demonstrate the business impacts of ESAB solution, increasing their selling arguments. There is an internal advantage of utilizing the values selling tool since it is possible to share information between departments and thus increase the level of knowledge about customer's business operations.

2. In what way does the implementation of the value selling strategy influence ESAB Brazil's customers in terms of affecting their business performance?

Value selling solution will create benefits for ESAB Brazil's customers in terms of improving customer's business operations and increasing customer's productivity. Value selling tool will provide ESAB Brazil's customers the opportunity to allocate areas of business operations in need for improvement. Good relationship with ESAB Brazil facilitates the process of sharing the information about customer's business operations and production process. Trust is a prerequisite for implementation of the value selling strategy with customers since customers need to have trust in the ESAB Brazil in order to share their financial information necessary for creating the value selling solution.

3. What factors need to be taken in consideration in order to develop the process of implementation of the value selling strategy for sales representatives of ESAB Brazil?

Relationship is emphasized as highly important not only for segmentation basis for new customers, but also for implementing and developing the value selling process with current customers. In order to develop strong relationships with customer it is of vital importance to be geographically close to the customer. The value selling tool needs to be more adapted to the need of the sales force, not only the needs of sales and marketing managers and welding engineers. It is necessary to translate the technical information in the tool to sales terms and selling points. There is the necessity of adjusting the tool to perform calculations for separate welding processes. It is necessary to explain more deeply advantages of the value-

selling tool. This is an area for future improvements since it is necessary to provide a detailed and well-prepared training in the value-selling tool, adjusted to the needs of salespeople as well as to design and distribute the handbook on the value selling process.

It is important to present business solutions based on the future investments of the customer's business operations. It is necessary to be well prepared when presenting the customer solution. There is a suggestion to adjust audit or an analysis process to the different company size or maybe to conduct simpler audit for some customers. ESAB Brazil should also

Key learning points which can be drawn from presenting the value selling solutions to current customers include avoiding discussion of quotation when the value selling solution is presented for the first time. Let the customer discuss the solution first internally before presenting the quotation.

5.2 Recommendations

This section consists of three recommendations for further research. Possible topics with research questions are outlined.

After the conducted studies, different topics for further research have arised. To start with it would be very interesting to conduct a study based on the inputs necessary for creation of the value selling training for the sales force of ESAB Brazil. Possible question for further research on this theme could be:

1. What are the necessary inputs for design of the value selling training for the sales force of ESAB Brazil?

Since value selling strategy is in the implementation process of ESAB Brazil it would be useful to proceed with the research study investigating the impact of value selling strategy on actual results of sales representatives of ESAB Brazil including sales force not only management of ESAB Brazil. Possible question for further research on this theme could be:

2. What is the impact of the value selling strategy on the sales performance of ESAB Brazil?

Lastly, since external respondents (customers from ESAB Brazil) have not been involved as the primary source of information in this thesis, it would be interesting to conduct further research interviewing ESAB Brazil's customers.

3. What is the impact of the value selling strategy from customer's point of view on business performance of ESAB Brazil's customers?

6. Reference list

Reference list is divided into two different groups: printed and electronic material. Printed material consists of book and articles. Electronic materials contains of electronic books and internet sources.

6.1 Printed material

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Appendix 1: Interview guide

1. What is your position in the organization of ESAB Brazil?
2. How many employees does ESAB Brazil have?
3. How many offices do you have in ESAB Brazil? Where?
4. Who are your biggest customers? In which industries?
5. Who are you biggest competitors?
6. When did you receive the training in the value-selling tool?
7. For how long have you been utilized the value selling tool?
8. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with the customers? Explain how?
9. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with your colleagues from ESAB Brazil?
10. What is the role of relationship and trust during value selling process?
11. Have some of the customers of ESAB Brazil utilized the value selling tool? Which customers? In what segment? Their comments on the tool?
12. Please give some examples of the benefits that the customer will obtain by utilizing the value-selling tool.
13. What kind of new customers might be attracted by the value selling solution?
14. What suggestions for improvement of the value selling tool do you have for further sales development of ESAB Brazil?

Appendix 2: Interview with Ronaldo Cardoso Junior, 1 december 2010

1. What is your position in the organization of ESAB Brazil?

I am the Process Centre Supervisor in Bello Horizonte. I am in daily contact with the sales people of ESAB Brazil.

2. How many employees does ESAB Brazil have?

ESAB Brazil has about 1000 employees.

3. How many offices do you have in ESAB Brazil? Where?

4. Who are your biggest customers? In which industries?

Usiminas Mecanica, General

5. Who are you biggest competitors?

Lincoln.

6. When did you receive the training in the value-selling tool?

In February 2010

7. For how long have you been utilized the value selling tool?

Since February 2010

8. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with the customers? Explain how?

The idea of the tool is very interesting since the tool makes it is easier to convince our customers that the solution we have is profitable in the end.

9. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with your colleagues from ESAB Brazil?

It is easier to give the sales people enough information and support them in their daily work. The information in the tool is obtained in two different ways. I try to get customer information when visiting the customer at the customer site but I can also get the information from our own marketing system. Sometimes I also do calculation testing on my own. All this information I put in the tool which makes it easier to visualize the results. My general conclusion is that value selling solution will help us to develop sales by providing information on customer business process which in the end will facilitate the solution presentations.

10. What is the role of relationship and trust during value selling process?

11. Have some of the customers of ESAB Brazil utilized the value selling tool? Which customers? In what segment? Their comments on the tool?

Firstly the customer in the offshore segment, secondly in the energy sector.

12. Please give some examples of the benefits that the customer will obtain by utilizing the value-selling tool.

They are many benefits for the customer such as: the increased level of productivity, possibility to produce more pieces or also possibility to produce more in the same time. The results of this cooperation with the customer is the increased trust and at the end the increased capacity of their production. Customers will obtain a lot of benefits but mostly the value selling solution will help them increase their productivity.

13. What kind of new customers might be attracted by the value selling solution?

The idea is to finish 2 pilot projects before we start the new ones. The relationship is important in order to get the opportunity to present the tool to the customer so I think the relationship is most important thing. It is easier to present the tool for a customer that has strong relationship with ESAB. The level of technical knowledge is also important when we choose the customer who will be attracted by the value selling solution.

14. What suggestions for improvement of the value selling tool do you have for further sales development of ESAB Brazil?

We need to have the possibility of applying different levels of welding and joint processes. Because today the tool cannot fit two kinds of joint on the same piece. I have to do a lot of excel files because calculation do not include the whole piece. As it is today the tool indicates calculations for the some parts of the piece, not the whole piece. Today they are couple of things in the tool we are not using such as waste and plates. We are having problems obtaining this information because nobody has the information regarding the plates or regarding the waste. Can we try to do the tool easier and more understandable? We occur at problems when we ask customers how much their waste is for instance. They do not know the answer. Some information required in the tool, it is complicated to get from the customer. You need to do a lot of explanations and even though you have deeply explained it, it is difficult to get the answer. Maybe the customer doesn't have the information. I had also problems with obtaining financial information from the customers, particularly salary and manufacturing costs.

The two pilot customers didn't want to share any information on the idea of salary. It is sensitive information. The first customer didn't have complete information on the salary level and the second customer did have all salary information but they didn't want to reveal it. It is difficult for me to decide what needs to be removed and what needs to be kept in the system. It is necessary to do detailed observation before I say it.

Appendix 3: Interview with Jose Roberto Dominques, 10 December 2010

1. What is your position in the organization of ESAB Brazil?

Marketing Manager

2. How many employees does ESAB Brazil have?

Round 1000.

3. How many offices do you have in ESAB Brazil? Where?

We have offices in Belo Horizonte (head office), Rio de Janeiro, Porto Alegre, Sao Paolo, Salvador and Recife.

4. Who are your biggest customers? In which industries?

Biggest customer is Usiminas Mecanica.

5. Who are you biggest competitors?

Lincoln and Muler.

6. When did you receive the training in the value selling tool?

In February 2010. I have also read some books about the concept of the value selling. After the training conducted by Lars Erik Stridh, we have further gathered our own group for the training of our sales managers and technical engineers in Brazil.

7. For how long have you been utilized the value selling tool?

I have utilized the value selling tool since February 2010.

8. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with the customers? Explain how?

I am satisfied with the tool. I can place all the data in the system and the tool can help me to identify how the productivity of customer operations is at the moment. I can propose some changes based on the customer's current productivity. It helps me to validate the improvement process.

9. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with your colleagues from ESAB Brazil?

10. What is the role of relationship and trust during value selling process?

Relationship is the key point. The customer needs to believe in you, because you need the time to create and develop solution, and they will give you the time if they believe in you. ESAB Brazil represents very strong name in South America. If the customer doesn't believe in you they will never share sensitive information with you about their business operations and production process. Trust is also very important because trust will open doors for new solutions.

11. Have some of the customers of ESAB Brazil utilized the value selling tool? Which customers? In what segment? Their comments on the tool?

At the moment we are in the pilot project, precisely in the process of solution presentation for our customers, the two middle size companies in the offshore segment. We are still in the learning process trying to better understand how to apply value selling concept and transform our knowledge to our customers.

In this pilot process we did one mistake. We have presented the different business solutions for the customer without the presence of the director. When we have presented solutions to Supervisor or Regional Manager, they have tried to justify their business operation and they have dismissed all the proposals we had. When we finally have managed to present the results to the director we saw the impacts of the results. You need to speak to the director because you need to identify the customers' vision of the future. This is the true purpose of the solution.

For the director it is important to see the future investment, to see more long-term effects of the solution in the future. It is better to target value selling solution to people with higher position in the customer's organization, to people who have strategic responsibility. I think this is the real concept of the value selling. Talking to welding engineering or purchasing department (the point of view at the moment) can be part of the solution, but the real target is people with strategic importance at the customer's organization.

12. Please give examples of the benefits that the customer will obtain by utilizing the value selling tool.

The results from the value selling tool are very important for the customer. It consist a lot of information which can help the customer to make the improvement in their business operations. It gives customer a better picture of the improvement areas and how to increase their productivity.

13. What kind of new customers might be attracted to the value selling solution?

I have already plans to present the solution for 8 another companies. The relationship and trust will be very vital when choosing another customer for value selling. But I cannot start with presenting the solution for these 8 companies now because I do not have the conditions to manage the whole process. This is why we started with two customers as a pilot project.

14. What suggestions for improvement of the value selling tool do you have for further sales development of ESAB Brazil?

I have some suggestions on the planning process of the value selling solution. First we will need to present the concept to the customer, not the output directly, just the concept. If the customer accepts the value selling concept, then we will need to define the project team and choose a project manager who will be responsible for this process. At ESAB Brazil we have the structure consisting of local technical support, Process Centre staff and the automation guys. We feel that project team needs to have this structure in order to gain necessary information from the customer but also to support the customer with ideas and solution proposals. This project team will support the customer by starting developing some solutions. When the project team is defined, we need to conduct the audit of the customer's

business operation, by interfacing and meeting the customer, doing the final proposal of this solution. The project team will meet the customer trying to obtain the data from the customer. This is the point where I think the problems start. Normally the process will be too long in order to insert all these details and sometimes even very complex if you meet the customer who do not have all the information you accept them to have. Maybe this is the point where it is necessary to rethink the concept of the value selling. I suggest maybe to adjust the audit process to different company size. Maybe for some companies the audit needs to be simpler. If the companies do not have information the value system require, you will spend a lot of time at the customer site without being able to gain necessary information.

My point is that we need to improve our way of how we present the solution to the customer. Now we are discussing how to do this better. The key point is we need to be well prepared when presenting the solution for the customer and what we do shall be very well presented.

The presentation of the value selling solution should be in the presence of one director in the customer's company. Another point is how to find the information necessary for the value selling tool in the organization. When you do the audit you need to be very clear what the customer really wants. Sometimes the customer does not know what they really want or in what way the value selling solution can help them. We need to check what the customer really needs in order to present suitable solution. Doing an audit will give the opportunity to better understand what is really important to the customer?

I will like to also mention following learning points from customer visit. On the 9th december 2010, we have presented the value selling solution (final report) to one of our customers. It took a lot of time. We have met the director of the company and technical guy from the company. We had a discussion about the future of the company and future investments regarding manufacturing of pipes. Then we presented the three solutions, results from the tool. It was a high level speech, very good level of discussion. The key point in this presentation was that we did not present the quotation of the solution; we presented the solutions based on future investment of the customer's business operation. We wanted to avoid discussing price during the presentation of solution. This is the point we need to learn.

After the presentation was done, the technical guy asks for a quotation, equipment by equipment, not the quotation of the entire solution. We have sent him the quotation the day after the meeting because we wanted to maintain focus on the solution during the meeting, not the price. The true meaning of the value selling solution is to let the customer discuss the solution internally and then evaluate the offer. If the customer finds solution interesting, the next step will be to present the quotation, complete the sales and start implementing the solution.

Learning points/ recommendation

The salespeople have difficulties with understanding of the value selling process. As I understand, value selling tool is supposed to be the tool for the salespeople. The salespeople are responsible to further use the tool in the market. Salespeople need to approve the tool,

the decision is up to them to use the tool even though the marketing department will provide support for them as much as much they need. The demand for better solution presentation comes from the sales people but the tool is very complex for them at the moment. I know that because I have very close relationships with them. Sales people say that the tool is not easy to use and it is difficult to implement solutions. It is more complex than they have expected. It is very important to explain more the advantages of value selling system to the sales people. They need to work with you in the process of developing value solution. I haven't succeeded with this yet. At the moment we are showing the tool more for managers and the technical guys. We have had a training but very shortly and briefly for our sales guys. Not all of them have received training in a good way. It is necessary to provide future training for them with clear agenda. We need to provide training for our salespeople in Sao Paulo and Rio and design the agenda of training based on what the sales people really wants. We need to provide well prepared training for them and if possibly prepare a handbook for them

Appendix 4: Interview with Pedro Rosetti Netto, 17 December 2010

1. What is your position in the organization of ESAB Brazil?

National Sales and Marketing Manager

2. How many employees does ESAB Brazil have?

Around 1000

3. How many offices do you have in ESAB Brazil? Where?

We have 6 branches with 5 sales managers. Belo Horizonte (head office) is responsible for 5 states, Porto Alegre's for 4 states in south, Sao Paulo's for 1 state in southeast, Rio de Janeiro's 2 states in southeast, and Salvador / Recife's 13 states in north and northeast.

4. Who are your biggest customers? In which industries?

Today we have some important segments in Brazil as naval offshore, energy, sugar and alcohol as well. In those segments there are big different opportunities for us.

5. Who are your biggest competitors?

Lincoln in consumables and power sources, Miller in power sources and UTP Bohler in consumables and some local competitors.

6. When did you receive the training in the value selling tool?

In the beginning of 2010.

7. For how long have you been utilizing the value selling tool?

I have been utilizing it for 6 months.

8. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with your colleagues from ESAB Brazil?

We have been working hard to put our sales team in a consultative way and this tool can help us, because we will begin to talk about the customer's problem or their necessities and we will offer ESAB's solutions, not only products. Furthermore it is also easier to convince the financial people at the customer's company about the value of ESAB's solutions.

9. In what way does the value selling solution (the tool and the output from the tool) provide support in your contact with your colleagues from ESAB Brazil?

It helps us to keep customer focus, which is not only the goal of ESAB Brazil. It is the overall company goal. The tool can provide the information needed which can be shared between different departments. Value selling tool is a 100% technical tool and the results are gained by analyzing the technical information. It is a technical way of approach before gaining financial information. But in general the tool will provide necessary information in order to develop sales opportunities. There are a lot of sales opportunities who will be increased by the value selling process.

10. What is the role of relationship and trust during value selling process?

First of all, in order to offer the solutions from the value selling tool you really need to have very good relationships with the customers. If you don't have that, it will be impossible to gain the necessary information for the creation of the solution. I don't believe in success when presenting this solution for totally new customers. I don't know what their problems are, I don't know their processes and I am not familiar with their way of thinking. The only information I will have about them is the information I gained through newspapers and magazines. This is not enough. It will be too difficult and far too complex to gain the type of information needed. The good relationship with customers is crucial for obtaining the information. The customer needs to open the sensitive information about their processes, problems and needs. If I don't have good relationship with them it will be impossible to gain the information I need for further development of the solutions.

11. Have some of the customers of ESAB Brazil utilized the value selling tool? Which customers? In what segment? Their comments on the tool?

Yes we have, Fluke Engenharia - Naval , offshore segment and Alston Power - energy. Fluke Engenharia really liked the tool as whole. They have also captured the benefits with system. But we still have a long way to go until we have finalized and summarized all details necessary for the whole solution.

12. Please give examples of the benefits that the customer will obtain by utilizing the value selling tool.

As a welding and cutting authority we can audit their process as a partner. Customers believe in ESAB Brazil, our experience and knowledge. For instance, let's compare two different situations. The situation will be totally different when we arrive at the customer's site to present the solution and when we leave the customer site after we have presented the solutions. The customer will receive totally new knowledge and skills about their processes using our tool and using our knowledge. Can you image the value customer will receive using our tools and using our knowledge? The output from the system will give them opportunity to improve their productivity and will save their manufacturing times.

13. What kind of new customers might be attracted to the value selling solution?

First of all, we made decision to finish the two pilot projects before we choose customer for the next level. We want to learn more about the process and the customer operations.

14. What suggestions for improvement of the value selling tool do you have for further sales development of ESAB Brazil?

The tool needs to be more adjusted in a sales way or more tailored for the needs of the sales people. It is necessary to translate the technical information in a commercial way. Until now value selling tool is a technical tool to a high degree and it is necessary to make changes and adjustments in the tool to be more suitable for the sales people. It is not a problem to show the tool for the salespeople. The problems start when it is necessary to put necessary information in the system. Translate the tool in a sales way, using sales terms and words.

Appendix 5: Interview with Lars Erik Stridh, 8 December 2010

1. Please give the short description of your position?

Global Welding Applications Manager

2. When did you create the value selling system?

1,5 year ago.

3. What were the drivers for creation of the value selling system?

Our industry in general has been much affected by the price pressure on the product level by companies in Asia. Companies from Asia have reached our customers by selling their products through sales agents or direct export. They have created products similar to our product range but most importantly without the high level of technical expertise and knowledge support we can provide. The products they deliver do not have the complete solution offerings with technical service for the equipment, certificates and after sales service as we have. In order to defend our market share and to achieve better revenues we have developed the value selling system.

The purpose of the creation of the value selling system is to visualize our benefits but also to lay foundation for suitable product offer adjustable to the individual needs of our customer. Furthermore, the value selling system is designed in order to provide support to sales people or staff in direct contact with the customer.

In the past, salespeople have been focusing on particular product or product range without going beyond the traditional sales approach. The value selling approach is about going beyond traditional sales approach, identifying the current situation of customer production processes and business situation and aiming to deliver the customer value for the entire process.

This implies that sales people will no longer work alone but more in a team in order to identify and deliver the value or complete solution for the customer. The real output from this process is the acquired knowledge about the customers' entire production process and creation of business situation.

4. Please explain how the process of creation of the value selling system started?

For about four years ago we had a discussion about how to spread and disseminate our knowledge in the welding and cutting industry. We started by looking at the value creation utilizing the case study of one company, Sandvik AB. Sandvik AB is the high technology engineering company focusing on material technology and customer processes.

By selling efficient and shorter production time they have created an entire education system based on the value solution and extensive knowledge of the customer processes. We visited Sandvik AB at one occasion when we have also gained the opportunity to get an insight in their entire production processes. This visit provided necessary ideas for our next step: How can we create value to our customers? How can we change the way of thinking in our organization?