



Transitioning from product to service-led growth in manufacturing firms: Emergent challenges in selecting and managing the industrial sales force



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ABSTRACT

Despite the increasing strategic value of service-led growth in competitive and commoditized markets, firms frequently encounter problems orienting their industrial sales forces toward these new organizational objectives. To identify important potential challenges to firms attempting to make the transition to service-led growth, we conducted focus groups and depth interviews with 38 sales executives at goods-dominant business-to-business firms. Our discussion with C-suite managers uncovered four major transition issues, to wit, (1) the magnitude of change at the sales organization level triggered by a service transformation; (2) unique elements of selling hybrid offerings versus industrial goods; (3) the link between these differences and the sales proficiencies required for hybrid offering sales; and (4) potential individual differences among high-performing hybrid offering salespeople, compared with sales reps focused on goods sales. These insights highlight some of the managerial and sales force-level challenges that goods dominant firms will have to address as they attempt to initiate and maintain the transition to a service-led growth strategy.

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1. Introduction

To secure their positions and expand into competitive, increasingly commoditized markets, manufacturing companies now seek more service-led growth (Antioco, Moenaert, Lindgreen, & Wetzels, 2008; Ostrom et al., 2010; Potts, 1988; Reinartz & Ulaga, 2008; Tuli, Kohli, & Bharadwaj, 2007; Wise & Baumgartner, 1999). Despite general agreement about the benefits of service growth strategies for goods-dominant firms, managers often report problems in service transitions. For example, Stanley and Wojcik (2005) noted that only half of all solution providers realize modest profitability and 25% lose money through value-added services and solution offerings. Neely (2008) similarly provided evidence that although industrial manufacturing firms offering services enjoy higher revenues than traditional manufacturing firms do, they also generate lower profits. Clearly, manufacturers are interested in services, but when they enter that arena, they face considerable risk and challenges associated with the transition to a service-centric business model.

A growing body of research into service transition strategies cites the strategic necessity of this transition, yet we still know little about what drives their success or failure, especially for business-to-business (B2B) firms (Bolton, Grewal, & Levy, 2007). Some recent research

seeks insights into the unique resources and distinctive capabilities that manufacturers need to transition effectively into services. For example, Ulaga and Reinartz (2011) examined key success factors for designing and delivering hybrid offerings, i.e. combinations of goods and services in business markets. Their resource-capability framework outlines how manufacturers can acquire specific resources and then leverage them to develop distinctive capabilities that provide a basis for generating revenues through differentiation and/or cost advantages in service provision. They also specifically identified a firm's industrial sales force as an essential strategic resource.

Anecdotal evidence suggests instead that a manufacturer's sales force constitutes a major hurdle in the path toward a service-centric business model. Reinartz and Ulaga (2008, pp. 94–95) describe strong resistance to change from within the sales organization, such that even after extensive training, firms experience high levels of churn, faced with “little choice but to fire and hire; a few ... replaced 80% of their existing sales forces.” Similarly, Ulaga and Reinartz (2011) suggest that only one-third of industrial salespeople easily transition to sales of hybrid offerings, whereas the majority of sales reps require massive training to master the challenges or prefer to be reassigned to sales of just goods-centric offerings. These disconcerting anecdotes underscore the pivotal role of sales in the shift from a goods-centric to a service-centric business model. If “product salespeople are from Mars, while service salespeople are from Venus” (Ulaga & Reinartz, 2011, p. 13), what descriptors (if any) apply to an outstanding goods-centric salesperson versus a hybrid offering salesperson? Does the distinction between goods sellers as hunters and hybrid offering salespeople as farmers hold true? To the best of our knowledge, extant academic research has not explored the

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specific personality traits attached to effective sales profiles to reveal how to align the industrial sales force with hybrid offering sales.

This fundamental shift touches on multiple key issues, but we deliberately focus on the individual salesperson level as a starting point. Executives consistently point to the human resource challenges of hiring, retaining, and motivating the “right” service salesperson beyond an existing goods-centric sales force; against this backdrop, we investigate four research questions:

1. To what extent does the shift in corporate strategy toward a service-centric business model affect a company's industrial sales force?
2. Along what factors are the selling of goods and versus hybrid offerings in industrial markets distinct? How might the transition to a service-led business model affect the nature of the selling process?
3. Which distinctive sales proficiencies are needed to sell hybrid offerings in business-to-business markets?
4. Which personality traits resonate most with high-performing hybrid offering salespeople, as opposed to outstanding goods-centric salesperson?

By answering these questions, we aim to make several important contributions. First, we seek to identify critical differences between selling goods and hybrid offerings in industrial markets. Second, we explain how these specificities relate to the sales proficiencies required to increase sales of ancillary services and customer solutions in B2B markets. Third, we identify key personality traits of high-performing salespeople in both categories and compare them. Beyond traits commonly studied in personnel selection (cf. Hogan & Hogan, 1986; Judge, Heller, & Mount, 2002; Vinchur, Schippmann, Switzer, & Roth, 1998), we provide novel insights into how specific personality traits relate to hybrid offering versus goods sales proficiencies, as well as whether individual traits have opposing effects, such that specific individual (dispositional) factors might contribute to high performance in one domain but represent an obstacle in the other. Fourth, noting these fundamental differences and distinctive capabilities, we provide initial managerial guidance for making this important transition. Finally, we show that there are serious personnel and strategic considerations for firms that wish to move from a goods-centric orientation to a hybrid offering orientation.

To address our research questions, we first position our study within extant literature on service transitioning strategies in business markets and the challenges of industrial service sales at the sales force level. We then present our findings based on depth interviews with carefully chosen C-level executives and senior sales managers in charge of increasing service revenues in traditionally goods-centric organizations. All the firms in our sample have strong, goods-dominant sales records and are among the leaders in their respective industries, and they all have been moving toward a service-led business model. Finally, we discuss some academic and managerial implications of the insights generated through our qualitative study and provide avenues for further research in this promising domain.

2. Conceptual framework

To investigate the challenges of implementing service strategies in manufacturing companies at the sales level, we position our study at the crossroads of two important literature streams: one related to service transitioning strategies in business markets and another that centers on the specificities of industrial service sales, rather than B2B goods sales. In this section, we integrate both streams and identify some gaps relevant to our study.

2.1. Research on industrial service transitioning strategies

In the past decade, industrial services have gained more recognition in both B2B and service marketing domains (Jacob & Ulaga, 2008; Neu & Brown, 2008; Ostrom et al., 2010). Some research focuses on the imperative of why goods-centric firms should move into services, noting

competitive, economic, and customer-based reasons (Mathieu, 2001; Oliva & Kallenberg, 2003; Wise & Baumgartner, 1999). Building on this stream, another set of research examines the broader strategic aspects of the transition to service-centric business models (Bowen, Siehl, & Schneider, 1989; Brax, 2005). More recent empirical research also investigates the actual performance outcomes of service transitioning strategies (Fang, Palmatier, & Steenkamp, 2008), documenting the positive relationships of services with revenues (Antioco et al., 2008), profitability (Gebauer, 2007; Homburg, Fassnacht, & Guenther, 2003), and overall firm value (Fang et al., 2008). Yet some service transitioning strategies lead to negative outcomes, perhaps as a result of moderating effects related to industry and firm characteristics, such as industry growth and turbulence, the link between a firm's goods and service business, and slack resource availability (Fang et al., 2008). The service orientation of human resource management and corporate culture, top management's commitment to the service business, and cross-functional communication (Antioco et al., 2008; Gebauer, 2007; Homburg et al., 2003) represent other potential moderating variables. Furthermore, much of the academic research in this arena is tantamount to speculation—researchers have developed a broad and cogent conceptual framework outlining how service sales and services salespeople should be different (cf. Karpen, Bove, & Lukas, 2012; Sharma, 2007; Sheth & Sharma, 2008). While this framework has generated an important research agenda for academicians, the field seems somewhat removed from managerial practice, with little guidance emerging for managers who wish to make an actual transition to service-led growth.

Only recently has research started to address how to implement such strategies. Raddats and Easingwood (2010, p. 1335) suggest, “resource-advantage theory provides a valuable framework for assessing the service strategies of product-centric businesses.” Ulaga and Reinartz (2011) go a step further and develop a resource-capability framework that highlights several critical resources: product usage and process data derived from the firm's installed base of physical goods, the supplier's product development and manufacturing assets, the manufacturer's sales force, the firm's distribution network, and the vendor's field service organization. By leveraging these unique resources, successful firms build unique capabilities, such as service-related data processing and interpretation, execution risk assessment and mitigation, design-to-service, and hybrid offering sales and deployment capabilities. In response to their call for further research into these resources and capabilities, we focus on how manufacturers leverage their sales force as a critical resource to build and grow their hybrid offering sales capabilities.

2.2. Research on industrial product versus services sales

More than 30 years ago, Dubinsky and Rudelius (1980–81, p. 65) asked: “Do you sell industrial services the same way as industrial products? Answers are vague or nonexistent.” In their survey of 154 salesperson, they found that salespeople emphasize different selling techniques for industrial goods and services, such that “because of the intangibility of service, the same selling techniques used to sell a product are not always applicable when used to sell a service” (Dubinsky & Rudelius, 1980–81, p. 74). Despite continued research in the sales management domain, it appears that the answer to their key question is still far from obvious (Hafer & McCuen, 1985). Clarifying whether such differences exist and understanding how they affect the sales process, required sales skills, and distinctive salesperson attributes represent key prerequisites for mastering the transformation from a traditional goods-centric to a service-savvy industrial sales force.

This transition has not gone unnoticed; sales literature has emphasized this shift, such as when Rackham and DeVincents (1999, p. 66) recognized that “the only single ‘truth’ that seems to be holding for all sales forces is that they will have to create value for customers.” Sales research thus investigates new sales approaches and selling behaviors, such as adaptive (Spiro & Weitz, 1990), agility (Chonko & Jones,

2005), consultative (Liu & Leach, 2001), customer-oriented (Stock & Hoyer, 2005), and relationship (Crosby, Evans, & Cowles, 1990; Frankwick, Porter, & Crosby, 2001) selling. However, perhaps it is not the sales techniques but rather the salespeople that need to change. Rackham and DeVincentis (1999) underscore the need for different types of sales forces, with opposing characteristics, and Cron and Decarlo (2010) note that executives call implementing their solution-selling model one of the top-three challenges for sales organizations. It has been likewise argued that the traditional persuasion model of sales simply does not belong in the modern B2B sales environment (cf. Sharma, 2007).

Thus growing consensus suggests that sales approaches and models currently cannot account sufficiently for the changes in complex B2B markets (Plouffe, Williams, & Wachner, 2008; Wang & Netemeyer, 2004; Williams & Plouffe, 2007), especially in light of service transition strategies. Plouffe et al. (2008, p. 87) contended that “sales researchers have ... ignored one of the most important trends in contemporary business—the shift away from a traditional goods-based economy toward service-based offerings.” Tuli et al. (2007) called for more studies on solution sales cycles, and Bonney and Williams (2009) argued that because solution sales require new sales proficiencies, salesperson opportunity recognition should provide a new cognitive-based construct to explain solutions salesperson’s success. Storbacka, Polsa, and Sääksjärvi (2011) developed a framework for managing solution sales that identifies 28 pertinent management practices. Thus, an important obstacle for managers is to determine how this sales process might be different, and how the salesperson might need to be different as well. This is a challenge that must be addressed at multiple levels—on one level, it is understood that transitioning to service-led growth will require change, but at another level, the nature of what those changes are has not been fully articulated by managers “in the know,” nor have these changes been investigated against the backdrop of a personnel selection regime. Individual differences, such as personality characteristics and intelligence, are an important starting point for any such human resource oriented intervention.

2.3. Individual differences and the B2B salesperson: a missing link in service-led growth

Although academic research has clearly argued that there are important differences between the sales of products and hybrid offerings, with some referring to the transition as being tied to the switch to more of a service-dominant logic (cf. Le Meunier-Fitzhugh, Baumann, Palmer, & Wilson, 2011), little extant research has investigated the role of the salesperson, or more specifically, the attributes of this new salesperson. If selling services does represent a profound change in the nature of the sales process (cf. Moncrief & Marshall, 2005), and requires firms to have their salespeople focus on different aspects of the nature of the offering and to whom it is made (cf. Reinartz & Ulaga, 2008; Ulaga & Reinartz, 2011), it stands to reason that some of the key individual differences among salespeople, such as personality traits and intelligence, may have changed as well. Furthermore, the technical nature of sales has changed dramatically, and neither firms nor researchers have adequately addressed how this might impact the needed characteristics of salespeople (Redday, Marshall, & Parasuraman, 2009). Cron, Marshall, Singh, Spiro, and Sujana (2005) provided a similar assessment of the need for additional selection research in sales, pointing out that sales researchers have tended to ignore the task analytic aspects of selection.

Personality traits have long been used in both personnel selection in general, but in the sales profession in particular; in part, this is because salespeople tend to enjoy greater autonomy (Churchill, Ford, & Walker, 1974) while working toward clear goals (e.g. quarterly sales targets) and also because there is greater variability in performance across salespeople than is found in other professions (Hunter, Schmidt, & Judeisch, 1990). In this vein, meta-analytic research has helped define some of

the traits that have been found to be related to overall success in sales (cf. Vinchur et al., 1998); smaller scale studies have also been conducted focusing on specific traits within specific contexts (e.g. Franke & Park, 2006; Mulki, Jaramillo, & Marshall, 2007). However, as we have noted previously, many researchers are suggesting that the nature of sales is changing, which means that the nature of the salesperson and what she does should change as well. Believing this to be true, linking these changes to possible personal characteristics such as individual difference variables of personality and intellectual ability is an important step in being able to improve the processes of hiring, retaining, and evaluating hybrid offering salespeople. At the same time, it is an important and necessary first step to examine the nature of the work being performed, and to identify those key tasks that separate hybrid offering sales from traditional product sales.

3. Research methodology

3.1. Pilot study/focus group

To examine our first research question and confirm that top-level management perceives important differences between selling goods and good–service combinations in industrial markets, we conducted a pilot study. The sample consisted of 16 senior sales managers of industrial companies and 2 senior experts of leading sales consulting practices, with experience leading sales transformation projects for B2B firms, as we detail in Table 1. All participants were recruited through the alumni network of a major European business school.

For the pilot study, we conducted a workshop with three phases. In the introductory plenary session, managers discussed the strategic imperatives that led them to change their sales focus and noted any problems they had encountered while moving to a service orientation. Participants then discussed these issues in separate breakout sessions. Finally, we reassembled, discussed the findings of their sessions, including the respondents’ own insights into what the important “takeaways” were, and noted areas that warranted further investigation. We compiled these insights and sent them to the participants for review to ensure that our summary was consistent with what had been uncovered during the workshop. The findings of this initial stage confirmed that managers perceived a focus on services in industrial markets as a strategic necessity; a significant obstacle for their firms was how to reorient the focus of their sales forces. Managers asserted that the selection, retention, and compensation of salespeople presented a significant challenge for their firms. From these findings, we developed a semi-structured interview guide to probe some of the key issues raised by these decision makers.

3.2. Depth interviews

3.2.1. Sample characteristics

The depth interviews featured senior sales managers from manufacturing firms in diverse industries. As a key informant check, and to ensure similarity with our pilot group, we screened participants according to four interrelated criteria. First, all participants needed to be senior-level (C-suite) managers. Second, their firms had to have a strong track record selling goods through their own sales force. Third, the firms needed to have begun work training or transitioning their sales forces to selling hybrid offerings, which we defined as having made this decision within a period of three to five years before the study began. Only those managers who had actually implemented changes, such as changes in incentive structure, sales force organization, and the like, were chosen. In this vein, managers were also screened along their role in the transition process; we selected only managers who had participated in the decision to move toward a service-led growth strategy, and who were also responsible for the implementation of this strategy. Fourth, the transition needed to be considered a top-level managerial priority, as evidenced by the participation of

Table 1
Characteristics of focus group participants.

| Firm activity Service offering | Annual sales Employees | Informant position |
|-----------------------------------|---------------------------|-----------------------------|
| Industrial gases | € 650 million (1) | a) Marketing director; |
| On-site supply management | 1700 | b) Product manager services |
| Power transformer | € 400 million (2) | Global service strategy & |
| Remote monitoring | 1400 | marketing director |
| Sales performance | € 8 million (1) | a) Managing director; |
| Consulting services | 35 | b) Senior sales consultant |
| Telecommunications | € 186 million (3) | Vice president consulting & |
| Project management | 235 | solutions, EMEA |
| Power generation | € 86 million (1) | Sales director |
| Energy efficiency services | 23 | |
| Medical equipment | € 17 billion (2) | Director of service sales, |
| Training for medical doctors | 46,000 | EMEA |
| Construction tools | € 281 million (1) | a) Head of marketing; |
| Tool fleet management | 1250 | b) National sales director |
| Material handling equipment | € 700 million (1) | After sales manager |
| Operator access control | 2400 | Central Europe |
| Industrial cable | € 1100 million (1) | Vice president marketing |
| Inventory management services | 3000 | |
| Telecommunications | € 7.5 billion (1) | National sales director |
| Business process outsourcing | 31,000 | Government & healthcare |
| Sales performance | € 0.6 million (1) | Senior consultant |
| Consulting services | 3 | |
| Professional coatings | € 2.1 billion (3) | Director, commercial |
| Process consulting | 38,000 | Trade business |
| Recycling | € 3.5 billion (1) | General manager |
| Waste management outsourcing | 19,600 | |
| Industrial plastics | € 44 million (1) | Marketing director |
| Training | 115 | |
| Data storage equipment | € 82 million (1) | Director, sales & marketing |
| Data management | 420 | |

N.B.: Sales 2011; (1) Nationwide; (2) Worldwide, (3) Europe, Middle East, Africa (EMEA).

the C-suite level managers in the strategic decision to move toward service-led growth. Using the alumni network of a major European business school, we interviewed 20 executives from 17 firms, ranging in size from small, with 60 devoted salespeople, to a large multinational firm with roughly 136,000 employees. The profiles of the participants and their firms are in Table 2.

3.2.2. Interview guide

Respondents briefly described the core businesses of their firms and their portfolios of offerings. Then we asked managers to describe the relative importance of selling goods and services and the factors in the marketing environment that led them to shift to a focus on goods–service combinations. Next, respondents discussed the challenges associated with this reorientation, including the overarching strategic concerns of their firms, personnel-related concerns, and any changes to their firms as a result. Finally, we asked managers to describe the goods sales process and the hybrid offering sales process so that we could (1) determine whether managers believed that the two processes were similar or different, (2) isolate areas of hybrid offering sales that they believed to be different from goods sales, and (3) probe those differences that the respondents considered most critical.

3.3. Analysis and interpretations

The interviews lasted an average of 90 min (ranging from 45 to 120 min), and we recorded and transcribed them verbatim. Two independent coders analyzed the transcripts using a grounded theory approach and a multiple-step process similar to that suggested by McCracken (1988) for assessing interviews. Over several iterations, the transcripts of all the interviews and focus group data were assessed for evidence of the unique nature of the hybrid offering sales process, specific sales proficiencies required, personnel problems that managers

Table 2
Characteristics of depth interview participants.

| Firm activity Hybrid offering | Annual sales Employees | Informant position |
|----------------------------------|---------------------------|---|
| Industrial gases | € 4.6 billion (2) | Head of services |
| On-site gas management | 17,300 | Europe |
| Coal mining | \$ 59.4 billion (2) | Head of strategy |
| Multi-sourcing contracts | 33,800 | Thermal coal business |
| Energy management | € 8.3 billion (2) | Marketing director |
| Industrial heating services | 52,7000 | |
| ID card printers | \$ 400 million (3) | Global services director, |
| Project management | 1400 | EMEA |
| Distributor, construction | \$ 1.1 billion (4) | Sales manager |
| Equipment/solution contracts | 1200 | |
| Material handling equipment | \$721 million (1) | a) Vice-president sales |
| Remote monitoring services | 2540 | b) Manager service sales |
| Construction tools | € 362 million (1) | Vice-president sales & |
| Tool leasing/rentals | 1387 | Member, management board |
| Injection molding machines | € 200 million (3) | General manager aftermarket sales EMEA |
| After-sales services | 830 | |
| Perforated metal products | \$123 million (1) | Sales manager |
| Custom cutting services | 320 | |
| Truck tires | € 16.8 billion (2) | Director, fleet management |
| Fleet management solution | 121,356 | |
| Electricity meters | € 17.3 billion (2) | Executive VP, strategy & service deployment |
| Energy efficiency consulting | 119,340 | |
| Bearings, seals & mechatronics | € 877 million (1) | Key account sales director, EMEA |
| Remote monitoring service | 1563 | |
| Aircraft engines | € 744 million (3) | General manager, services |
| Fly-by-the-hour agreement | 2175 | |
| Integrated circuitry design | \$ 1.3 billion (2) | Key account manager, Southern Europe |
| Customization services | 5700 | |
| Industrial tires | € 351 million (3) | Sales director, industrial tires, Europe |
| Inventory management service | 2396 | |
| ATM machines | € 187 million (1) | a/) Managing director; |
| Bank cash process optimization | 355 | b/) Marketing director |
| Office equipment | \$ 5 billion (3) | a) Head, service operations; |
| Document management | 16,000 | b) Director customer service |

N.B.: Sales 2011; (1) Nationwide; (2) Worldwide, (3) Europe, Middle East, Africa (EMEA), (4) US Regional.

reported, and behaviors and salesperson characteristics that managers considered important for success with hybrid offering sales.

Next, we examined the interviews for specific incidents that suggested behaviors and characteristics of salespeople. Adopting a definition of personality in the workplace (Tett & Gutterman, 2000, p. 398), we identified quotes that suggested “intra-individual consistencies and inter-individual uniquenesses in propensities to behave in identifiable ways in light of situational demands.” That is, the selected quotes indicated specific tendencies or dispositions of salespeople, activities, and behaviors that varied across salespeople, or situations in which salespeople exhibited a preference for a particular type of action or reinforcement. For example, one statement indicated that some salespeople had a disinclination against speaking to higher-level executives in purchasing firms. Another indicated that some salespeople prefer to work on commission rather than salary. These statements are relevant and related to individual tendencies. In contrast, general statements such as “some people had to be moved to a different part of the organization” or “we did not change our compensation scheme” were not used, because they do not describe how people behave. We ultimately identified 141 statements that provided information about skills and dispositional factors (abilities) unique to hybrid offering sales, using the definitions provided by Gatewood and Feild (2001) who define a skill as “an individual’s level of proficiency or competency in performing a specific task” (p. 370) and ability as “a more general, enduring trait or (cap)ability an individual possesses when he or she first begins to perform a task” (p. 370).

Two psychologists external to the study, along with one of the authors of the paper, then reviewed the statements; two of these experts specialize in the study of personality in industrial psychology and

personnel selection, and the third focuses on the relationship between personality and career satisfaction. Given that our qualitative inquiry was focused on isolating the key tasks of sales, and that this stage of the process is the most essential to developing a valid personnel selection and assessment program (cf. Thorndike, 1949), we focused on linking elements of the work being performed to individual difference variables that would provide a basis for any such undertaking. In this vein, the independent raters reviewed the statements and identified personality traits indicated or suggested by each statement. The overwhelming majority were linked to only one personality trait, though six of the statements suggested more than one personality trait, and we counted them twice. To assess interrater reliability among the three judges, we used coefficient kappa (Cohen, 1960), which is considered more effective and conservative than other agreement measures (Uebersax, 1987). The overall kappa of .94 across the three judges clearly exceeded the 0.70 threshold recommended for exploratory research (Rust & Cooil, 1994). Differences in ratings were discussed until they reached complete agreement.

Given that the interviews and focus groups provided considerable amounts of information, we chose to employ the criteria suggested used by Tuli et al. (2007), and thus we limit our discussion to characteristics that (1) provide information that is not unique to a particular context, (2) were mentioned frequently across interviewees, and (3) provide non-obvious, useful, and interesting conclusions. A similar logic has been used in other work attempting to identify core differences between traditional B2B sales and the development and sales of hybrid offerings as well as service solutions (cf. Ulaga & Reinartz, 2011).

4. Results

4.1. Magnitude of change at the sales force level

The magnitude of change that occurs at the sales force level when firms implement a strategic move from a goods-centric to a service-centric model in industrial markets is notable. All the sales organizations in our sample were highly successful in competitive markets, yet they consistently reported unexpectedly high levels of heterogeneity among their salespeople attempting to sell services. Some firms reported differences of 300% or more between the best and worst salespeople devoted to hybrid offerings. Consider a capital equipment manufacturer:

Our service sales force sells a host of value-added services. Service sales reps go after our fleet of 170,000 machines installed across customer locations in Europe and systematically place value-added services with these existing accounts or use a service to get a foot in the door with those customers that currently have a competitor's equipment. We expect from a service sales rep to generate €250,000 annually. Yet, the reality looks different. While our best service salespeople achieve €500,000 or more, some of our sales reps linger at €150,000 annually. That's definitely not enough to turn a profit. Our sales guys are all experienced in equipment sales, but they don't make the transition equally well to services.

Beyond strong differences in sales performance, the study participants also mentioned strong fluctuations among salespeople allocated to goods and services sales. Selling services required skills and abilities completely different from those required for selling goods, according to an executive from a major European power utility:

We created a subsidiary to push our presence in energy efficiency services as a way to extract more value from what we do, that is, selling electricity, a plain commodity. We offered our traditional sales reps the opportunity to move to this new subsidiary on a voluntary basis. After the first year, several salespeople asked to be reassigned to their former positions. Despite our training efforts, they just couldn't handle selling energy efficiency audits or performance-based contracts. They felt it was too much of a stretch.... Those

movements back and forth created all kinds of hiccups, and today, we still haven't found the silver bullet.

The extent of these personnel problems appeared severe and not confined to salespeople. Consider the following description by a senior sales manager:

We have a very successful international sales force in the telecom industry. Our salespeople are experienced in selling hardware and standard services. However, when we moved to selling complex solutions, we found that our sales organization was a major hurdle. I worked with a sales consulting firm to assess how well we were prepared. From our first audit, we learned that only 16 out of 213 salespeople clearly had the skills to go after selling solutions. Clearly, the sales force appeared as a bottleneck to making this transition a success. So, we rolled out a major training program for our salespeople.

Collectively, these insights highlight the extent to which major shifts in corporate strategy led to consequences for the sales force. The problem is not one of good versus bad salespeople but rather about the need to rethink how salespeople are selected, allocated to goods versus hybrid offering sales, rewarded, and aligned with a firm's overall services strategy. One manager highlighted the pivotal role of the sales force in the service transition: "We believe that the people in these positions will be the limiting factor to getting ultimately to where we'd like to be with our services strategy."

4.2. Specificities of hybrid offering sales

A second major issue in our interviews was whether fundamental differences affect the nature of the selling processes for goods and services. A theoretical challenge for our research was to affirm that firms had command of a traditional goods sales process; if not, managerial insights about the process or differences for selling services would be spurious. However, managers clearly described the conventional steps of a traditional sale, from prospecting to closing and follow-up efforts (Moncrief & Marshall, 2005). Several managers also explained how their firms had improved the efficiency and effectiveness of their sales processes over time through training programs (Rackham, 1988; Rackham & DeVincentis, 1999).

These managers in turn highlighted that selling goods-services combinations is very different from selling goods. In our interviews, these differences apply to three of the four types of hybrid offering categories identified by Ulaga and Reinartz (2011): asset efficiency (e.g. a remote monitoring service attached to a scanner), process support (e.g. energy efficiency audit), and process delegation (e.g. performance-based fleet management program for construction) services. However, managers equated the sale of standardized product lifecycle services (e.g., extended warranty contract attached to equipment) with a traditional goods sale that any salesperson could easily handle:

As long as we grew in services closely attached to our equipment sales, our sales force could easily handle these offerings. Selling a warranty extension or a financing offer is pretty straightforward. They are pretty standardized offers, which any of our salespeople can sell. You need to listen to the customer, translate that into what we have and make the sale. To me, these services are off-the-shelf products. But when we went for those other offers, say a remote monitoring contract, well, all of a sudden, we ran into problems.

Further probing the unique characteristics of hybrid offering sales, we identified the four important aspects in Table 3.

First, hybrid offering sales appear fundamentally grounded in a co-creation logic, unlike the traditional persuasion model typically followed in goods-centric sales (cf. Moncrief & Marshall, 2005; Sheth & Sharma, 2008). This finding is in keeping with the service-dominant logic (Vargo & Lusch, 2004), which requires a different

Table 3
Comparison of industrial goods vs. hybrid offerings sales.

| Key aspects | Goods-centric sales | Hybrid offering sales | Key proficiencies (hybrid offerings) |
|------------------------|--|---|---|
| Underlying tenet | Persuasion model | Co-creation model | Ability to gain deep understanding of customer's business model |
| Requirement definition | Meet/exceed customer-initiated, goods-centric specifications | Fuzzy front-end of hybrid offering specifications | Ability to manage client expectations (adroitly say "no" instead of getting to "yes") |
| Network complexity | Limited number of stakeholders | Multiple stakeholders in customer and vendor organization | Ability to develop strong networking skills in both customer and vendor organizations |
| Outcome orientation | Focus on deal closing (hunter perspective) | Focus on share growth and contract renewal (farmer perspective) | Ability to make tangible the intangible and to practice value selling |

mindset for approaching customers. Consider the following statement by one sales manager:

Selling a performance-based contract to a customer is an entirely different ball game than selling equipment.... This is not about convincing the customer that our equipment is the best. It's about sitting down with the customer and designing the best possible solution together. And if, in this process, we find that the customer needs fewer machines to get the job done than we initially thought, then just let the chips fall.

Second, in a goods-centric model, sales reps work to meet customer expectations based on customers' stated needs; thus, customers typically drive the process by issuing requests for quotes and initiating competitive bidding processes. Salespeople's efforts are geared toward demonstrating the extent to which the vendor meets, and possibly exceeds, customer-initiated specifications better than the competition. Managers thus described sales techniques consistent with adaptive or agility selling (Chonko & Jones, 2005; Spiro & Weitz, 1990). But in hybrid offering sales, sales reps face ill-defined customer specifications and must work with customers to clarify the "fuzzy front end" related to what they need and how to combine goods and services to solve customers' problems (Reinartz & Ulaga, 2008; Ulaga & Reinartz, 2011). The managers explained specifically that salesperson needed to shape hybrid offering characteristics together with customers.

Third, we note differences in network complexity across the different sales processes. In a goods-centric sales environment, sales reps interact with a more narrowly defined set of stakeholders in the customer organization (e.g. purchasing, maintenance, equipment operators). In a hybrid offering sales environment, they often must cast a wider net and interact with a broader network of stakeholders to deliver customer-oriented offerings (cf. Hutt & Walker, 2006; Sheth & Sharma, 2008). Consider the following statement:

When we went after selling those complex cash management offerings to customers in retail banking, our sales reps were lost. All of a sudden, they had to talk not only to purchasing and IT, but also to general management. They had to interact with the bank's marketing people and tell them how we could fit into their CRM strategy. Clearly, our salespeople were not used to talking to some of these folks.

Network complexity increases not just with respect to the customer organization but also the vendor's internal organization. As another sales manager suggested:

When you sell an in-flight entertainment solution, rather than just a system, the job becomes much more complex. You have to work with the customer, build that offer to suit a particular need. But, you also need to reach out to your own people. How should the offer for this particular airline look like? Can we deliver on that promise? What about industrialization of that offer? You need to work with a lot of people to get that sale done.

Fourth, the outcome of the sales process differed. In a goods-centric sales context, managers explained, the emphasis is on closing a deal, in

line with transaction-oriented selling and the traditional "steps of selling" (Moncrief & Marshall, 2005). By handling customer objections and overcoming resistance, goods-centric sales hunt down customers and convince them to buy:

Selling a product boosts your adrenaline levels. It's like a soccer game: you're in front of the goal, you have to score.... In services, you need to spend time with the customer, you really need to understand his business, you need to care for his concerns.

In hybrid offering sales instead, the outcome of the sales process shifted from deal closing to identifying opportunities for inserting value-added services into an ongoing relationship. As one manager explained:

This is a different kind of sale. Instead of getting a foot in the door, selling services on top of our existing products requires identifying opportunities for doing more with customers. For example, we may have started out by selling heating equipment. That's a good start, but then, we need to move up the ladder and grab more of a customer's business. Can we sell maintenance? Can we move to a performance-based contract? And what about taking over other jobs for that customer, such as cleaning or delivery of gases? This is easier said than done. Many of our sales reps prefer chasing down the next new account, rather than sticking around and doing more with an existing customer.

Clearly, hybrid offering sales reflect a farming perspective, geared toward ensuring continuity for the next contract and growing customer share, rather than a hunting logic. Collectively the insights offered by managers establish that selling good-service combinations in business markets differ substantially from a traditional goods-centric sales model.

4.3. Hybrid offerings sales proficiencies

Noting the differences, our respondents highlighted distinctive sales proficiencies required for selling hybrid offerings (see Table 3). First, hybrid offerings required a more fine-grained understanding of the customer's business model and operations, as well as deeper knowledge of how to reduce costs and/or improve productivity for customers. One participant mentioned that to sell a remote monitoring service to enhance the productivity of a high-voltage circuit breaker, sales reps needed intimate knowledge of a customer's plant and workflow. By understanding how to improve customers' key performance metrics, hybrid offering salespeople could secure unique sales capabilities:

To sell services and solutions, you need to have an intimate knowledge of the customer and the way he operates. In our company, we use a T-shaped model for describing the skills we want our salespeople to develop. On the one hand, there's the knowledge of the customer, his culture, his people, and the way he operates. On the other hand, there's the knowledge of our organization, our people, and our capabilities. And finally, there's a third part: how well do we know the customer's industry? Can we "surprise" the customer?

Can we approach the customer and say “Here’s something you don’t know that should be interesting for you.” It’s all three things our salespeople need to know.

Second, participants underscored the salesperson’s ability to manage complex networks in both the customer’s and the vendor’s organization. Managers explained that salesperson needed to demonstrate an ability to reach beyond their comfort zone and access key customer contacts they traditionally would not have targeted. Several participants explained that the more their firms moved toward selling value-added services, the higher salespeople had to reach in the customer’s hierarchy. Managers also referred to capabilities deployed in favor of managing internal networks. As one manager explained, resource-intensive services require salesperson to compete for scarce resources inside the vendor organization:

The best of our service sales reps know whom to talk to in our organization. They know how to assemble the right team for delivering on what they promised.... Our internal people face competing demands. They must decide whom they are going to work for. But, whenever there’s a bottleneck in terms of [human resources], these guys just have an ability to get the right people on board.

Third, participants emphasized that hybrid offering sales required an ability to manage customer expectations proactively and to a much greater extent than in goods-centric sales. In this selling context, salespeople play pivotal roles and design contractual agreements. Initial contract negotiations largely “make or break” profitability in service deployment, and several participants highlighted a salesperson’s ability to adroitly say “no” (instead of “getting to yes”) to safeguard against service commitments that could jeopardize future profitability in contract execution:

When selling services, you need to develop an ability to say “no,” instead of working toward getting the customer to say “yes.” Our product sales people have a tendency to throw in a warranty extension for free. Or, they would promise a training session free of charge, just to get the customer to sign the order. This is not how one should sell an industrial service.

Fourth, participants identified the importance of making the intangible elements of an industrial good–service combination tangible. Many hybrid offerings imply a performance commitment (e.g. machine availability, pay-as-you-go agreement), rather than a commitment to execute a task (i.e. repair equipment within a preset time frame), so salespeople must develop an ability to persuasively sell outcomes, instead of focusing on physical product features or functional benefits. As one manager explained:

Some of our salespeople found it very hard to sell our fleet management to large trucking companies. Sell miles instead of tires. In every

sales presentation, they kept falling back into showcasing the tire: “This is our tire, it’s technologically superior. Our tire outperforms any competitor.” But, this is not what we wanted them to sell.... At one point, I was so desperate that I fired off an e-mail to every salesperson in fleet management: “You are not allowed to show a tire on any slide in your sales presentations, full stop.” The sales guys replied: “If I can’t show the tire, what else shall we put in front of the customer?”

In summary, hybrid offering sales require a set of distinctive sales skills that flow from the very specific nature of selling industrial good–service combinations. The specificities of such sales and the distinctive proficiencies needed explain why managers also could provide insights useful for identifying relevant personality traits of high-(low-) performing hybrid offering salesperson.

4.4. Individual differences suggested by managers

The raters identified a total of 13 individual different variables, 12 personality traits, along with general intelligence, as we indicate in Table 4. However, we focus only on those dimensions indicated most frequently by managers and that provided new insights into the unique job characteristics and attributes of hybrid offering salespeople.

Some of these individual difference variables have been linked to managerial ratings but not objective sales figures, which underscore the need to address the entire sales environment when determining the traits necessary for a particular job. Prior research has tended to view goods and services sales as essentially the same, but emerging managerial practice separates the functions.

4.4.1. Learning orientation

This dimension pertains to an inclination to improve task performance constantly (Ahearne, Lam, Mahieu, & Bolander, 2010; Sujana, Weitz, & Kumar, 1994) and a willingness to engage in self-directed learning. People with a strong learning orientation devote much of their time to improving their skills and view their abilities and skills as completely reflective of their own level of effort (Farr, Hoffman, & Ringenbach, 1993). In contrast, with a performance orientation, people believe that their skill sets are fixed, and so they focus on maximizing their performance at every task (Farr et al., 1993). A hybrid offering tends to require a slower approach to sales; initial meetings never include selling something but rather involve learning more about both firms’ capabilities and the needs of potential customers. The sales process thus becomes a learning experience, in which lessons learned from past successes do not transfer, because “you need to be a broader thinker. You can’t just be an ‘out-of-the-box’ salesperson. You have to understand the context of your product within the customer’s business needs.”

Table 4
Individual difference variables mentioned in-depth interviews.

| Trait | Definition | Count |
|------------------------------|---|-------|
| Learning orientation | Inclination to learn new materials and find answers to questions on one’s own; working to continuously improve | 26 |
| Customer service orientation | Striving to provide responsive, personalized, quality service to customers; putting the customer first | 25 |
| Intrinsic motivation | Motivated by the enjoyable features of the task itself, belief that skills are malleable and can be improved | 23 |
| General intelligence | Ability to reason and think abstractly; related to verbal ability, learning capacity, and breadth of interests | 19 |
| Emotional stability | Overall level of adjustment and emotional resilience; ability to work well with job pressure and stress. | 16 |
| Teamwork orientation | Propensity to work as part of a team; cooperative and participative in group projects. | 11 |
| Introversion | Tendency to be more reflective, introspective, and attentive to others. | 9 |
| Visionary thinking | Inclined toward a global, intuitive, big-picture thinking style, rather than a practical, detail-oriented, style. | 8 |
| Nurturance | Inclination to use personal warmth to help others, a need to help others and attend to their needs | 3 |
| Openness | Proned to seek out and engage in new ideas, procedures, techniques, and experiences, travel, cross-cultural activities | 3 |
| Perfectionism/rigid | Having an orientation to detail, focusing on a task until it has been completed at every level | 2 |
| Assertiveness | An inclination to seize the initiative, voice ideas and opinions that may not be well received by others, and confront problems directly. | 1 |
| Conscientiousness | Being reliable, dependable, trustworthy, and rule following; strives hard to honor all commitments. | 1 |

Managers noted that effective product salespeople faced a significant challenge: their knowledge and experience centered on how goods have been used in the past and what pressure points can be pressed to sell these products more effectively. Compensation and managerial policies also tended to foster a performance orientation among salespeople. When their firms began to put an emphasis on complex good–service combinations, they had to be willing to learn more about the overarching concerns of customers, as well as sell in a completely different way, and they needed to develop a stronger learning orientation. This shift was a challenge for many performance, goal-oriented salespeople, who had become very good at matching the right customers to the right product, efficiently and effectively, while the focus had shifted to a slower, fuzzier approach. Thus, “These [product salespeople] tend to be industry or single-industry focused.... The majority of my transactors are not overly willing to learn, to relearn.”

Several managers also pointed out that some salespeople, who would later fail to meet expectations in the hybrid offering sales environment, argued that an effective salesperson should be able to sell services and products equally well, and that hybrid offerings did not warrant a new approach. These sales managers pointed out, often in confusion, that one salesperson could make very large sales with great success but still fail to meet minimal sales quotas when trying to sell service elements in addition to hardware components. For example, one salesperson sold millions of dollars of medical diagnostic equipment but could never sell personalized training. As confounding as it was for managers, understanding the nuanced demands of hybrid offerings was an even greater challenge for goods-oriented salespeople—some of the most successful goods-centric salespeople were simply unable to negotiate the transition. One manager, discussing the challenges of retraining salespeople to sell hybrid offerings, noted: “You are going to have problems with the guy who comes out of a training session and says, ‘Yes, that’s fine but I knew all that all ready.’ It’s a rule, and I’ve seen it with more than 40 (terminated) salespeople.” Of course, managers also play a role; research has suggested that they have significant influences on the learning and performance orientations of their salespeople (Kohli, Shervani, & Challagalla, 1998), especially depending on the type of reward and feedback systems they put in place.

4.4.2. Customer service orientation

Although the ability to deliver responsive, personalized, and empathic service to customers is critical to the goods-centric sales process (Hogan & Hogan, 1986), aggressiveness and extraversion also exhibit longstanding relationships with sales success (e.g., Webster, 1968), despite their negative correlation with customer service performance (Stewart & Carson, 1995). In markets in which firms already manufacture a wide array of highly reliable goods, customer service often centers on maintaining the product. Thus, handling complaints and dealing with unique customer requests become central aspects only *after* the sale. Over time, customer service activity might decline, with increasing reliability or learning about the unique problems of a particular customer firm, then dealing with issues through concessions or customizing the offering. That is, customer service activity in product sales centers on resolving problems.

A hybrid sales process instead requires the development of a unique, co-created offering, which can be a challenge for successful goods-centric salespeople, who focus on identifying the extent to which their firm offerings match the needs of their potential customers as quickly as possible. These salespeople are extremely knowledgeable about their offerings, the needs of their established partners, and how to allocate their time and effort to achieve the critical goal of getting the customer to buy: “To [product salespeople], service is often defined by them as getting the customer in and out as quickly as possible and giving him what he needs or telling him that you do not have it.”

However, selling hybrid offerings requires a sharper focus on the installed base and the extent to which the service firm can collaborate.

Effective goods salespeople tended to focus on prospecting new customers rather than attempting to build incremental existing relationships, keeping with the farmer/hunter dichotomy. Thus, the objective of the sales process is ill defined; it must emerge from an understanding of customer’s deeper needs. One manager, in describing the different perspective on customers required of hybrid offering salespeople, acknowledged that service sales “requires a deeper level of understanding the customer.... It comes through discussions and you start to understand why they [customers] are having this problem.”

4.4.3. Intrinsic motivation

Intrinsic motivation implies enjoying a task for its own sake, rather than enjoying it because it is instrumental to extrinsic rewards. A learning orientation indicates a disposition toward wanting to learn more about a task, but an intrinsic motivation reveals why some people desire to learn more on the job. When people have more intrinsic motivation, they tend to spend more time trying to improve their skill sets (Lawler & Hall, 1970). If instead salespeople are extrinsically motivated, they tend to enjoy competition more and are very motivated by the opportunity to outperform their peers, such as “The day when the big sale comes down, everyone is made aware of it. These are the extraordinary stories that circulate within the firm: the hero.”

This trait also underscores fundamental differences across service and product sales at the managerial level. For example, sales control systems, which can be based in either outcome or behavior control, tend to encourage one type of motivation: Outcome control focuses on hard, objective measures of performance with a greater degree of autonomy, which supports and encourages extrinsic motivation, especially with regard to objective outcomes, because “You haven’t given me a target, so why should I do it?” Behavioral control instead entails more monitoring and direction by supervisors, and monitoring of salespeople’s work activities (Oliver & Anderson, 1994)—this approach also engenders intrinsic motivation, because a salesperson must focus on the sales process, rather than its outcomes per se:

...for the good service salespeople, they don’t actually focus on, like, how much money am I actually going to be making? Those guys were more comfortable selling services because they were less driven by the incentive plan.

In this vein, sales managers help influence the motivation and even the learning/goal orientation of the sales force (Kohli et al., 1998). The differing nature of hybrid offering sales means that the objectives, goals, organizational players, and outcomes differ, so the role of sales managers must shift as well.

4.4.4. General intelligence

General intelligence, or “g,” is generally defined as an ability to recognize patterns, analyze situations and ideas, and reason logically. Vinchur et al. (1998) found that cognitive ability does not correlate with objective sales performance; in a meta-analytic study, Hunter and Hunter (1984) showed that though cognitive ability offers the best single predictor of job performance across all occupations, this link is substantially weaker for sales than for all other occupations.

Managers in the hybrid offering arena emphasized its intellectually demanding nature. While traits such as learning orientation are important, a desire to learn is not sufficient. To become “t-shaped professionals” (IfM & IBM, 2008), effective salespeople must incorporate and integrate large amounts of knowledge from many domains. General intelligence thus emerged as a key trait, as the following quotes about a firm’s highly effective service sales force show:

A lot of our people were quite technical, and had kind of gone through project engineering and then into sales. The [successful] service person tends to be ... quick to learn and look at nuances and differentiators of our product and service offerings.

4.4.5. Emotional stability

Although this trait implies being well-adjusted and able to handle rejection, emotional stability also involves an ability to cope with uncertainty (Goldberg, 1993). This dimension, particularly the ability to accept rejection, is commonly viewed as important to sales success, though meta-analytic studies have not supported this assertion (Vinchur et al., 1998). Being able to manage uncertainty and risk small instantaneous gains for larger, temporally distant ones was noted by several managers in our study though. Consistent with the hunter/farmer dichotomy, product salespeople could choose between focusing on many targets with low-risk/reward profiles or focusing on a few targets with high-risk/reward profiles and therefore match their strategy to their risk tolerance. Complex hybrid offerings put more long-term pressure on salespeople and reduced their ability to manage the risk portfolio:

So the personal interest of a salesperson, it's necessarily to go for the value. It's much more complicated and has a greater chance of failing—you just don't know. A lot of salespeople actually tend to go for services when they can't do otherwise. If you give the salesperson the choice, "Sell this widget starting at 3 million with the potential to bring in 25 million, or sell another for 10–14 million, one-shot-deal and never again." Don't fool yourself, he's the king. He'll go for the one-shot deal.

In hybrid offering sales, prospects tend to be higher risk, and the sales process requires more time, knowledge, effort, and coordination to deliver an effective sales pitch to a prospective firm. Hence, there is a longer period of uncertainty of both the time horizon and the likelihood of a positive outcome. These offerings also put the salesperson on the line every time they sell, "Because product salespeople sell with their 'guts'. They sell in an emotional way. Emotion makes the change difficult, more difficult than one would think."

Focusing on hybrid offerings makes the sale much more personal because the offering takes longer to customize, and so the salesperson must be able to tolerate more risk and be less emotionally involved in the hybrid offering sales process. Furthermore, because it requires more network building, both within and across the buyer and seller organizations, there is a greater potential for things not to go well, and the salesperson often cannot rectify the problems alone:

For a traditional salesperson to go and discuss with a marketing director is not easy. They are not wired like that ... there's the fear of ridiculing oneself. This is a major cultural change for our salespeople. They have to leave their comfort zone of usual contacts.

Another challenge for firms developing hybrid offerings has been getting both salespeople and buying firms to accept new ways of doing business and, as a corollary, disallowing salespeople from using the service elements of a hybrid offering as a "freebie" to ensure an at-risk sale. In moving to a service-centric business model, the firms had to learn how to manage the transition "from free to fee"—that is, to start invoicing customers for service elements that might have been offered for free. Managers explained that the salesperson was crucial in this transition, but many salespeople did not feel comfortable putting themselves on the line by attempting to make a simple relationship more complicated. In changing these relationships, salespeople had to risk losing their customers by telling them things they might not want to hear:

This thing that I'm talking about and the transition we're going through, you could sit across the table from a customer and tell them that you think they're crazy. Customer calls at 7 p.m. He only has the standard contract, but we will go because it is a really important customer. Now, our job is to change that mentality inside [the organization].

4.4.6. Teamwork orientation

Although sales organizations have been transitioning account-based sales teams (Jones, Dixon, Chonko, & Cannon, 2005; Moon & Armstrong, 1994), selling hybrid offerings requires teams to have more breadth, both within and between organizations, as well as a preference to work in a team setting (Eby, Adams, Russell, & Gaby, 2000). Thus, sales teams must now include sales managers, and even engineers and product planners (Blessington, 1992). For example, a sales manager for a firm selling industrial mining equipment noted a significant transition in how salespeople needed to allocate their time, to spend more time with other (non-sales) team members and members of the partner/buyer firm, constantly working toward common, unspecified goals: "I want him [the service salesperson] working with the other team members, and I want them all looking at the mine for solutions."

Yet product-centric salespeople had long been able to sustain their success not by developing interpersonal relationships with colleagues but by focusing exclusively on their most important customers (Blau & Boal, 1987). These lone wolves likely hold low opinions of the competence of their coworkers (Barr, Dixon, & Gassenheimer, 2005) and prefer to work alone. However, an emphasis on teamwork requires salespeople to give up independence and autonomy in exchange for being part of a collective group. After all, no one salesperson likely possesses the requisite knowledge to perform a hybrid offering sales function on his or her own (Ulaga & Reinartz, 2011; Weitz & Bradford, 1999). The sales team is not a hunting party but a diverse set of stakeholders and actors with different areas of expertise, limited only by the ability of teams to co-create value with customers:

The service savvy salesperson will ... bring in a subject matter expert, or even one of those transactional sales guys, and consult with them on capabilities, limitations, properties, etc. Do you see product sales guys doing that? NO!

4.4.7. Introversion

As the opposite of extraversion, which relates to sales performance (Judge et al., 2002; Vinchur et al., 1998), introversion generally refers to the degree to which a person is less sociable, outgoing, or personally warm. Goods-oriented salespeople often must initiate contact with strangers, and develop a broad array of relationships, so extraversion appears an important predictor of job success (Stewart, 1996). On the other hand, the hybrid offering sales process requires a more methodical and detail-oriented approach. In this regard, extraverts tend to be easily distracted, less likely to pay attention to detail, and unable to persist in mundane tasks (Blumenthal, 2001). The sociable traits of extroverts even might be detrimental to performance in a complex solution environment. Consider, for example, this description of previously successful product-oriented salespeople in one firm:

They're typically not very detail-oriented.... Despite their lack of attention to detail, they have very good follow-up skills ... if they're working something, they will work it and move it through the process until they feel they've achieved the sale. Then, everybody scurries around to pick everything up after that.

Extroverts have a strong preference for the extrinsic aspects of work, such as pay raises, benefits, and public acknowledgement of their accomplishments; introverts tend to be more sensitive to punishment. Some researchers even suggest that the core feature of extraversion is reward sensitivity, rather than the inclination to be sociable (Lucas, Diener, Grob, Suh, & Shao, 2000). Although introverts do not enjoy being the center of attention, they can work well with others on complicated tasks for which rewards are not explicit. The team-oriented, behaviorally controlled environment surrounding hybrid offering sales does not provide immediate, distinctive, or frequent rewards, which may leave extroverts less satisfied and productive. Stewart (1996) notes that extroversion increases sales only if the rewards are explicit.

The completion of large product orders provides the opportunity for an extroverted salesperson to publicly celebrate a significant accomplishment; service sales typically do not provide such occasions. For example, one salesperson who had just “landed a whale” described the feeling of making the sale and sharing the story with colleagues: “It’s the adrenaline. ‘I have the magic bullet, the ultimate weapon.’ Services are less like that ... there’s less of a strong moment.”

4.4.8. Other personality traits

Several traits, mentioned less frequently by participants, still might provide some insights into sales of hybrid offerings. However, they also might represent the needs of specific firms in specific situations. For example, a visionary thinking trait implies a long-term orientation and a tendency to focus on future possibilities and opportunities, rather than on the more mundane aspects of work (Bass, 1990). Visionary thinkers can communicate the ability of the team to bring resources to bear to attain greater future success (Berson, Shamir, Avolio, & Popper, 2001), and thus, “They’re going to be more concerned with ... what’s going to happen down the line, instead of just a narrowly focused approach to product.” Salespeople that are focused on the short term prefer lower effort sales, and managers consider this trait antithetical to the effective sale of hybrid offerings, such that, “Transactional salespeople are becoming few and far between, because they are not adding value or the competitive differentiation we need in the market.” Furthermore, because the hybrid offering sales approach requires more interaction with higher-level managers in customer firms, the emphasis on visionary leadership and demand for a longer-term orientation among senior managers created a stronger need to communicate visionary ideas to people in the customer organizations who had the ability to act on them: “The reason is that the higher you go in the management chain, to the highest, [that is where] the most strategic people are and where they have the most vision on a problem.”

Managers noted that salespeople needed to provide more handholding through the sales process, be able to really “work” a relationship over the long term, and be patient with the firm as a solution was co-created, which suggests nurturance (Seligman & Csikszentmihalyi, 2000). As one manager noted, sales of the hybrid offering tended to be more successful when the salesperson “tends to be very caring and nurturing.” Yet sales teams might become so interested in co-creating an offering or so invested in the customer relationship that they stop working to make the relationship mutually profitable. Thus assertiveness—an effective predictor of product sales success (Vinchur et al., 1998)—might be preferable. The transition away from a persuasion-based (“always be closing”) approach suggests that the level of assertiveness previously set might not be appropriate for hybrid offering sales processes. For example, one manager in the mining industry noted a new direction in hiring and training practices: “We are moving away from the subject matter expert and making a hard sell or close, but more towards information and building a relationship through our knowledge and our industry experience.”

The need for openness to experience dimension appears similar to learning orientation, but it also includes a willingness to try new approaches or experience new cultures for their own sake (Digman, 1989). Not only did hybrid offering sales forces need to learn how customers conducted their business, but they also had to be willing to try unorthodox methods or chase new ideas while keeping an open mind about what hybrid offerings they could co-create. In contrast, “some ideas ... are filtered by the [product] salespeople, who tend to be conservative. They are probably a bit too conservative and they will shoot down some ideas that might well be worth pursuing.”

Finally, the traits of perfectionism and conscientiousness were suggested by some interview respondents. Because of the complexity and long-term orientation of these offerings, a greater need to focus on details emerged, together with the deeper level understanding of the customer’s business. To specify the results of this understanding, salespeople had to gain a tremendous understanding of how both companies operate, which demanded a willingness to put forth substantive effort:

“one must be absolutely flawless.... To remain competitive in services, you need to commit to results.”

4.4.9. Managerial challenges

The results in Tables 3 and 4 together make it clear that obtaining new objectives with new personnel constitutes significant new challenges for managers too. Managers must find ways to further embed their sales forces in both their own firm and the customer organizations. With the stronger emphasis on teamwork and customer service, managers need to develop compensation schemes and performance appraisal systems that accurately reflect the process of creating and delivering hybrid offerings. Another managerial challenge will be to develop a sales force that can offer hybrid solutions, which in turn requires more training and education of the sales force. Managers thus need a better picture of the specific competencies and skill sets of each member of the organization, so that they can mobilize teams with the appropriate capabilities. Finally, assuming there are changes to compensation, along with changes in training, allocation, and development of sales teams, managers must devote more effort to ensuring that hybrid offerings are profitable for their firms. The added personnel allocations likely make maintaining profitability even more challenging than just selling products on commission. Hybrid offering sales represent a double-edged sword: a strategic necessity with a strong opportunity for profits, but also the potential to mismanage or inadequately develop organizational capacities required of hybrid offerings. Moving forward, managers should take a serious look at how they implement these changes and gauge their progress.

5. Discussion

5.1. Theoretical implications

In many business markets, companies seek service-led growth. Yet we know little about how the strategic move from a goods-centric to a service-centered business model affects a firm’s industrial sales force. Against this backdrop, our research provides four substantial insights from academic and managerial perspectives.

First, we emphasize the pivotal role of the industrial sales force in successfully mastering service transitioning strategies in business markets. The firms in our study often underestimated the magnitude of change required at the level of their industrial sales organization. Given the scope and relative strength of the firms in our study, the challenges we observe are likely going to be encountered by most firms to some extent. Our interviews with experienced managers reveal that minor changes do not suffice to increase revenues and profits through hybrid offerings, beyond the manufacturer’s traditional goods-centric sales core. As the managerial informants in our study explained, even firms with a dominant market position and a successful sales force often stumble when they venture into selling good–service combinations. The extensive human resource problems noted by our participants, including strong resistance to change and excessive churn, offer a clear illustration of the issues at stake in the transformation. This underscores the contention of researchers who have suggested that the nature of sales should be reconsidered in the complex B2B services arena (cf. Plouffe et al., 2008).

Second, our study reveals several distinctive characteristics of the hybrid offering sales process, in contrast with traditional goods-centric sales. These specificities refer to (1) a sales model firmly grounded in a co-creation perspective, as opposed to a traditional persuasion model in goods-centric sales; (2) the emphasis on specifying hybrid offering requirements in cooperation with the customer, rather than matching customer-initiated specifications with a vendor’s preexisting (goods-based) offering; (3) the involvement of a broader and deeper network of stakeholders, in both the customer’s and vendor’s organizations, rather than the narrower set of relationships with key actors in purchasing or operations; and (4) a focus on growing customer share

throughout the vendor's installed base, not just acquiring new accounts and closing deals.

Third, these distinctive characteristics have important ramifications for the development of sales proficiencies that are relevant to hybrid offering sales. In our research, we identify four key proficiencies: (1) to gain a deep understanding of a customer's business model and operations and to leverage this intimate knowledge to identify selling opportunities; (2) to reach beyond a comfort zone of established contacts and manage a complex network of relationships in the customer and vendor organizations; (3) to proactively manage customer expectations to ensure profitability not only for the initial sale but over time for contracts attached to hybrid offering sales; and (4) to practice value selling in the context of hybrid offerings, such as by helping customers understand the value of the intangible service elements as part of industrial good-service combinations.

Fourth, we identify 13 potentially relevant individual differences variables for a hybrid offering sales context and discuss how the 7 most frequently cited traits relate to performance. Specifically, we highlight learning orientation, customer service orientation, intrinsic motivation, general intelligence, emotional stability, teamwork orientation, and introversion (low extraversion). Furthermore, we recognize that some of the traits traditionally identified as relevant for goods-dominant sales appear irrelevant (or even detrimental) in a hybrid offering sales context. Selected traits that emerge as particularly beneficial for the sale of industrial good-service combinations similarly appear insignificant or even problematic in a good-sales context. In summary, the profiles of a high-performing goods salesperson and a stellar performer in hybrid offering sales likely diverge on several key personality traits. Thus, our findings reassert that goods salespeople are from Mars; hybrid offering salespeople appear to hail from Venus (Ulaga & Reinartz, 2011).

Prior studies have called for further research on the specific resources and capabilities needed to master service transitioning strategies in business markets (Ulaga & Reinartz, 2011). We respond by shedding new light on the specific resources and capabilities needed for one critical business function, sales. Scholars also have argued that existing sales approaches and models cannot sufficiently account for the increasing complexity of B2B sales contexts, especially regarding the shift from a traditional goods-based economy toward service-based offerings (Plouffe et al., 2008). Here again, our findings provide important insights into the nature of the hybrid offering sales process, the proficiencies required, and the personality traits that enable sales in such complex contexts. Finally, our findings contribute to explaining some of the discrepancies in extant sales literature related to the links between job performance and the personality traits of industrial salespeople. Prior research has tended to view sales of industrial goods, services, and combinations thereof as essentially the same. However, our results suggest the need to consider the specific sales context when determining the necessary traits for any particular sales job.

5.2. Managerial implications

Our findings provide several important managerial implications. First, managers and executives must accept the practical reality that hybrid offering sales are not simply an extension of goods sales. The idea that someone who sells products should easily be able to sell services as well is simply not being supported by managerial observation across well-established, industry-leading firms. While some companies might find that they are able to increase their sales of standard product lifecycle services, such as extended warranties attached to equipment, using their existing industrial sales force, it would still be inappropriate to expect competent, experienced, goods-centric salespeople to go about "business as usual" to sell complex combinations of goods and services in industrial markets. In particular, we note a serious gap between the demands placed on existing industrial sales forces and their proficiency to sell hybrid offerings effectively, as evidenced by the

high rates of turnover among (otherwise efficient and effective) salesperson. Firms that are considering a transition to service-led growth through more of a focus on selling hybrid offerings should carefully consider their shift in strategy, and acknowledge the fact that this environment will not be "business as usual" for anyone involved.

Second, given the magnitude of change involved, our findings suggest that top management must get more deeply involved in managing the transformation. A company's industrial sales force plays a pivotal role in ensuring a successful service transition strategy. Steering the industrial sales organization from a goods-centric to a service-centric sales model requires full attention from C-level management. Such attention affects how salesperson are recruited, allocated, and trained; industrial firms also should take a fresh look at how they design their sales organization, develop coordination mechanisms for specialized sales forces, and redesign incentive structures to align the sales organizations with their overall corporate strategies. Although there has been considerable discussion among expert academics highlighting the clear advantages of service-led growth and how this growth strategy would affect business practice (cf. Karpen et al., 2012; Sheth & Sharma, 2008), there has been surprisingly little focus on the sales force itself. This is especially troubling when one considers the paucity of empirical or even managerially centered research on this issue. If one accepts as true that the transition to service-led growth via hybrid offerings represents a significant shift in the nature of these sales themselves, then our findings clearly underscore the fact that managers are going to reconsider their selection, assessment, and training practices as well. From a more practical standpoint, this will entail in-depth consideration of the firm's objectives and capabilities—it is an issue of what the firm might realistically sell to whom, and how it will be accomplished. While we did not assess the level of success specifically, several of the managers who felt they had succeeded noted that they had to completely overhaul the incentive structure. One cannot simply ask a sales force motivated by targets, quotas, and commissions, to sell less tangible hybrid offerings without a clear "why." For example, one firm completely overhauled the incentive structure so that the hybrid offering was the source of commission rather than the core product; another firm devoted a newly created hybrid offering team with its own set of incentives and goals. Instead, firms will need to seriously consider how they will implement these strategies. While our findings are only preliminary, they are nonetheless based on the real-world insights of managers at leading B2B firms.

5.3. Limitations and research directions

Our study choices create several limitations, some of which offer fruitful avenues for research. First, our insights are based only on the experiences of managers at leading B2B firms, and so the strength of the potential relationships among our noted personality traits and different aspects of hybrid offering sales is not yet clear. Thus, while our findings represent what appears to be a robust managerial reality, research must still be conducted to address the extent to which the process can be improved or developed. A natural next step would be an empirical validation to quantify the findings of our focus groups and depth interviews, not in terms of their veracity, but in terms of what the hybrid offering sales process actually requires and what incremental gains can be expected from a more carefully selected sales force. One potential approach could be combining survey data on personality traits with archival performance data related to goods versus hybrid offering sales, which would provide a more fine-grained understanding of the meaning and importance of the traits identified in our research. Further research should also investigate what are the "best practices" in this arena, such that the knowledge gained from hybrid offering sales can be used to somehow streamline or refine the selling process itself.

Second, we did not differentiate across the firms in terms of what types of hybrid offerings they provided. Thus, it is not clear how the type of hybrid offering moderates our findings—our sample was

comprised of B2B firms operating in complex environments, and so some aspects of the challenges they faced might be related to their industry leadership or to their particular industries. Additional research might investigate how the sales process, required proficiencies, and personality traits vary across different categories of hybrid offerings. To this end, the taxonomy suggested by Ulaga and Reinartz (2011) might provide a useful starting point for future researchers. Because hybrid offerings build more on customer processes and increasingly focus on outcomes, the traits identified in our study are likely to become ever more central to successful job performance, regardless of the particular setting in which the salespeople are working.

Third, some broader behaviors identified in our research were too multifaceted to link clearly to specific traits. For example, some managers reported that the ability to build deeper networks within and across organizations was more important for hybrid offering sales. Salespeople need strong ties to diverse members of their organization to bring the resources of their firm to bear in their selling process, but they also need strong ties with many different types of stakeholders in customer firms. These salespeople can thus mobilize internal assets and build connections to their customers through strong networks (Hutt & Walker, 2006; Plouffe & Barclay, 2007; Üstüner & Godes, 2006; Üstüner & Iacobucci, 2012). Our findings support these ideas, and the strategic value of inter- and intra-organizational networks seems very high. Understanding how to build and leverage such networks is a promising area for research.

Fourth, firms are not paying enough attention to how hybrid-offering sales are evaluated or rewarded. The sales and delivery processes are more complex and take longer to complete, and their outcomes are more difficult to measure, which is a problem for customers as well, who must wait to see how efficiently and effectively the hybrid offerings deliver the desired results. Thus, periods of evaluation and incentives must be lagged as well. These issues were occasionally noted by our respondents, but managers largely refrained from addressing incentive systems and evaluation methods until their firms had mastered the hybrid offering sales process. Determining how to measure the performance outcomes of hybrid offerings and the salespeople who sell them represents an important theoretical and managerial concern going forward.

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