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Developing the Sales Process

in a Repair Construction Company

Helsinki Metropolia University of Applied Sciences

Master's Degree

Industrial Management / Logistics Management

Master's Thesis

14 April 2018

In Finnish, there is a saying *alku aina hankala, lopussa kiitos seisoo*. It says how difficult it is often to start, but the work done at the end is rewarding. This proverb describes well this thesis, too.

After hard work, the end is also time for praise, as this work was not done alone. Therefore, thank you all who helped to make this happen.

First, I want to thank to my employer, Pylon Group Oy, and our subsidiary Pylon Rakennus Oy, with whom this research has been carried out. Thanks for your wisdom and professionalism and the ability to look at your work from fresh perspectives! Thank you also to the managers of Pylon Talotekniikka Oy and Helsingin Siivous-10 Oy from your valuable feedback!

Second, I want to thank my instructors, Dr. Juha Haimala and Zinaida Grabovskaia, PhL, as well as the whole faculty in the department of Master's Degree in Industrial Management at Metropolia University of Applied Sciences from your support and guidance. In addition, also my student colleagues deserve a great thanks from their humor and peer support. You made this fun!

Finally, the greatest thank of all goes to my family, my husband Toni and my sons Niilo and Leo. You keep me sane, you are my everything!

Thank you!

Päivi Stordell
Vantaa, Finland
April 14, 2018

Author Title	Päivi Stordell Developing the Sales Process in a Repair Construction Company
Number of Pages Date	93 pages + 2 appendices 14 April 2018
Degree	Master of Engineering
Degree Programme	Industrial Management / Logistics Management
Instructors	Dr. Juha Haimala, Principal Lecturer, Head of Industrial Management Department Zinaida Grabovskaia, PhL, Senior Lecturer, Head of Program
<p>This study focused on developing the sales process in a repair construction company. Changes in business environment are pushing the company to improve its sales process prior the bidding stage. The study proposes an enhanced customer acquisition process that provides a way to get beyond the competitive bidding. The process applies for access to traditional competitive bidding projects. Additionally, it enables an alternative route to negotiation contracts and alliance projects.</p> <p>This study was carried out using the methods of action / participatory action research involving the case company stakeholders in all areas of research. The starting point of the sales process was determined in the current state analysis, after which the process was developed further by utilizing the conceptual framework and continuous feedback.</p> <p>The customer acquisition process is described as a process that is controlled by sales strategy and its main purpose is to output project proposals for the case company bidding process. Strategy is connected to the customer acquisition process through the offering, segmentation and customer prioritization. To ensure customer centricity, the decisions related to customers are based on real, individual customer information obtained through an established feedback link from customers and business environment, milieu. The customer acquisition process relies on increased presence in the market and systematic building of reputation as a reliable partner during <i>the independent of any projects</i> stage. <i>Independent of any project</i> stage actions provide better access to supplier lists for projects based on restricted bidding and thus improve the case company's position in competitive bidding. Additionally, the customer acquisition process also creates preconditions for project development outside <i>the tender preparation</i> stage, such as negotiation contracts and alliance-type projects. According to the proposal, the company manages its project risk starting from strategy and sales by utilizing a three-step risk assessment at the strategy stage, customer acquisition stage and bidding stage.</p> <p>The proposed customer acquisition process works as a backbone for the case company's sales development. Implementing the proposed sales process allows the case company to become more customer-oriented and forward-looking in its business approach. Better anticipation will improve risk management, resource efficiency and in the long run, the process will have a positive impact on both demand and profitability.</p>	
Keywords	Sales in repair construction business, sales process, sales strategy, project marketing

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1 Introduction

This study explores the sales process in a repair construction business from the construction contractor point of view. One could almost say that construction business is on the verge of crisis as its business environment is changing. Current construction boom is visible as increasing competition, which inevitable decreases the pricing level of traditional competition bidding projects even further. It is also visible as an industry-wide lack of skilled workforce, especially in site management. In order to survive in this whirl of changes, the case company aims to find alternative business sources where the sales process steps into the picture. Especially, in order to acquire continuous and more profitable business from private sector, the actions related to sales and customer relationship building are needed.

1.1 Business Context

The case company, Pylon Rakennus Oy, operates in repair construction business, which is very different in nature compared to new construction. Typically, in repair construction the old structures are being dismantled and replaced with new ones. Construction projects may take place in a property that is in use during the repair, which requires paying much more attention to customer service than in new construction. The projects are smaller in size than in new construction and the degree of readiness of the plans is usually weaker. This means that repair construction projects are more demanding than new building projects and contain more risks due to unexpected surprises and delays.

In recent years, repair construction has transformed from niche business to main-street as the buildings from the last decade's building boom has reached the time for renovation and repairs. According to build-up environment report, the annual market for repair construction in Finland is over 12 billion euros in 2015, which exceeds the market of new building production. Compared to the new building production, the repair construction market is also less sensitive to business cycles. Currently, the market is estimated to grow steadily from 1 to 2 % in a year. (Roti 2017)

The case company is one of the largest privately owned construction companies focused solely on repair construction in Helsinki area. The company was founded in 1989 making

it one of the first companies that focused on repair construction in B2B market. The company's core competence is its vast knowhow and experience in renovation of historical buildings and conducting office renovations.

Due to the company's expertise, majority of the case company's building projects have been acquired through public procurement. The company has been successful in competitive bidding based project business because of its extensive references and lean company structure. Still, in recent years, the repair construction has attracted a growing number of competitors, which has caused the profit margins to drop significantly. This development in business environment is forcing the company to expand its business outside competitive bidding projects to look for more profitable business potential.

1.2 Business Challenge, Objective and Outcome

In construction industry, sales is traditionally a poorly defined and poorly understood function. Sales has not been much involved in a traditional competitive bidding based projects business where contractors traditionally, first, estimate the job, second, turn it into an offer, and then wait for the results. This business model has relied heavily on price and references.

This competitive bidding project business is widely in use, especially in public construction projects. Recently, increased competition and price erosion are forcing industry to look for alternative business models. Also customers have started to look for more advanced project models, where instead of cheap total price, project implementation emphasizes quality, timing and collaboration between stakeholders.

Recent developments in business environment, intensified competition and shrinking sales margin, have forced the case company to find more profitable business alternative for traditional open to the best price competitive bidding based project business. Targeting customers and new business potential requires active sales and customer relationship management instead of traditional passive sales approach.

The case company has a very limited experience in sales and only a few people are involved with it in addition to their other duties. Moreover, the company does not employ anyone with sales or sales management experience. Sales in terms of sales manage-

ment and customer acquisition is not included in the processes described in quality system process descriptions and related work instructions. Due to this limited understanding, the case company has faced challenges especially in customer acquisition. Therefore, the business challenge is the undefined sales process in the case company.

The objective of the thesis is to propose a sales process that focuses on customer acquisition for the case company. To reach this objective, the study explores different approaches to project sales. The study aims to clarify how to connect targets set in sales strategy into sales process, how to manage the business environment and define who the buyer is, and what the buyer's journey is and how sales can affect this journey.

The outcome of this study is a sales process proposition that applies for traditional competitive bidding projects and, additionally, enables an alternative route to negotiation contracts and alliance projects.

2 Method and Material

This section describes the research approach, data collection and analysis methods used in this Thesis.

2.1 Research Approach

The study is conducted utilizing methods from action research (AR) and participatory action research (PAR). AR and PAR are social processes that have holistic approach and practical, flexible approach to problem solving. AR is about action and research. PAR includes also participation to the set of research tools.

Action in AR and PAR is defined as researching what you do and improving the existing practice. This method encourages problem solving through purposeful action that is validated through self-reflection immediately during the research. Action research is defined as gaining knowledge of practice through your own knowledge of your own practice. (McNiff and Whitehead, 2010) Research then aims for revealing the tacit knowledge inside the organization.

In PAR, action and research is complemented with participation. PAR research acknowledges that people that are affected by problem in hand are in the best position to understand it and provide improvement ideas, which affects the researcher's role. Instead of being an expert or a facilitator of change, the researcher actually works with the group to achieve change within the group and further in an organization through organizational learning. Additionally, the whole group participates in analysis and adaptation of the research (Kemmis et al. 1998, p.23; Greenwood et al. 1993: 178) As Fals-Borda has noted, "PAR attempts to help people to investigate reality in order to change it and to change reality in order to investigate it" (Fals-Borda 1979 cited in Kemmis et al. 1998: 24).

Both AR and PAR are social processes that have a holistic approach. Methods themselves are social in nature as they emphasize collaboration and co-learning. AR focuses more on improving learning, whereas PAR aims for changing the social reality of the group or organization. If researched practices involve social interaction between people, then changing and developing these practices requires a social process, too (Kemmis et al. 1998: 22).

AR and PAR are most suitable research methods for all kinds of organizations and research cases that involve aspects of social interaction. In cases where PAR initiates from a sense of organizational crisis, the organizations have been responding by rethinking and opening processes up and PAR has led into meaningful discoveries and organizational change processes (Greenwood et al. 1993: 188-189). The challenge with AR and PAR is that, due to their evolving nature, it is often impossible to determine the research objective and outcome at the beginning of the process.

Both AR and PAR emphasize combining theory and practice and learning from experience. Research consists of sequences of self-reflective cycles. The sequence action-reflection cycle is described in Figure 1.

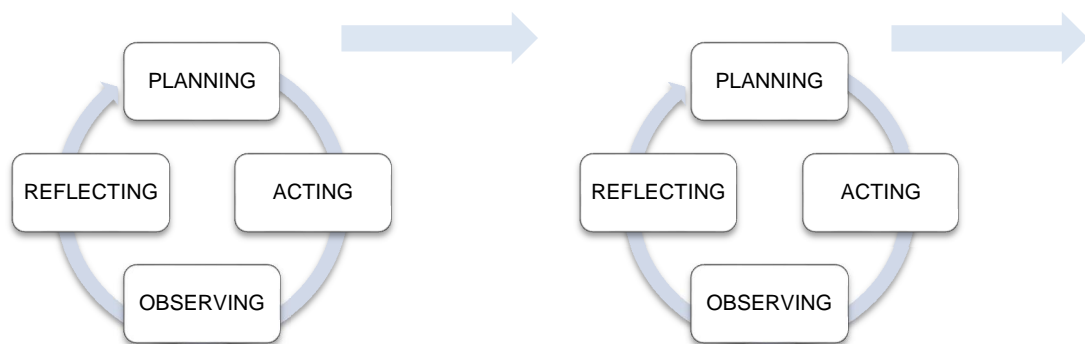


Figure 1. Both AR and PAR consist of sequences of action-reflection cycles (McNiff and Whitehead 2002: 41).

As seen from Figure 1, AR and PAR process consists of sequences of self-reflective cycles where change is planned, executed, observed and changed processes and consequences are reflected. The next cycle in sequence starts with a revised plan (McNiff and Whitehead 2002: 41; Kemmis et al. 1998: 21). Compared to AR, the process of self-reflective cycles in PAR are more flexible and stages can overlap (Kemmis et al. 1998: 21).

Additionally, AR and PAR researchers point to significance of validation in this type of research. Validation in AR relates to having people to agree that what you say is believable. This is due to nature of AR (and PAR), which aims to make sense, transform tacit into explicit knowledge (to McNiff and Whitehead, 2002, p 102-104). Validation in AR

and PAR can be translated into ensuring the participants of the research that the outcomes are valid and relevant participants were actually involved with the research problem. Validation can be described as a process, as seen in Figure 2.

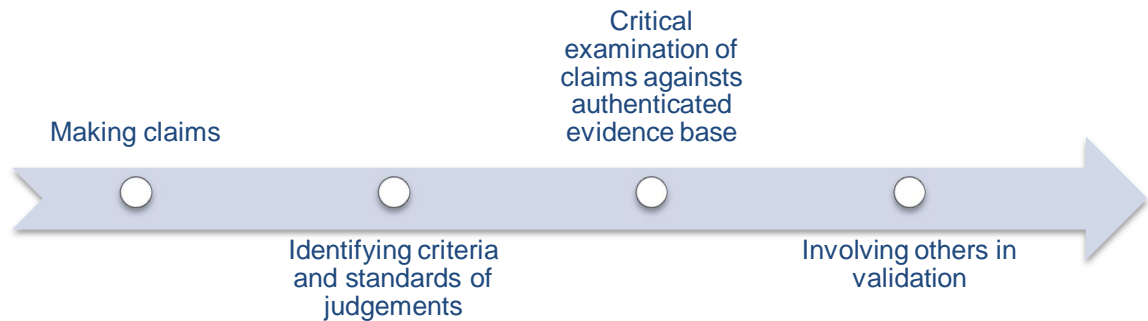


Figure 2. Validation process (according to McNiff and Whitehead, 2010: 48-51)

AR and PAR rely on honesty and sincerity of the participants of the research. In order to avoid bias in research and tackle potential issues with subjectivity, it is recommended to expose claims to the validation chain. The chain is described in Figure 3.



Figure 3. Validation of findings done in the validation chain (McNiff and Whitehead, 2002: 104-106)

Validation chain, shown in Figure 3, gives a framework for the 'validation acid test'. The more participatory the research is, the better its quality (Greenwood et al. 1993: 177). This study will also use validation to check the quality of the proposal with the relevant stakeholders (colleague validation).

In this study, the AR and PAR were chosen appropriate research methods as the study collects data within an organization and aims to develop a process. The process development requires organizational learning and potentially leads into organizational transformation. Furthermore, it has been also recognized that the methods in action research (AR) are similar to sales much due to its practical approach (McDonnell et al 2014).

As the sales process in the company is not defined and current activities are scattered, the first step is to collect the scattered data together. The data is then collaborated with the group to analyze it and define development needs.

Currently, there is only a very limited amount of reliable research data about sales process in construction industry. Due to the lack of data and different business logic compared to other businesses, it is justified to state that people that are affected by sales in a repair construction company are in the best position to understand it and provide improvement ideas. This justifies the selection of the research approach for this study.

2.2 Research Design

The study aims to develop a sales process that streamlines scattered sales practices. The research design consists of four steps as described in Table 1.

Table 1. Research design of this study.

	CONTENT	SOURCE / INFORMANT	SCHEDULE	OUTCOME
Current State Analysis (DATA 1)	What is existing now: <ul style="list-style-type: none"> • Description of business segments • Description of current sales practices • Evaluation (S&W) 	<ul style="list-style-type: none"> • Quality system documents • Business plan documents • Stakeholder interviews and a workshop 	Dec. 2017 / Jan. 2018	Summary of existing practices strengths and weaknesses
Best Practice and Ideas for Improvement	Best practice for sales in project business: <ul style="list-style-type: none"> • How sales strategy connects with sales actions • How to build access beyond competitive bidding process • How to define and analyze stakeholders 	<ul style="list-style-type: none"> • Relevant literature 	Feb. 2018	Conceptual framework
Proposal Building (DATA 2)	Defining process for customer acquisition including: <ul style="list-style-type: none"> • enhanced strategy implementation with customer prioritization criteria • enhanced access beyond bidding process 	<ul style="list-style-type: none"> • CSA • Conceptual framework • Stakeholder workshop 	March / April 2018	Initial proposal for sales process
Validation (DATA 3)	Feedback and improvement ideas to initial proposal	<ul style="list-style-type: none"> • Stakeholder interviews 	April 2018	Final proposal for sales process

As seen in Table 1, the research design comprises four phases. It starts with analyzing the current state of the sales practices. In this first phase, Data 1 is collected to reveal the sales practices in each business segment. The aim is to evaluate the strengths and weaknesses of the current practices.

In the second phase, the study concentrates on building a conceptual framework (CF) that answers to the detected weaknesses. The CF is based on the best applicable sales practice in project business. The third phase relates to a proposal building. To build the proposal the change compared to existing practices is planned, executed, observed and reflected. These self-reflective AR cycles are repeated in order to create a streamlined sales process. Eventually in phase four, the process definition is validated and final proposal is given based on the feedback.

2.3 Data Collection and Analysis

The data of this study relies on a variety of sources and the data is collected during three data collection rounds. Data is collected through interviews, workshops and internal documents. Table 2 shows details of Data 1-3 collection.

Table 2. Details of interviews, workshops and discussions, in Data 1-3.

	PARTICIPANTS / ROLE	DATA TYPE	TOPIC, DESCRIPTION	DATE, LENGTH	DOCUMENTED AS
Data 1, for the Current State Analysis (Section 3)					
1	Respondent 1: Managing director. 1+ year experience with the company.	Face to face Interview	The current sales practices and new business development.	Dec 2017, 50 minutes	Recording
		Workshop	From sales activities to sales process.	Jan 2018, 2 hours	Field notes
2	Respondent 2: Project Manager, consultant (office makeovers). Partial owner of the company, 20+ year experience with the company.	Face to face Interview	The current sales practices in consultant segment.	Dec 2017, 40 minutes	Recording
		Workshop	From sales activities to sales process.	Jan 2018, 2 hours	Field notes
3	Respondent 3: Project Manager, property managers, housing cooperatives (small building works). 3+ year experience with the company.	Face to face Interview	The current sales practices in property managers / housing cooperatives segment.	Dec 2017, 50 minutes	Recording
		Workshop	From sales activities to sales process.	Jan 2018, 2 hours	Field notes

4	Respondent 4: Project Manager, public procurement (competitive bidding projects). Partial owner of the company, 20+ year experience with the company.	Face to face Interview	The current sales practices in public procurement segment.	Dec 2017, 20 minutes	Recording
		Workshop	From sales activities to sales process.	Jan 2018, 2 hours	Field notes
5	Respondent 5: Business Controller, Managing Director of Sister Company 1	Workshop	From sales activities to sales process	Jan 2018, 2 hours	Field notes
6	Respondent 6: Quality Manager of the group	Workshop	From sales activities to sales process	Jan 2018, 2 hours	Field notes
Data 2, for Proposal Building (Section 5)					
7	Participants 1-4	Workshop	Reflection, re-planning	Mar 19, 2018	Recording and field notes
Data 3, from Validation (Section 6)					
8	Respondent 1:	Individual feedback via e-mail	Validation, evaluation of the proposal	April 3, 2018	E-mail
9	Respondent 2	Individual feedback via e-mail	Validation, evaluation of the proposal	April 10, 2018	E-mail
10	Respondent 3	Individual feedback via phone interview	Validation, evaluation of the proposal	April 5, 2018	Field notes
11	Respondent 4	Individual feedback via e-mail	Validation, evaluation of the proposal	April 6, 2018	E-mail
12	Respondent 5	Feedback through email	Feedback from validation / relevance	April 3, 2018	E-mail
13	Respondent 7 Managing Director of Sister Company 2	Feedback through email	Feedback from validation / relevance	April 3, 2018	E-mail

As seen from Table 2, data for this thesis was collected in three rounds. The first round, collecting Data 1, was conducted for the current state analysis (CSA). The CSA data relies on face-to-face interviews of people responsible for business and sales, and a

workshop where all the interviewees summarized the data together with the company business controller and quality manager [researcher].

The second round, collecting Data 2, was conducted for proposal building and evolution. Data 2 was gathered suggestions from the case company for developing the initial proposal based on the results of the CSA and CF. This data included a workshop with the case company stakeholders. The final data, Data 3, was collected to validate and receive feedback about the initial proposal via email and phone interviews.

In this study, the interviews and workshops were the primary methods of data collection. The interviews were conducted as semi-structured, face-to-face interviews, held on the company premises, with questions created in advance. The interviews were recorded and the field notes taken. The workshops consisted of data presentations, group discussions, and a summary of proposed development targets. The workshops were recorded and field notes were taken.

Additionally, the CSA (Data 1) also utilized a variety of internal company documents that are listed in Table 3.

Table 3. Internal documents used in the CSA, Data 1.

	NAME OF THE DOCUMENT	NUMBER OF PAGES/OTHER CONTENT	DESCRIPTION
A	Quality Handbook	18 pages	Group level ISO9001:2015 quality system based quality handbook
B	Process chart	5 pages	Quality system attachment, Case company process descriptions
C	Organization chart	4 pages	Quality system attachment, Case company organization
D	Stakeholder list	2 pages	Quality system attachment, List of key stakeholder groups
E	Work instruction, Management	4 pages	Quality system attachment, description of roles and responsibilities
F	Work instruction: Marketing and communication	5 pages	Quality system attachment, description of roles and responsibilities
G	Work instruction: Offer calculation	8 pages	Quality system attachment, description of roles and responsibilities

H	Work instruction: Work description of project manager and responsible site manager	7 pages	Quality system attachment, description of roles and responsibilities
I	Business plan 2018	11 pages	Business plan for 2018, includes sales strategy
J	Pylon Group Vision (2-2017)	1 page	Quality system attachment

As seen from Table 3, the documents included quality system documents and business plan documents. The documents were analyzed in order to get the understanding if the company plans and company reality were aligned. All data were analyzed using thematic/content analysis.

The biggest part of data analysis was done for the CSA stage, to establish the current state of the sales process. The findings from the CSA are discussed in Section 3 below.

3 Current State Analysis of Sales Practices in the Case Company

This section discusses the results of the current state analysis (CSA) of the sales function in the case company. The first part gives an overview about the CSA stage. The second part focuses on the case company business segments and current sales strategy. The third part describes the current sales process. The fourth part discusses about the key findings from CSA. The fifth part summarizes the strengths and weaknesses of the current state of sales.

3.1 Overview of the CSA Stage

CSA starts with an overview of the case company business segments and sales strategy. The analysis was conducted in three steps. First, CSA scrutinized the current sales process in the company and then focused on the current roles in sales. After that, the analysis identified the key findings made from the CSA. The analysis ended with the summary of strengths and weaknesses of the current sales process and the focus selected for improvement.

The current state data (Data 1) was collected in three steps. First, the relevant case company documents (Table 2) were studied. In the second step, all the case company's internal stakeholders who are directly involved in sales were interviewed one-on-one about their experience and views on sales in the case company. Finally the data gathered from the interviews was summarized and analyzed together in a workshop to create a process map of existing sales process. The respondents in Data 1 stage are listed in Table 1, in Section 2.3

3.2 Key Business Segments and Sales Strategy

The case company operates in repair construction business, which is very different in nature compared to new construction business. Repair construction is considered technically more demanding, and it requires experience from both project and site management. Repair construction differs from new building construction especially in higher requirement of risk management. This section gives an outlook of the case company's business segments and sales strategy.

3.2.1 Business Segments

The case company has three existing business segments and one new business segment that is currently under development. The sizes of the business segments are described in Figure 4.

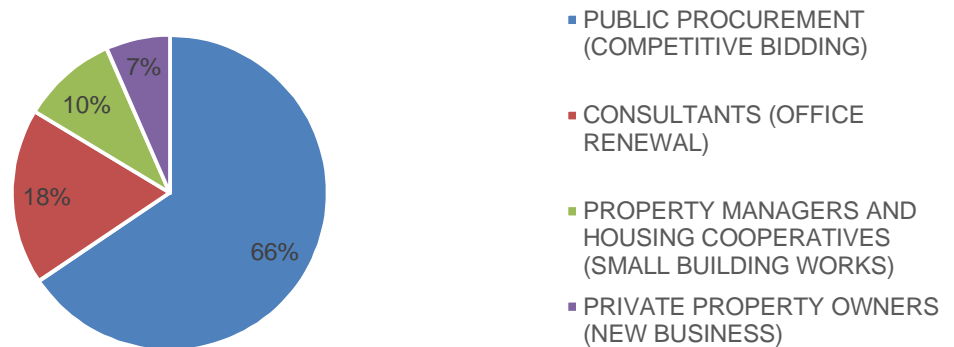


Figure 4. Budget by business segments for FY2018 (Data 1, document I).

As seen from Figure 4, the most established business segment in the case company is public procurement segment that generates roughly 2/3 of sales. Typically renovation projects in this segment last up to two years and cost up to 15 M€ per project. The party engaged in a building project and the building project owner is in most cases a general governmental organization. Invitations to tender are typically invitations open to the best price, which means the bidding emphasizes price only. Competition in repair construction has increased, which had decreased profit margins. This development is visible in increased number of mid-sized repair construction company bankruptcy during the second half of 2017.

The second biggest business segment consists of office renewals and other quick alteration of space. Also this segment is considered established in the case company. The business segment is named after the key stakeholders, consultants, which bring in most of the business cases. The renovations are smaller lasting from 1 to 6 months and costing up to 1,5 M€ per project. The party engaging in a building project and the building project owner is in most cases a private (non-governmental) company. Price is important

but additionally also references and good relationships with stakeholders play an important role. Compared to public procurement segment the profit margins are two to three times higher. Based on the company-wide Net Promoter Score (NPS) surveys, the office renewal business has the most satisfied customers. High customer satisfaction is visible as increasing number of invitations to tender. This implies that successful project deliveries have helped the case company to access the shortlist of some consultants, which give the case company an access to restricted invitations to tender. The case company has faced increased competition in office renovation during past couple of years. In smaller projects (<1 M€) there can be up to 15 bidders for invitations open to the best price.

Property managers and housing cooperatives segment consists of small building works that do not require building permit. Typically such works are façade and roof renovations and small scale indoor air quality repairs. The renovations last up to 6 months and cost from 0,3 to 3 M€. The party engaging in a building project and the building project owner is in most cases a private (non-governmental) company. Price is important but references, good reputation and good relationships with stakeholders play an important role. Compared to competitive bidding the profit margins in this segment are higher. The business segment was founded in 2016 and due to limited experience, the case company has not managed to access in consultant shortlists.

Private property owners is a new business development segment that currently consists of random projects that do not fit any of the segments above. The projects are achieved from variety of sources as a result of active sales work. The party engaging in a building project can be from retail, logistics or manufacturing industry. The offering in the segment is based on expanded project delivery that includes also design and consultancy services through networking partners. Even though the business model is new, the case company has experience from target customers in this segment from the past. The development of the segment was initiated in fall 2017. Due to limited experience and long lead times the segment does not currently have any projects under delivery.

Thus, the company operates in all four segments listed above, with the most developed practices in public procurement and consultant segments. Both property managers and housing cooperatives and private property owner segments are developing business areas in the case company.

3.2.2 Sales Strategy and KPI's

The long term goal of the case company is to further expand its expertise and performance outside competitive bidding. The purpose is to ensure it has the prerequisites to credibly serve its customers as an expert and reliable contractor. Currently the company does not have any own products or services that would be different from competition. According to strategy the differentiation can be achieved by expanding the offering to consist also design and consultancy services by utilizing partner network.

The eventual goal is to create solid customer relationships that enable negotiated contracts instead of current bidding contracts. The company has defined that "long term" equals to "by year 2020". Currently the company has very little experience on negotiation contracts in its established business segments with high customer satisfaction and emerging loyalty.

The sales strategy for 2018 focuses in new customer acquisition through active sales. The company plans to stand out from competition by offering more comprehensive service. The target customer are divided into segments where sales efforts are targeted as planned. The sales strategy emphasizes the importance of continuous contacting of new customers. Ideally the customer meetings should work as venues for value co-creation. The strategy also mentions that currently the case company has no trust-based customer relationship referring to the small amount of returning customers. Still, the strategy does not set any targets in increasing customer loyalty.

Recently, the case company has defined some performance indicators (KPIs) to measure the sales performance. The sales strategy defines key-KPI's minimum two customer visits per week and the time [not defined] used for the customer dialog. To enhance partner network development also networking is mentioned as a KPI. The quality system mentions additional KPI's including the number of bids, the number of offers, the number of received orders and development of should sales and customer satisfaction in terms of Net Promoter Score (NPS). Additionally, the company has not defined a KPI that measures the development of returning customers.

The current sales strategy has been defined almost exclusively by the Respondent 1 (Data 1, document I). This is in contradiction with internal instructions (Data 1, document E). The sales strategy has not been clearly communicated among respondents and it has not been formulated as an action plan. In addition, currently there is no other record

kept on most of the sales KPI's. The exception in KPI's is the company-wide bi-annual NPS survey that was last time conducted in December 2017.

Thus, the case company's strategy is to maintain its position as a main contractor in repair construction in public procurement segment and strengthen its position in consultant, property managers and housing cooperatives and private property owner segments. The existing sales KPI's are not linked into sales incentives. The incentives were left out of research scope as was considered irrelevant in research scope. In addition, both Respondent 2 and Respondent 4 are partial owners of the case company.

3.3 Current Sales Process in the Case Company

This section gives an outlook of the case company's current sales process and roles in sales. The case company has described that its overall sales process consists of two processes, sales (customer acquisition) and bidding. Both processes are mentioned as part of the company core processes and are included in the case company quality system (Data 1, documents A and B). Both processes are missing the detailed process chart. Functions related to customer acquisition are not defined in any company documents. Instead, functions related to bidding are described in detail level in written work instructions (Data 1, document G).

3.3.1 Map of the Current Sales Process

The current state of the sales process was defined in process chart format as an outcome of process descriptions collected in face-to-face interviews and finalized in the Data 1 workshop. The current sales process consists of three main elements, sales strategy, customer acquisition process and bidding process. The process chart is shown in Figure 5.

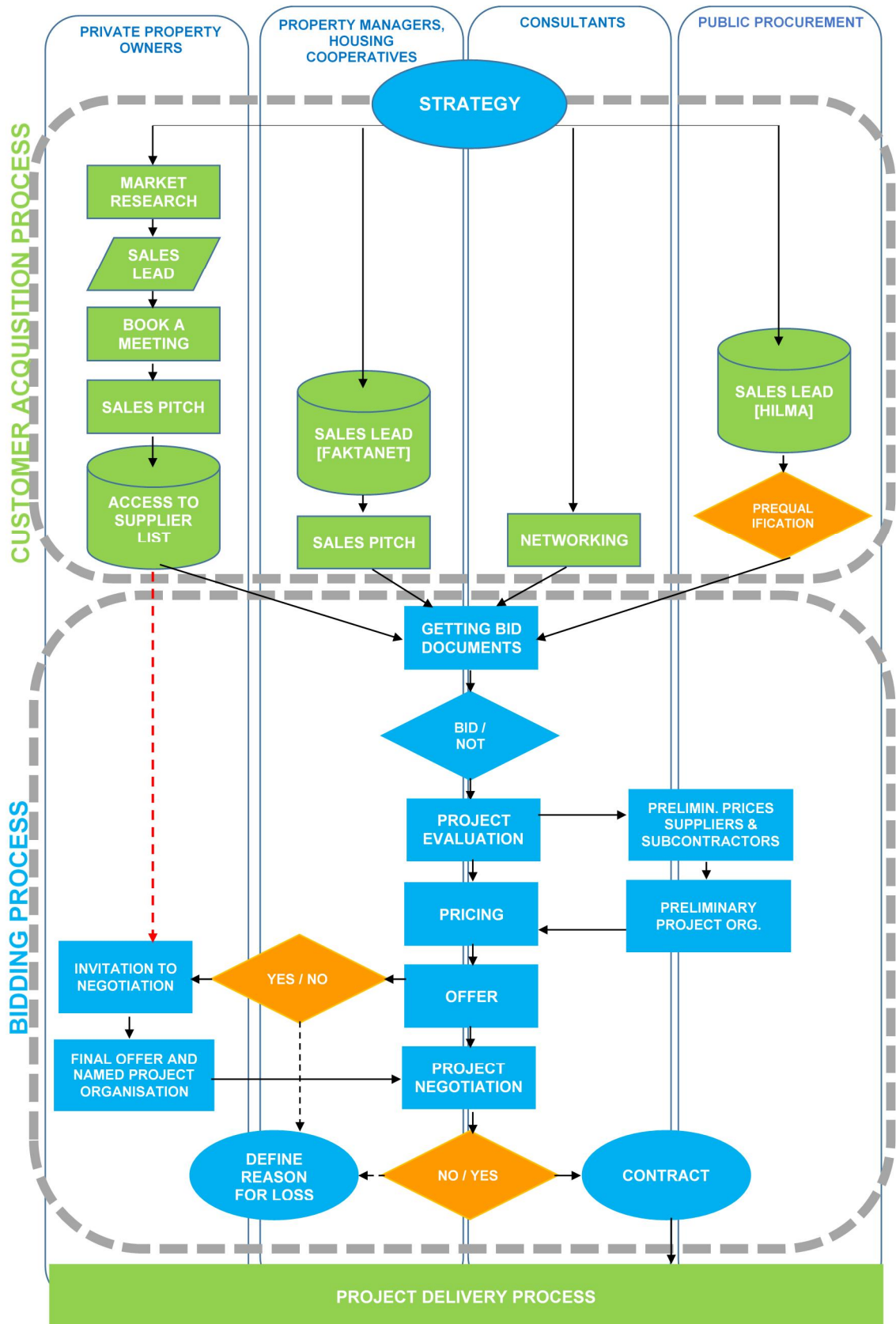


Figure 5. Sales process in the case company based on the CSA.

As described in Figure 5, the targets of the sales process are defined in sales strategy. The respondents recognized this connection but in the other hand admitted that it is currently not clear.

At the moment, each business segment has different methods to acquire customers during customer acquisition process, but the outcome of the process is common: to get an invitation to bid. In private property owner segment the stakeholders and market needs are not clear due to lack of experience. The customer acquisition process is therefore initiated from a market research. Market research is used to screen potential customers that provide sales leads to enable potential customer visits. A successful customer visit enables an access to a supplier list, which provides a potential access to bidding competitions.

In the property manager and housing cooperative segment, the customer acquisition process is initiated from sales lead achieved from commercial Factanet project database that provides information on future building projects. To gain access in bidding competitions in this segment requires a successful sales pitch from the case company.

In the consultant segment, the case company has established its position in the market and therefore networking and relationship based approach guarantees the access in bidding competitions. Correspondingly, in public procurement segment the role of customer acquisition is based on references. The open tenders are published in a nationwide Hilma database, where prequalification requirements are based on company's experience.

The bidding process outline is similar to all segments. The process initiates from receiving bid documents from the customer. If the company decides to offer the project, the project is evaluated and priced for the offer. It is noted that in Finland all the offers are based on standard terms, General Conditions for Building Contracts YSE 1998. The companies that have made best offers proceed in negotiations, where the final details before contract signing are agreed. The process ends in two alternatively ways depending on the success. If the sales is won, the process ends up in contract signing and moving forward into project delivery process. If the sales is lost, the process ends up in defining the reasons behind loss.

The sales strategy discusses about increasing the access to negotiating contracts, which is marked with a red dotted line in Figure 5. The negotiating contracts would offer a

shortcut from customer's shortlist of potential contractors directly to a negotiation stage. The case company has a vision that by extending project delivery includes also design and consultancy service, it would be possible to build a fast-track that skips the entire bidding process, and achieve continuous and more profitable business through negotiation contracts. According to CSA there is no evidence that this fast-track would exist. In addition, building customer relations that enable the use of fast-track will take years instead of months.

Currently, the high customer satisfaction has offered the case company an access to consultant short list in office renewal business. Vast majority of the returning customers still submit a new call for tenders. So far, only two to three cases have resulted in a small scale negotiated contract.

3.3.2 Roles in Sales

The case company employs 40 people. As labor is mostly outsourced to subcontractors, the majority of the personnel consists of site management. Project managers are in charge of bidding and project management duties and they are expected to participate also customer acquisition together with the managing director. The case company does not have a dedicated sales or marketing department.

According to the case company's internal documentation (Data 1, document A, B, C), the managing director is in charge of customer acquisition process and project managers are in charge of bidding process.

In fall 2016, the case company changed its managing director, which has caused discontinuity in sales and marketing. The current managing director, Respondent 1, has started to develop sales from the beginning. He has concentrated especially in new business development. At the beginning of the year 2017, the company streamlined its organization. The positions of construction manager, cost accounting manager and purchasing manager were discontinued. The discontinued job descriptions were combined in the redefined project manager position. The current project manager job description includes then all-encompassing responsibility of construction projects from the bidding to the handover of construction project. This new cross-functional position supports the creation of total offering concepts.

At the moment, each project manager manages independently the sales of their business area. Customer acquisition and bidding are carried out by a project manager in person. In bidding decision and project pricing they receive support from management director. With large projects also an office engineer can give support in project evaluation and preliminary price enquiries, and managing director can support project negotiations. Otherwise, sales and accounting will be performed by the project manager.

The results from the interviews and workshop revealed that the case company has some unclear issues related to sales in customer acquisition stage. All sales work is not recognized due to diversity of actions and limited communication between the respondents. As an example, the Respondent 1 emphasized his active role in new customer acquisition while he was condemning the other respondents' role in sales, especially in customer acquisition:

The starting point is that I am the only one who does selling. The others [project managers] are merely passive what comes into sales, whereas I have been really active during this fall. (Respondent 1)

The other respondents thanked Respondent 1's activity in the field of sales, but they did not see their role as passive, either. Instead, they considered their role in sales natural due to their job description:

It [sales] is natural part of project manager's work. We are always at work wherever we go. Contacts that lead to sales can come from anywhere [referring to golf, after ski etc. activities]. Then we should just remember all the leads on Monday!" (Respondent 2)

The respondents unanimously admitted that currently the case company's on-going construction projects, as well as the new project planning, take time from the sales activities:

At the moment I have time to concentrate on bidding for an hour a day. The rest of the day is spent on handling the issues with on-going construction sites. (Respondent 3)

Presently, the job description of a project manager, who should be in charge of the sales activities, is extensive and complex as he is in charge of the whole construction project from sales to handover. This makes the process for allocating time for various tasks difficult. Due to the limited resources in both project and site management, the construction site issues and routine bidding easily overtake issues that are considered less urgent. Combined with the missing sales action plan and poorly registered KPI's, it is only natural that especially customer acquisition suffers the most in the case company.

3.4 Key Findings from the Analysis of the Current Sales Practices

The CSA of sales in the case company focused on defining the basic principles of sales. The respondents were asked to define what selling is and how sales process is at the moment, how they define the product they sell and who the customers are. Additionally the stakeholders were asked to estimate the strengths and weaknesses for the current selling practices. This section lists the findings of the CSA related to the current sales practices.

3.4.1 Definition of Sales in the Case Company

Based on the analysis results of the sales function definition, the case company has not univocally defined what sales relate to in the case company. Presently, the company does not have any personnel that has background from sales, which the most of the respondents considered almost as a strength. In the company, sales is not seen as a part of marketing but rather vice versa, and marketing is seen only as promotion and advertising. Currently, marketing is not seen important but rather as a waste of money as the impact of marketing measures on sales development is difficult to measure. Especially Respondent 1 has a strong view that the most effective ways to increase sales is one-to-one interactions with customers. This was considered almost as the only sales practice that works.

Next, despite the lack of training in sales and contrary to Respondent 1's doubts, there is a practical understanding and view of sales that in some extent resembles Grönroos and Gummerus (2014) views of service marketing. The product the case company sells is an expert service. Additionally, the respondents believe that sales is a way to create customer relationships and a way to differentiate and create attraction towards the company:

Our product is actually a service, repair construction service. Customer should be given, not a promise, but an assurance that we can carry out the project on budget and on schedule. This assurance can be given through our expertise. One should be familiar with the project in detail level in an early stage so that the customer can be assured with knowhow and expertise. Knowing the details matter. (Respondent 2)

Our sales is really about creating customer relationships. The value of these [customer] visits is that a lot of information is provided and the value of the customer is defined, providing information on how the customers think and adapt their own activities to it. (Respondent 1)

Selling is about providing a reliable image of expertise. Attraction as mentioned in the company vision, that is vital. The customers should be attracted to cooperation. (Respondent 1)

The respondents agreed that currently the best tool to sell the company is its good reputation and strong references. The respondents described that the best sales promotion is successful reference projects measured in terms of the traditional “iron triangle” of cost, time and quality (this topic is discussed in: Chan and Chan, 2004: 205, based on Atkinson 1999). Still, the respondents valued supplementing these three elements with soft elements such as customer satisfaction achieved through smooth and effortless construction project and quick response time. As mentioned in the interviews:

The consultant wants an effortless contractor who does not bring any problems, the customer's motivation is the same. (Respondent 1)

The work well done is the best advertisement. It is important that the customer does not get any extra trouble --- things go smoothly like a train on rails. (Respondent 2)

It is important to keep the end customer happy. If there are complaints from the site, someone should always go to there, even if it is Friday night and your guests have just come for dinner. Additionally you must be prepared to deal with lots of emails from the (housing cooperative) customer. It is important to react to the feedback, give a response. (Respondent 3)

As seen from these examples, the respondents understood also the significance of expectation management. It is seen as extremely important that the promises that the case company gives to a customer are realistic.

Good work talks better for us than any marketing. We must be just actively bidding and avoid turning down tenders. Silent marketing works much better than abusive marketing where we promise one thing but deliver another. --- A good reference is valuable than any sales pitch with empty promises. We've got bad experiences in the past when the sales did not even talk the same language with the production. (Respondent 4)

Our strength in sales is that we do not promise too much. (Respondent 3)

As seen from these examples, the views prevalent in the company emphasize that it is important to deliver the customer what has been promised.

However, the respondents do not perceive sales as a tool to create demand and develop projects with potential customers. This is due to limited connection with customers prior bidding stage. Presently, the sales are seen as initiated from the customer demand, and

the customer acquisition is about finding a place where demand and supply meet. As mentioned here:

Sales starts from the fact that there is a need: The most irritating is to try to force sales if there is no need. We need to find something where to snoop that there is a need for construction services [to acquire customers]. (Respondent 2)

If summarized, based on the CSA findings, the company currently believes that success in sales includes elements related to the product and its delivery, customer relationship and company quality. These factors identified in the perception of sales in the case company are summarized in Figure 6 below.

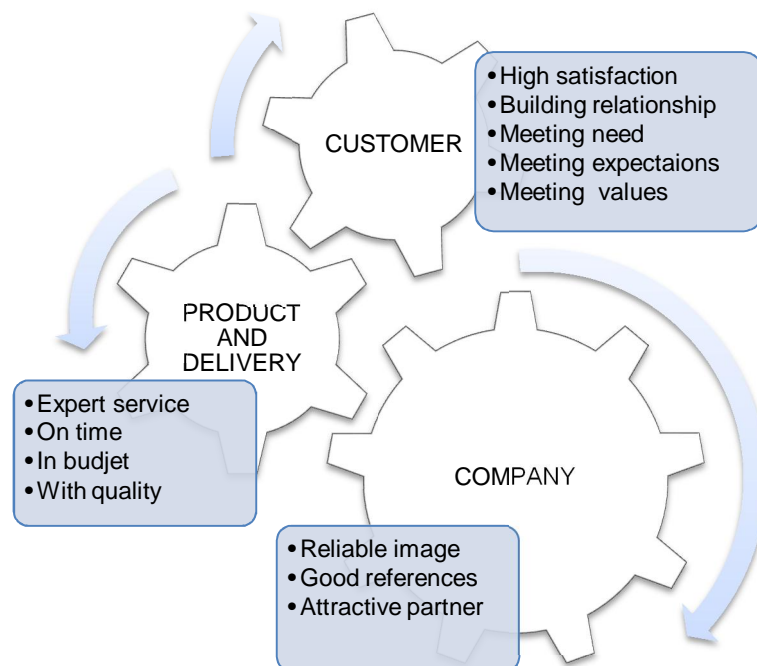


Figure 6. The key elements in successful sales, as viewed in the case company.

As seen from Figure 6, the meaning of sales function for the company is viewed as consisting of good company image, on-time and in-budget delivery of expert services and excellent customer service during the construction project. From this internal perspective, the sales could be summarized as (a) the way to maintain and develop business, and (b) the way to obtain more projects, and (c) ensure continuous work flow. Continuity with customers and maintaining customer relationships are also viewed as one purpose for sales. Eventually, the case company views the sales as about creating profitable business and positive cash flow.

3.4.2 Customer Acquisition

The customer acquisition stage resembles *project screening* stage (as Cova describes it in: Cova et al., 2002). According to the respondents' description, this stage includes all *pre-tender* activities and the aim of the stage is to assure the case company receives an invitation to tender.

The case company emphasis on this stage varies depending on business segment. The findings are summarized in Table 4 below.

Table 4. Characteristics of sales per business segment in the case company.

BUSINESS SEGMENT	PUBLIC PROCUREMENT	CONSULTANTS	PROPERTY MAANGERS, HOUSING COOPERATIVES	PRIVATE PROPERTY OWNERS / NEW BUSINESS DEVELOPMENT
MARKET POSITION DEVELOPMENT	to maintain	to increase	to increase	to increase
CUSTOMERS	public sector	both public and private sector	private sector	private sector
SALES	passive (bidding)	active sales (customer acquisition and bidding), needed to create relationships	active sales (customer acquisition and bidding), needed for promotion	active sales (customer acquisition and bidding), needed for promotion
SALES APPROACH	competitive bidding	consultative selling, relationship selling + competitive bidding	consultative selling + competitive bidding	value based selling (+ solution selling) + competitive bidding
PROCUREMENT	public procurement (open to the best price)	both private (invitation restricted to better offer) and public (open to the best price)	private procurement (invitation restricted to better offer)	private procurement (invitation restricted to better price / better offer)
PRIMARY CHARACTERISTIC OF SALES	references	contacts, references	visibility, references	visibility contacts attractive choice wider offering
SALES LEADS	Hilma	Hilma, FaktaNet, supplier list	FaktaNet	Supplier list
WHO SELLS	project manager, managing director	project manager	project manager	managing director

ROLE OF SALES	<ul style="list-style-type: none"> - reacting sales leads - to make an offer 	<ul style="list-style-type: none"> - to create partnerships - actively looking for or generating sales leads - to make an offer 	<ul style="list-style-type: none"> - to get notified as eligible supplier - actively looking for or generating sales leads - to make an offer 	<ul style="list-style-type: none"> - researching market - to get accepted as eligible supplier - actively looking for or generating sales leads - to make an offer
<p>*) Hllma is an open public procurement database **) FaktaNet is a commercial database that contains information of upcoming construction projects</p>				

As described in Table 4, in public procurement segment the role is passive much due to the customers and procurement process that is provided by law. Only eligible suppliers are accepted to bid and the main competition criteria is pricing. Due to the nature of business also the need for extra sales efforts was not recognized.

In public procurement the only criteria that really matters is best price among eligible bidders. --- Current (company) reputation and references are bringing us enough sales leads already. Besides, (repair) construction business is so conservative that it does not need any American-style direct sales activities. (Respondent 4)

In other business segments outside public procurement, the role of sales was more active and focused on increasing or utilizing conspicuousness to generate sales leads. As Respondent 3 said: "The business no longer works so that we wait customer to ask us to offer them a construction work." This sentence is a statement that indeed a few years ago the renovation construction business did little or not at all sales or customer acquisition. Ten years ago, there were only a few construction companies focused on business, which allowed for passivity in customer acquisition. With the latest new building recession, supply in the renovation market grew and competition from customers grew tighter. As a result of the changed competition situation, the repair construction companies have also had to learn how to sell their services to new customers.

In private procurement, the price is still a significant criteria and therefore there is always some kind of bidding competition involved. The criteria for eligible bidder is varies and the companies can affect their eligibility though *pre-tender* sales activities. All respondents assumed that if sales efforts were increased it could provide more business and more profitable projects.

To summarize, the importance of customer acquisition varies in the case company according to the business segment. Customer acquisition does not play significant role in public procurement where bidding competitions are public. On the contrary, customer

acquisition is very important with private sector customers, where the bidding competitions are typically restricted and sales effort prior bidding is required to gain the access to the customer’s shortlist of potential contractors (supplier list).

3.4.3 Defining and Managing Stakeholders

A typical repair construction project involves several stakeholders, which makes it sometimes confusing to determine who the customer is from the sales perspective. The stakeholders in a repair construction project are described in Figure 7 below.



Figure 7. Stakeholders in a repair construction project. The case company operates as a main contractor. In most cases contract is signed with a contractee. (source: KIRA, 2016: 37-39)

Table 5 explains briefly the roles of different stakeholders in a repair construction project:

Table 5. Types of stakeholders in a repair construction project.

	STAKEHOLDER	DESCRIPTION OF THE ROLE
1	The party engaged in a repair construction project (PER)	Makes sure that the building is designed and built in accordance with the construction regulations and the permit granted. The Land Use and Building Act (132/1999) provides for PER obligations.
2	Owner of a repair construction project (OR)	A party who decides on the implementation of the project, sets objectives for the project and is responsible for financing the construction project.
3	Contractee	A party responsible for organizing the project execution. Depending on the project, PER, OR and contractee can be the same stakeholder or three different stakeholders.
4	Consultant	Represents customer (PER, OR and contractee) in the construction project. The role of the consultant is based on the assumption that the customer does not possess the necessary skills to be able to take care of its interests against the contractor.
5	Main contractor	A party that exercises the main control over the construction site.
6	Principal designer	A party that ensures that the plans for the construction make up the whole so that the construction regulations and the requirements of good construction are fulfilled. Obligations are defined in the Land Use and Building Act (132/1999).
7	Building control authority	Controls all the parties involved in construction project. It also authorizes the main contractor's project organization.

As can be seen from both Figure 7 and Table 5, there is a variety of stakeholders in each construction project. In addition to these business actors, the projects involve often also non-business actors, such as property users and neighbors.

The case company has listed its key stakeholders as a part of its quality system (Data 1, document D). The established business segments are able to recognize the role and the importance of stakeholders. The respondents in charge of established segments had an understanding that it is equally important to influence all the stakeholders that may influence decision making. This approach refers to a relationship selling type of approach in sales.

In new business development, it is more challenging to determine the right stakeholders to contact. When the case company started to develop new business, it conducted a survey to map the customer needs in a new business sector and due to confusion in

stakeholders. Due to missing stakeholder analysis, it wasn't until the third round the company was able to find the right stakeholders to have an appointment for sale.

The data collection proved that out of all stakeholders especially the role of consultants is central but also causes also confusion in all case company business segments. The respondents considered consultants either as business partners, as a party that prevents direct access to paying customer or even as a party that takes advantage of the case company by asking only reference prices. The respondents also referred that it is not always easy to connect with a consultant as they do not want to be approached directly in order to maintain their neutrality.

Even though the role of the consultants is identified to be significant, their power in contractor selection is not fully clear. In addition, it appears that occasionally the respondents doubt the objectivity of consultant. Respondent 1 has worked as a consultant before joining the company and he considered the consultants objective but also a stakeholder with lots of power in main contractor selection:

If a consultant works right, he should accept a new contractor that has eligible references automatically as a bidder. (Respectively) If a consultant has bad experiences about cooperation with a contractor, they do not recommend them to any of their customers. In general, consultant want to work with an easy and cooperative contractor who does not cause any problems. This is what the customer [contractee] wants, too. (Respondent 1)

Based on the sales strategy, Respondent 1 was developing a new business model, which would base on direct selling and negotiated contracts. After testing the model with few customers, it appeared that the introduction was challenging due to restricted access to decision makers:

It is not so easy to just sell. Especially when we do not get to sell our services directly to the end customer, because the consultants arrange bidding competition out of everything. (Respondent 1)

According to the comment, the role of consultants is well established in all customer segments and because of them, it is challenging to introduce new business models to the market.

When talking about stakeholders, it must be noted that the respondents did have a little to say in customer relationship management (CRM). CRM can be considered as management of known stakeholders due to limited market area of the case company. The respondents considered systematic relationship management difficult and the available

means small, mentioning occasional business lunches and Christmas greetings by name. Respondent 1 admitted that the company is currently missing a systematic process for customer relationship management. Only Respondent 2 has more experience on how to maintain good relations with customers in his segment, which is clearly visible in high amount of customer enquiries and returning customers.

In addition to potential customers, stakeholder theory suggests that competitors are considered as stakeholders. The case study company collects price and activity information from competitors only on the projects that the case company offers. Data is not collected in the database, but rather as silent information within the company. As a result, case companies lack tools and practices for systematic competitor analyzes.

As a summary, it can be concluded that repair construction business involves numerous stakeholders that potentially effect on main contractor selection either directly or indirectly. The case company (a) has challenges to detect new stakeholders, especially ones that have indirect decision power, (b) is missing a systematic process for management of known stakeholders (CRM) and (c) it does not collect and analyze competitor data.

3.4.4 Portfolio Resource Management

Presently, the case company has challenges with site management resources along with the rest of the industry because of the current boom in new building construction in the Helsinki area. Construction is strictly regulated industry and it follows the National Building Code of Finland. The requirements are very specific about the responsible site manager's education and experience requirements in construction projects that require a building permit. Due to this, in all demanding repair construction projects the contractor must present the site management organization to the customer at the point of giving an offer.

As a result of these challenges, the case company has not managed to fulfill its open positions. In the case company, the lack of personnel hits hardest on office renewal and small building works. For example, Respondent 2 admitted that the resource situation affects sales already in his business segment.

Yes, it limits sales when there is absolutely nothing to sell. It is possible to agree deviant arrangement of site management during contract negotiations [referring a possibility to offer a competent but not so experienced responsible site manager

or a part-time site-manager instead of full time. Still, as long as the public procurement has a complaint time, no changes in project organization can be made. (Respondent 2)

Despite the shortage of resources, the case company has to bid in order not to lose the business. In this situation, if the order comes in, there is no clear answer how to conduct the project.

Second, the lack of personnel is specifically visible as unplanned changes among the site management organization. As the organization has to be defined in an early stage of an offer, the company is forced to use the same site manager names in their offers and rename the organization and negotiate mitigations to site management requirements. Based on Data 1 interviews and the feedback that the quality manager constantly receives from responsible site managers, the case company has a tendency to reserve too little site management. The site management insists that this is due the company management not fully understanding the importance of sufficient site management. For example, Respondent 3 faced the resource problems already in the past summer. Sudden changes in site personnel caused that he ended up managing several projects without any site management. As a result, based on this bad experience and bad customer feedback, he points to the need for each site to have a site manager:

It is not enough that we have names of a site manager on paper. We need a real site manager on site who takes care and manages that things run smoothly on site. (Respondent 3)

As this example shows, the changes in site management organization are known to cause irritation and dissatisfaction in customers. In addition, if the company has poorly planned or even unplanned changes in the site organization during the construction stage, it causes extra costs in form of inefficiency. This often comes as a result of poor job transfer and missing information. Therefore, the need is stressed to have a site manager to ensure fluent and cost efficient execution, also in small building projects, which do not require a building permit.

Third, the case company has inadequate means to follow resourcing during bidding stage. The case company has a simple tool to follow the resource utilization, but until now only Respondent 1 uses the tool. The tool is not used to forecast future project resource needs. The respondents agreed that also the bidding stage should be included to the resource planning in order to make it more accurate.

Thus, in the areas of resource management, the case company suffers from at least three challenges: (a) lack of professional site management, (b) unplanned changes in site management, and (c) inadequate resource planning.

3.4.5 Contracts and Pricing

Majority of the construction projects the case company has are based on traditional design-bid-build process. In design-bid-build process owner of a repair construction project (OR) first orders the project plans from Principal Designer (PD). Typically PD is an architect. After the project plan is ready, the OR arranges a bidding competition to select Main Contractor (MC) to realize the plans.

The pricing method in the repair construction projects depends on the type of the construction contract OR has selected. Typically the chosen contract form aims to transfer the project risk (quality, cost, time schedule) to MC. The typical contract types varies based on business segment. The typical contracts in competitive bidding include a turnkey contract, project management contract and target-price contract. In these contracts the overall cost of the project is more or less fixed at the point of offering based on the existing plans. The other business segments utilize also unit price contracts and invoicing work contracts, where the overall cost of the project is estimated in a less binding way at the point of offering.

In turnkey projects, project management and target price contracts the changes of project plans after the bidding stage are handled through a separate bidding of addition and alteration work. This resembles cross selling and up selling and is considered additional sales during the construction stage. Depending on the maturity of the plans in the bidding stage, the amount of additional sales varies. The terms and conditions of the construction projects are based on standard terms, General Conditions for Building Contracts (YSE 1998), as briefly mentioned in section 3.3.1. In practice, the industry does not deviate from these terms in any cases.

Basically, pricing of construction projects is about pricing the project risk. In the case company, the methods to manage the project risk varies depending on the business segment. Some segments manage the risk by moving it further into the supply chain by utilizing pricing from the supplier network. This requires close and confidential cooperation with supply chain. In some segments this cooperation with supply chain is limited

and they have problems to achieve preliminary prices in bidding stage. At worst, this has led to pricing errors, which has led to loss-making projects.

The traditional design-bid-build model may lead in poor communication between the key project stakeholders: OR, PD and MC. In the worst case scenario, the project model also results in poor expectation management, delays in scheduling and overrun in budget. Therefore, there has been emerging need to improve risk management through alternative project models that enhance communication between the parties. The best known new project model is an alliance project model, where key stakeholders develop the project together.

In the case company, based on several discussions with the customers, Respondent 1 has a vision that traditional contract types will disappear from the market and be replaced with different types of alliance contracts. This requires new type of expertise in contract, project and customer relationship management as well as extending the expertise through supplier and partner networks. The other respondents did not see the situation all that black and white. Instead, Respondent 4 claimed that the case company's sales is not enough to enter any alliance projects.

To summarize, the majority of the projects the case company has are based on design-bid-build process. (a) The company has challenges in project pricing, as in some segments limited cooperation with supplier chain disables sufficient risk management. (b) The case company is aware of market development towards alliance-type projects, but currently it is missing resources and competences to participate such projects.

3.5 Summary of Strengths and Weaknesses and Focus on Customer Acquisition Process Development

This section summarizes the findings of CSA of case company's sales process. The summary of sales process findings and their strengths and weaknesses is listed in Table 6.

Table 6. Strengths and weaknesses of the current sales activities

TOPIC	STRENGTH	WEAKNESS
Business segments	<ul style="list-style-type: none"> - The case company has clearly defined business segments. Some of the segments are well established. 	
Sales strategy, sales KPI's	<ul style="list-style-type: none"> - The case company has defined some KPI's as a part of its internal documentation. 	<ul style="list-style-type: none"> - The case company does not currently have a unique product or business segment that would differentiate it from its competition. - KPI's are not currently monitored. - Some of the KPI's are not clearly defined.
Sales definition	<ul style="list-style-type: none"> - The case company has good references that support sales and bring new business enquiries. - The importance of customer satisfaction and expectation management has been understood complementing to traditional "iron triangle". 	<ul style="list-style-type: none"> - Marketing and sales are mixed. Marketing is underrated and considered as waste of money.
Sales process, roles in sales	<ul style="list-style-type: none"> - The case company has a well-documented bidding process. - Current project manager organization supports end-to-end thinking and total offering concept. 	<ul style="list-style-type: none"> - Customer acquisition process is not clearly defined and documented - No results from current customer acquisition process for new business development. - Roles and expectations, especially in customer acquisition, do not meet.
Stakeholder definition		<ul style="list-style-type: none"> - Stakeholder definition in new business development is poor. - Known stakeholder management (CRM) is not systematic. - Competitor monitoring and analysis is not systematic.
Resource management		<ul style="list-style-type: none"> - The lack of site management personnel limits sales. - Site management personnel changes during the projects cause extra costs and dissatisfaction among customers. - The current resource planning does not take into account new project forecasting in a sufficient way.
Contract types and pricing	<ul style="list-style-type: none"> - New contract types and their requirements have been recognized. 	<ul style="list-style-type: none"> - Challenges in project pricing due to limited cooperation with supplier chain.

As summarized in Table 6, the CSA findings demonstrate that the case company's sales process as a whole is at the beginning of its maturity. The changes in management and organization have caused a discontinuity in sales and marketing activities, which is now attempted to overcome by putting extra effort in sales process development.

3.5.1 Strengths and Weaknesses According to the Locus in Sales Process

Due to the amount of development needs detected in CSA stage, it is not possible to cover all the issues on a detailed level within this study. Therefore, in order to locate the development needs better, the strengths and weaknesses were identified according to their locus in the overall sales process. For this end, the strengths and weaknesses were divided into three major areas: (a) strategy, (b) customer acquisition process and (c) bidding process. The key findings are summarized in Figure 8.

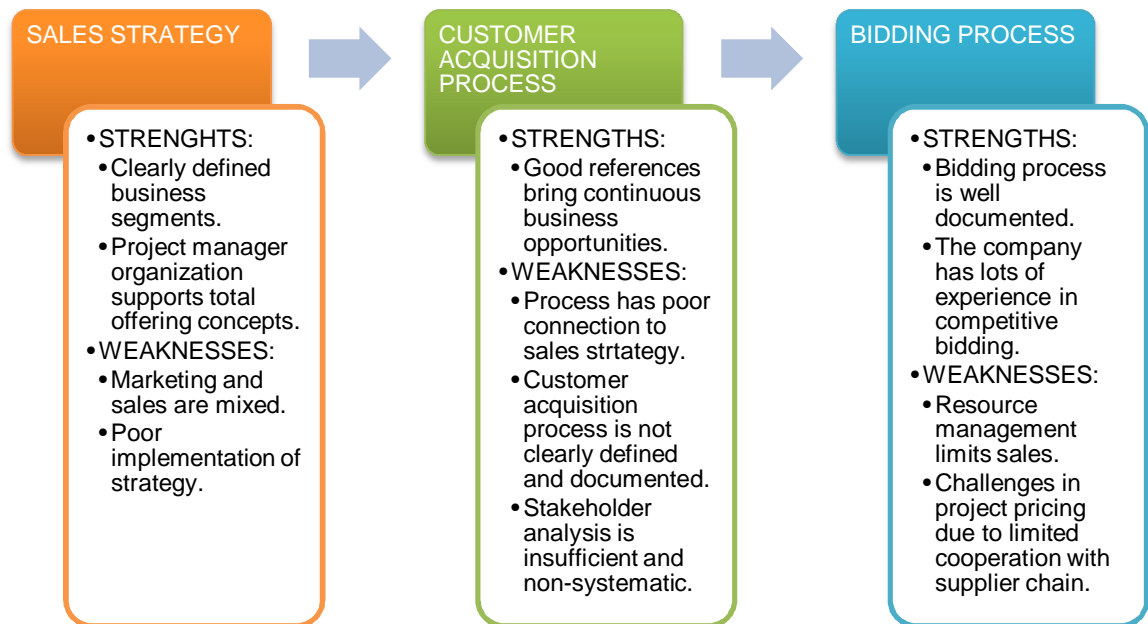


Figure 8. Strengths and weaknesses according to their locus in the overall sales process.

Based on the analysis results summarized in Figure 8, the case company is found to have two major strategic strengths. First, it has clearly defined business segments and, second, its project manager organization supports the total offering concepts. Additionally, the organization model where the same person takes care of all aspects of the customer journey offers a huge potential for developing customer relationships.

As weaknesses in the case company's strategy, a poor implementation of strategy and mixing sales and marketing can be listed. Sadly, the emphasis on marketing is considered as waste of money since marketing is seen only as advertising and promotion. Although the strategy emphasizes increasing the company's attractiveness, it has poor implementation since the chosen approach to increase awareness is limited to meeting customers one by one.

The analysis summarizes that the case company's established position in major renovations of historical buildings (public procurement segment) and office makeover business (consultant segment) is considered as a great strength in customer acquisition process. The many successful projects the case company has had work as a reference for future work. The analysis lists the case company's weaknesses in customer acquisition its poor connection to sales strategy due to missing action plan and clearly defined and monitored KPI's. Also the whole process for customer acquisition is poorly defined and missing documentation, which makes the process fragmented and ineffective. In addition, the stakeholder analysis needs development especially in new business areas, where recognizing the stakeholders has proven to be a challenge.

The CSA detected that the bidding process in the case company is clearly documented and established process. This is considered as a strength together with the company's vast experience in competitive bidding. The biggest weaknesses in current state of bidding process lie in resource management and project pricing. Overheated construction in Helsinki area has caused that all construction companies are struggling to have their resources meet the demand and the case company is not exception here. The challenges in site management resourcing are currently limiting sales and causing potential customer dissatisfaction. Additionally, the case company's challenges in project pricing have resulted some loss-making projects.

3.5.2 Selection of the Improvement Area - Focus on Customer Acquisition Process Development

Based on the CSA, the focus area of this study can be limited to customer acquisition process pinpointing to certain improvement areas. The chosen process development area is described in Figure 9.

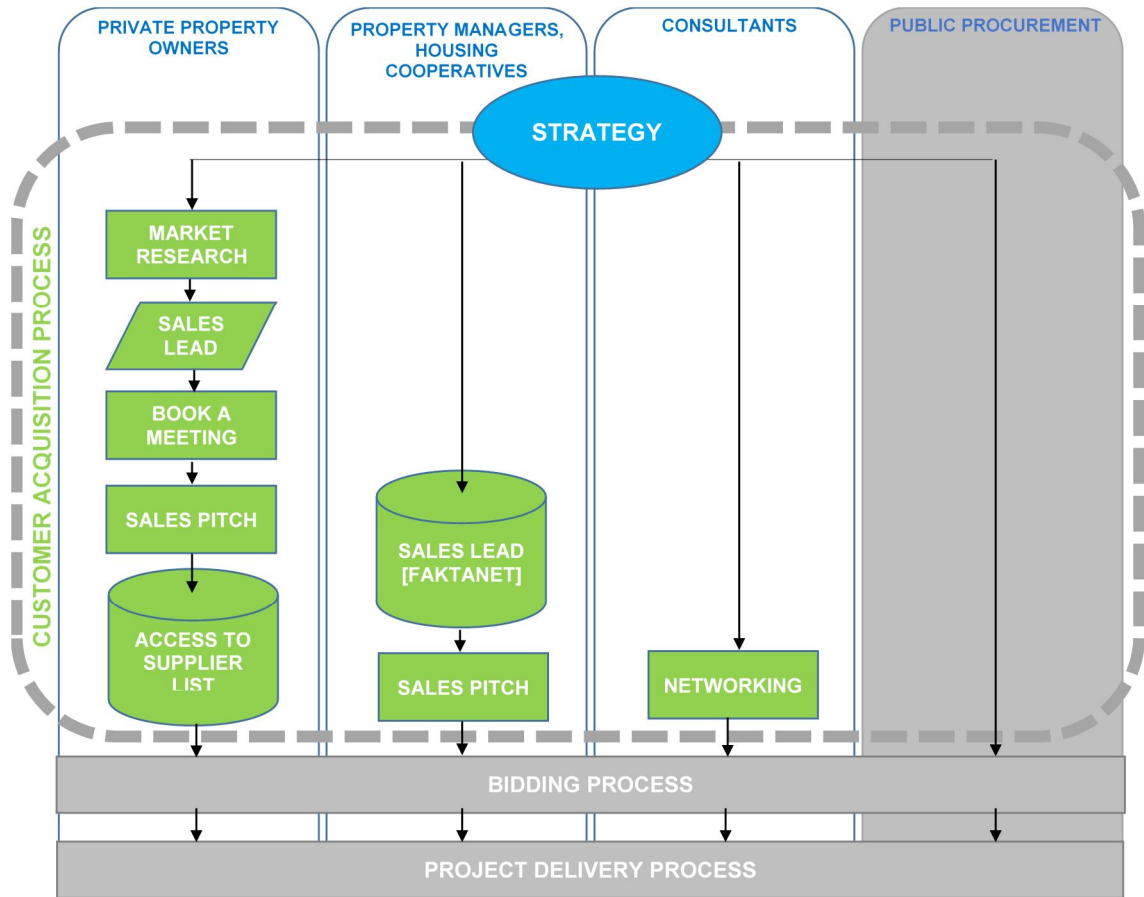


Figure 9. Focus on customer acquisition.

As visible in Figure 9, the focus area is limited in customer acquisition process in as Consultant, Property Managers and Housing Cooperatives and Private Property Owner segments. The CSA revealed that the case company has a well-documented and established bidding process. Furthermore, it was stated that customer acquisition process is not significant in Public Procurement segment due to the nature of the business. Instead, in private segment customers, such as Consultant, Property Managers and Housing Cooperatives and Private Property Owner segments, active customer acquisition prior to bidding process was found important in order to ensure access to supplier list. Access to supplier list is a prerequisite in restricted bidding processes typical in chosen business segments.

The chosen development needs in customer acquisition process are summarized in Figure 10 below.

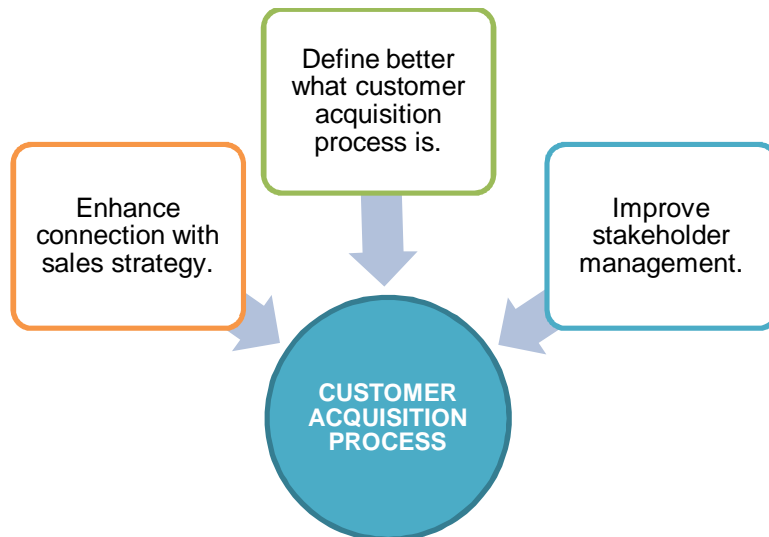


Figure 10. The selected development areas in the case company customer acquisition process based on the CSA.

As listed in Figure 10, first, the CSA revealed that the connection between sales strategy and customer acquisition process need is not clear and it needs development. Second, in order to ensure sufficient consistency, the customer acquisition process should be defined and documented. Finally, there is an evident need to define ways to support stakeholder management and sales.

In order to develop the customer acquisition process further, there is a need to gather knowledge from relevant literature and best practice in applicable industries. The knowledge is then used for synthesizing a conceptual framework (CF) for improving the case company sales process in terms of new customer acquisition. These study of existing knowledge is described in Section 4 below.

4 Ideas on Improving Customer Acquisition Process

This section explores existing knowledge related to the customer acquisition process in project business environment. The project business environment applies well to repair construction business as it shares the typical project business characteristics, uniqueness, complexity, discontinuity and vast financial commitment.

These focus areas selected for this study are based on the findings from the CSA results presented in Section 3 earlier. The first part examines how sales strategy and sales process are connected. The second part discusses different ways to enhance the customer acquisition process aiming to find means to get beyond competitive bidding. The third part discusses applicable methods to screen and analyze stakeholders. In the fourth part, the existing knowledge is summarized and a CF is built.

4.1 Establishing Connection with Sales Strategy

The role of sales in business has evolved from viewing sales as a series of separate transactions carried out by a separate function, to the sales seen more as a strategic process. This is due to “servitization” and increased focus on customer value. The implementation of strategy has even bigger impact on sales performance than the strategy itself. Therefore, this first part of Section 4 focuses on discussing the connection between strategy, marketing and sales. The second part discusses sales as a strategic process and the third part considers means to translate sales strategy into performance.

4.1.1 Defining Marketing and Sales

Merriam-Webster’s online dictionary defines sales as “*operations and activities* involved in promoting and selling goods or services” (Merriam-Webster, 2018). Concurrently, the dictionary defines term marketing as “*the act or process* of selling or purchasing in a market” and “*the process or technique* of promoting, selling, and distributing a product or service”

From the academic perspective, sales can be considered as part of marketing. Basically marketing as a term is used to refer *the process of getting customers*. Marketing is considered to integrate business functions, including sales, and define the way and means how a firm speaks to the customer (Silbiger, 2012: 2), and addressing issues related to

creating and maintaining competitive advantage (Terho et al., 2012: 13). Still, as Grönroos has pointed out, some companies feel uneasy talking about marketing (Grönroos, 1999: 334), as they confuse it to contain only advertising and promotion.

In B-to-B environment, marketing is used to refer to customer communication, branding, advertisement, websites and other actions to reach out masses of unidentified potential customers. The role of sales is associated with account managing, solution building and increasingly also relationship management (Storbacka et al., 2009: 891). As such, sales are viewed as more related to reaching individual customers that have already been identified.

Sales strategy can be defined as planning of sales activities from both internal and external perspective. Strategic sales planning may include methods how to reach customers, defining competitive differences and resource planning, which are all similar to common definitions of marketing planning. The importance of linking sales and marketing strategy and further alignment of marketing strategy and sales objectives has been recognized as collaboration between marketing and sales is known to enhance business performance (Storbacka, 2009). Panagapoulos and Avlonitis (2010) define the sales strategy as:

The extent to which a firm engages in a set of activities and decisions regarding the allocation of scarce sales resources (i.e., people, selling effort, money) to manage customer relationships on the basis of the value of each customer for the firm (Panagapoulos and Avlonitis, 2010).

Some studies also support linking sales strategy directly into the firm's business strategy. Harker and Harker (1998) state that strategic sales management supports succeeding in company turnaround processes. They emphasize the importance in keeping sales strategically aware in order that sales can facilitate company turnaround process by contributing strategy development and implementation (Harker and Harker, 1998).

Strategic planning consists of two separate stages, formation and implementation. According to Silbergier (2012), good strategy considers implementation already in formation stage ensuring that strategy fits to an organization and its implementation supports organization's development. Chosen sales strategy impacts on sales process, customer interface and the entire organization (Storbacka, 2009: 892). Thus, many studies believe that the sales process is about implementing sales strategy, and relate the sales process to the strategy implementation.

4.1.2 Considering Sales as a Strategic Process

Instead of simply selling products and services, sales has evolved its focus towards customer value and increasing customer productivity. The change is partially due to increased professional purchasing and better-informed customers, partially due to changed marketing logic referred as service dominant logic (Vargo and Lusch, 2004) or service logic (Grönroos, 2006). In the new logic, the traditional goods centric *what a company can do* mindset has changed into customer centric *what customer actually needs* mindset thus making understanding customers' and customer's customers' needs vital. The new logic is also visible in goods that have become more service-like.

The changes in sales have caused also the role of sales to change. The transformation of sales is described in Figure 11 below.

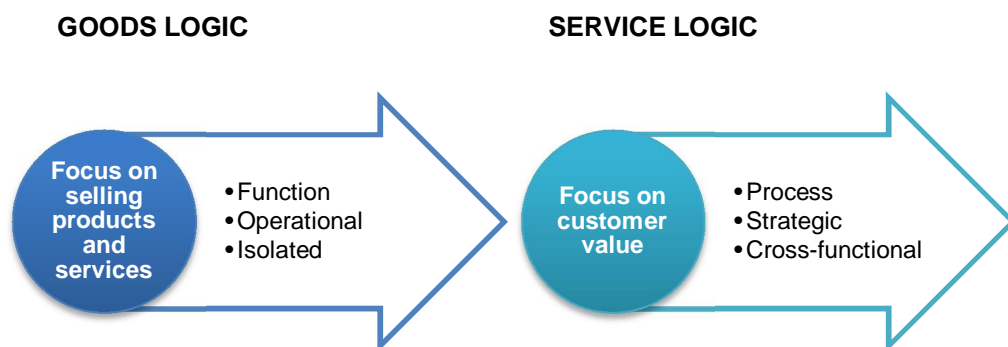


Figure 11. Sales has become a strategic, cross-functional process.

As described in Figure 11, instead of viewing sales as a series of separate transactions carried out by a separate function, sales is nowadays seen as a strategic process where its focus is more in creating and maintaining customer relationships and profitable delivery of customer value. As sales has shifted from selling products into selling services and solutions, in addition to marketing knowledge also the knowledge of operations and finances have become crucial in sales. This has resulted sales becoming more cross-functional. (Storbacka, 2009)

Thus, changing market logic is transforming sales into strategic, cross-functional process, where instead of focusing selling goods and services, the focus is on customer value. This change is evident also in construction industry where price erosion is thriving the firms to find alternative business models for prevailing competitive bidding.

4.1.3 Translating Sales Strategy into Performance

The firm's sales strategy is basically about defining the sales goals and making a plan how to reach the set goals. The sales strategy defines actions and decision related to segmentation, customer prioritization and selling models (Terho et al., 2015) and utilizing multiple sales channels (Panagapoulos and Avlonitis, 2010). The researches state that successful implementation of sales strategy plays an important role creating a source of competitive advantage in business markets (Panagapoulos and Avlonitis, 2010; Terho et al., 2015). The role of strategy implementation is seen so critical that it is even suggested to overpower its content as Sterling (2003) observes:

Effective implementation of an average strategy beats mediocre implementation of a great strategy every time (Sterling, 2003: 27).

Terho et al. (2015) studied how sales strategy effects on sales performance utilizing a multi-level conceptual model shown in Figure 12 below.

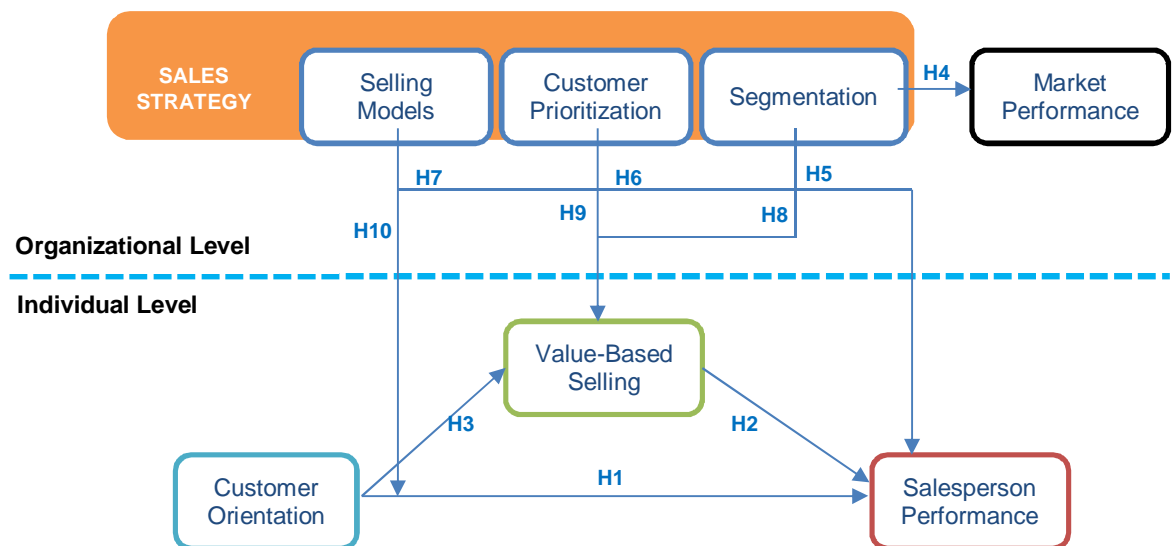


Figure 12. Conceptual model that describes how sales strategy affects performance (Terho et al. 2015).

As shown in Figure 12, the sales performance is dependent on various relations, both in the organizational-level and in the individual, salesperson level. According to the model, sales strategy has an organizational level effect on market performance, but additionally sales strategy dimensions (selling models, customer prioritization, and customer segmentation) have an effect on salesperson performance. In addition also individual-level

relationships between salespeople's customer orientation, value-based selling, and performance affect sales. The way the relations effect on sales person selling performance is described in Table 7 below.

Table 7. Multilevel conceptual model about how sales strategy affects performance (Terho et al. 2015).

RELATION		EFFECT ON SALES-PERSON SELLING PERFORMANCE
H1	Salesperson customer-orientation increases salesperson performance	indirect
H2	<i>Salesperson value-based selling increases salesperson performance</i>	<i>direct</i>
H3	<i>Salesperson customer-orientation increases salesperson value-based selling</i>	<i>direct</i>
H4	<i>Firm sales strategy increases firm market performance</i>	<i>direct</i>
H5	<i>Firm customer segmentation increases salesperson performance</i>	<i>direct</i>
H6	Firm customer prioritization increases salesperson performance	indirect
H7	Firm selling models increase salesperson performance	indirect
H8	Firm customer segmentation increases salesperson value-based selling	indirect
H9	Firm customer prioritization increases salesperson value-based selling	indirect
H10	Firm selling models strengthen the relationship between salesperson customer orientation and salesperson performance	indirect

As Table 7 summarizes, the impacts sales strategy has on sales performance on salesman level is in most cases indirect and depends on customer orientation and value-based selling efforts of individuals. Terho et al. (2015) recommended that management acknowledges the availability of different selling models in a sales organization as they play a central role in turning general customer orientation into effective customer-centric selling approach. Second, Terho et al's study pointed the importance of customer prioritization when emphasizing the effectiveness of value based-selling with selected high-potential customers. Third, the importance of customer segmentation was addressed. Segmentation was the only dimension of sales strategy that was found to have a direct impact on both market and salesperson performance. Thus, from the managerial point of view, it is demonstrated that investments in sales strategy and its implementation do pay off in terms of improved sales performance.

To summarize, (a) the sales process is about implementing sales strategy, (b) due to service logic, sales is to be considered sales as strategic, cross-functional process, where the focus is on customer value, and (c) sales strategy and its effective implementation result better sales performance.

4.2 Enhancing Customer Acquisition Process

In project management, the invitation to a tender has traditionally acted as a starting point for actions towards a particular project. This buying procedure places the suppliers in an unfavorable position as the supplier has very limited influence on continuity and terms. Therefore, this section discusses the means to enhance customer acquisition process and define possible ways to get beyond competitive bidding and connect customers in the stages prior to the invitation to a tender. The first part studies how project marketing evolves from project managing. The second part enlightens the importance of relationships and presents some principles of relationship marketing. The third part discusses the importance of customer references in terms of customer reference marketing.

4.2.1 From Project Managing to Project Marketing

Experience in project business industry has shown that if a firm takes interest only when a tender is published, it has a very little chance to be awarded with a project (Cova et al., 2002: 34). One aspiration to get a better grip on the project business is to expand the vision from project management to project marketing. In order to better explain the nature of project marketing, Table 8 below compares project management and project marketing by comparing the six key project disciplines.

Table 8. A comparison between project management and project marketing (Cova and Salle, 2005: 358).

DISCIPLINE	PROJECT MANAGEMENT	PROJECT MARKETING
The project	Temporary organization	Transaction
Characteristics of projects	Specific time frame and objectives	Discontinuity between one project and another
Project origin	Mostly given	Given or jointly constructed
Project cycle	Begins with request for proposal	Begins outside any project opportunity
Focus of the approach	Resources are dedicated to enhance the relationship inside one project	Resources are dedicated to maintain the relationship between two projects
Stakeholders	Internal and external actors that can have positive or detrimental effect on the project's development	Relationships between business and non-business actors in the milieu embedding the project

As described in Table 8, in project management, the project is defined by a temporary organization and it is characterized by a limited time schedule and other set project objectives. In project management, the project starts from request for proposal, which means that the project origin is mostly given. The resources allocated to the project manage the relations within the project, and also the stakeholders are evaluated from the point of view of the ongoing project. Unlike project management, project marketing understands the project as a transaction, interaction between the supplier and the customer (Cova and Holstius, 1993: 111), which is characterized by discontinuity. Projects begin before bidding process, outside any project opportunity. Therefore, a firm can influence project origin and jointly construct projects with the customer. In addition, relationships and stakeholders are also understood existing outside any projects. As Cova and Salle (2005) define project marketing:

Set of processes enabling suppliers selling projects-to-order to identify customer projects long before the invitation to tender, in order to better prepare for them (Cova and Salle, 2005: 356).

Thus, project management and project markets view project business from a different angles. Project management only deals with the current project, while project marketing offers ways to go beyond project management, to search future prospects.

Project characteristics and project cycle in Table 8 give a glimpse of a conceptual time frame for project marketing. This can be described using a simple three stage model. This model is described in Figure 13 below.

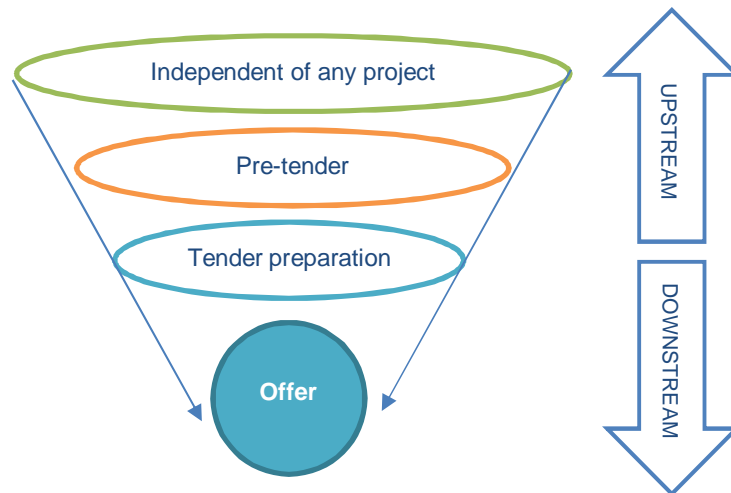


Figure 13. Three stages for efficient project marketing (Cova et al., 2002: 34) and directions to extend the offering (Jalkala et al., 2010: 129).

As described in Figure 13, the earlier stage the firm detects the project, the better it can get prepared and increase its chances to get the project. In *independent of any project* stage, the project does not exist. In *pre-tender* stage, the company has detected the project but the tender is not opened for bidding. In *tender preparation* stage, the project officially exists and it is opened for bidding. (Cova et al. 2002). In addition, project suppliers can extend their offering to upstream or downstream or dual upstream-downstream. Firms can move further upstream by designing and planning the project together with the customer. On the other hand, firms can offer financing or operating and maintenance services and thus extend their services downstream. (Jalkala et al. 2010:129). Both early involvement with project stakeholders and extended project offering increase potential projects in sales funnel through increased touchpoints with potential customers.

The project buying process depends largely on industry and the individual process. Still, in order to better understand the long and complex buying process in project business, Cova and Holstius (1993) have presented a detailed model utilizing a general project procurement process that takes into account both sellers' side and buyer's side. This model is described in Figure 14 below.

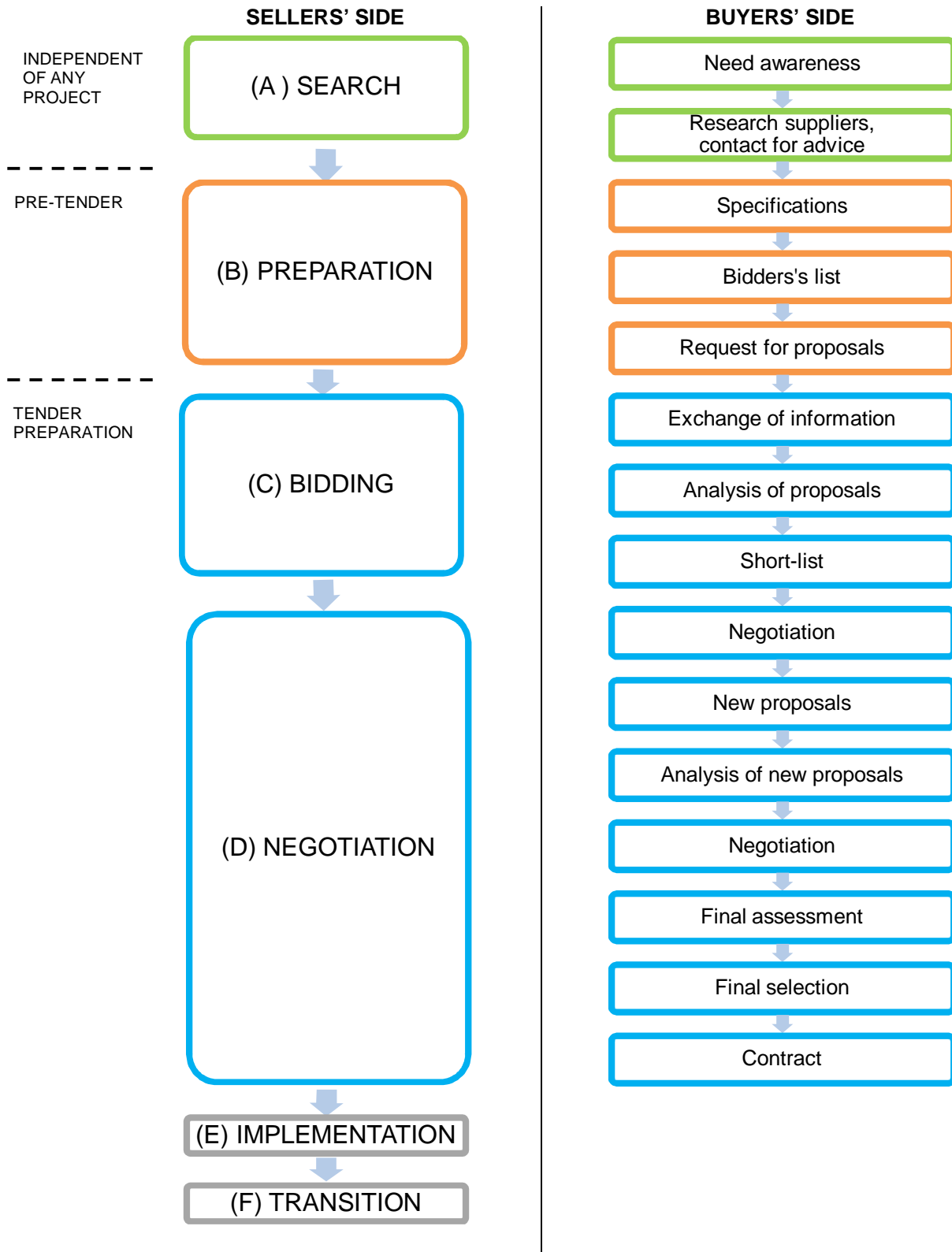


Figure 14. General model of the project marketing cycle (Cova and Holstius, 1993: 111)

Figure 14 describes the transactions between buyer and seller during the project buying process. According to Cova and Holstius (1993), the project marketing is a dynamic cycle

that involves numerous buyer-seller transactions, where the aim is to match demands and offers. In (a) search stage, the buyer contacts for advice from potential suppliers, which requires that the buyer is aware of suppliers operating in the market. In (b) preparation stage, the buyer creates list of approved suppliers, which requires that suppliers are able to fulfil the buyer specifications. Such specifications may include supplier's turnover, personnel but also technical expertise and references, depending on the project. In (c) bidding stage, the buyer utilizes a shortlist of efficient supplier that are included in bidders list. Finally in (d) negotiation stage, the buyer makes the final selection of partner supplier based on the outcome of the negotiations.

Due to numerous transactions between buyer and seller, in addition to technical details and iron triangle of time, cost and quality, project marketing emphasizes the role of customer relationships in project business. According to Skaates et al. (2002), the relationships between supplier and customer are important in all stages of the project delivery: before, during and after. Cova and Salle (2005) discuss relationships as relationship dimensions. The three dimensions of relationships in product marketing is presented in Figure 15 below.

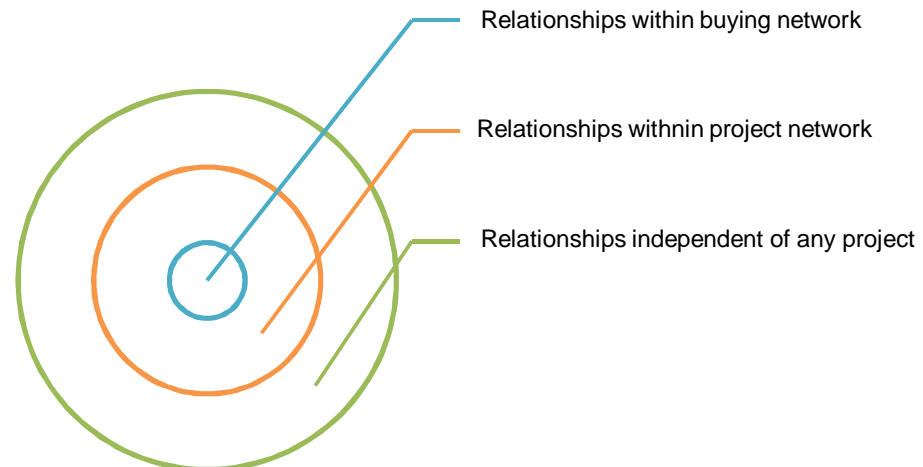


Figure 15. Three dimension of relationships (Cova and Salle, 2005).

According to Figure 15, the first relationship dimension is networks and relationships related to an individual project. The second relationship dimension is networks and relationships in and around the customer and the third relationship dimension is networks and relationships *independent of any project*, also called as milieu. (Cova and Salle, 2005: 357). The project marketing approach suggests that suppliers should concentrate on managing relationships in these three dimensions. Continuity in relationships can be

achieved by creating purely social episodes between projects, creating episodes of commercial nature in for of complementary services or training of through a key account approach (Cova et al., 2002: 43). Thus, relationships are about gaining continuity and improving predictability through continuous transactions with customers and potential customers.

Haimala (2008) suggests that supplier's position in project marketing network depends on six dimensions. The functional dimension represents the solution. The experience dimension represents the supplier's experience in both the industry and solution. The relationship dimension represents suppliers' relationship with the buyer. The identity dimension represents the suppliers' identity in the business. The personal supplier dimension represents supplier's individual actors, and respectively the personal buyer dimension represents buyer's individual actors. The importance of these dimensions varies depending on stage of the product marketing process. (Haimala, 2008: 214). Furthermore, Jalkala et al. (2010) states that enhanced customer orientation requires developing better understanding of what constructs customer value in project context, reminding that due to the complexity of business and several stakeholders involved, the customer's view of the value creation logic may differ from the project supplier's view. Thus understanding customer values help the supplier to better relate customer expectations in each dimension.

The elements of project marketing can be formulated as a project marketing process. As Cova et al. (2002) have described, the strategy level of project marketing process is used to define the market segments, to prioritize customers and to determine the framework of what kind of projects the firm can offer. The stage *independent of any project* distinguishes functional development, technological scanning, and relational development, marketing scanning. During the *pre-tender* stage the firm has already detected a potential project and it chooses to have either a deterministic or constructivist approach to the potential project, or it decides to pass the project without offering. *Tender preparation* stage resembles bidding process. This process is described in Figure 16 below.

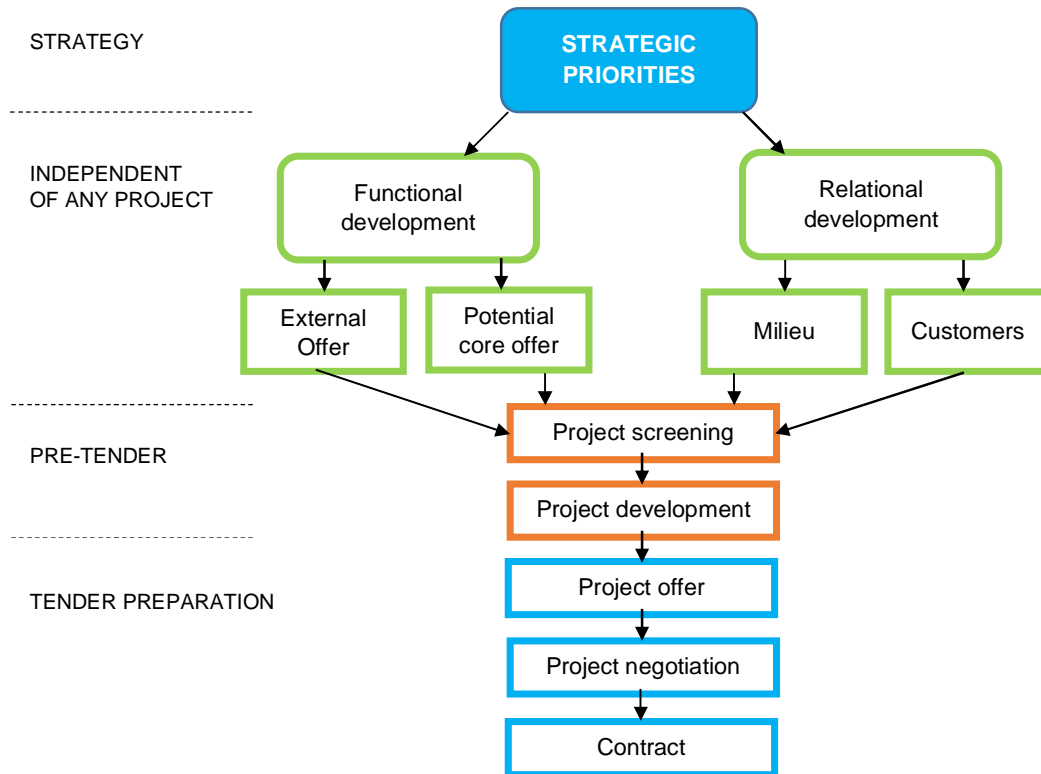


Figure 16. The project marketing process

As Figure 16 shows, project marketing process offers a simplified framework from strategy down to contract signing. The model emphasizes the importance of both the functional dimension (technology) as well as the relational dimension (market and customers) in an early stage.

Finally, when thinking about success factors in project business, Jalkala et al (2010) list factors like active involvement in early stages of project definition, ability to manage the internal and external stakeholders of the project and its surroundings, the importance of defining the link between sales and marketing and finally the ability to learn from experience and the firms' ability to develop their behavior accordingly (Jalkala et al., 2010:135). This sums up the essentials of project marketing as well. Project marketing aims to improve early involvement, it emphasizes the importance of relationships in addition to functional, technology aspects. Finally, due to often unique projects and dynamic nature of project business, it is important to be able to constantly learn and improve.

4.2.2 From Marketing to Managing Relationships

As project marketing emphasizes the importance of customer relationships, it makes sense to get some more information about relationship marketing, too. Figure 17 below describes the basic principles of relationship marketing as Berry presented them already in 1983.

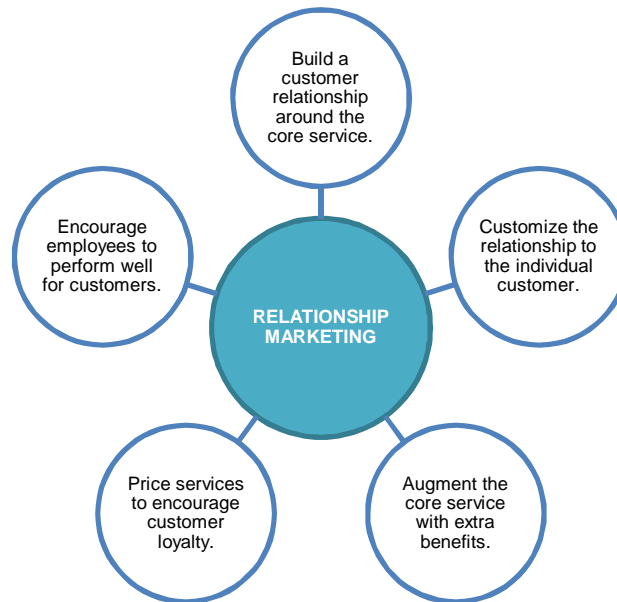


Figure 17. Relationship marketing (Berry 1983).

As Figure 17 describes, in relationship marketing, customer is at the core of every function in the firm. The core service, its pricing and customer service, all are built emphasizing customer relationship and customer loyalty.

Relationship marketing considers as its key aspects getting customers and creating mutually beneficial transactions with them and additionally also maintaining and enhancing on-going relationships. Relationship marketing states that profitable business relies on company's ability to build trust on itself and its performance as well as ability to establish itself as an attractive business partner through effective promise management. (Grönroos 1999).

Grönroos's definition of the organizational cornerstones for relationship marketing is summarized in Table 9 below.

Table 9. Organizational cornerstones for relationship marketing (Grönroos, 1999).

DISCIPLINES	PROJECT MANAGEMENT
Cornerstone 1	Relationship marketing is a cross-functional approach.
Cornerstone 2	Relation marketing affects total service offering.
Cornerstone 3	Relationship marketing requires organization-wide marketing consciousness.
Cornerstone 4	Relationship marketing requires performing in a customer-oriented manner.
Cornerstone 5	Relationship marketing is implemented using a relationship plan instead of a marketing plan.
Cornerstone 6	In relationship marketing, the decisions related to customer selection and service level must be based on individual customer information.
Cornerstone 7	In relationship marketing, the customers are managed through real customer information obtained from customers and employees who work with the customers.
Cornerstone 8	Instead of marketing, relationship marketing may be adequate to call as relationship management.

As seen from Table 9, Grönroos (1999) emphasizes marketing as a way how the firm manages its market relationships. The relationship approach and customer centricity is visible in all aspects of the firm operations. The relationship approach includes also internal operations as firm is encouraged to create an internal marketing process to ensure its personnel understand how to operate in a customer-orientated way.

Under the umbrella of relationship management there is a lot of interesting focus areas. Berry (1995) considers relationship marketing very current approach and an attractive choice in service marketing as it emphasizes the importance of trust. He notified that due to services' intangible nature, trust is ever so important element to support marketing and sales. Storbacka et al. (1994) has studied customer relationship profitability noticing a dynamic relationship between service quality, customer satisfaction, relationship strength, relationship longevity and relationship profitability. In addition, Storbacka also studied how customers can be segmented based on their profitability (Storbacka, 1997). Some of these elements in relationship marketing can also provide support when realizing relationship dimension in project marketing.

4.2.3 From References to Super-References

The use of customer references is a common practice in business marketing and especially in project business their role is crucially important. The references are recognized

as a tool reducing the perceived risk of a potential customer (Salminen and Möller, 2006). Jalkala and Salminen (2010) list the functions of customer reference marketing. The functions are described in Figure 18 below.

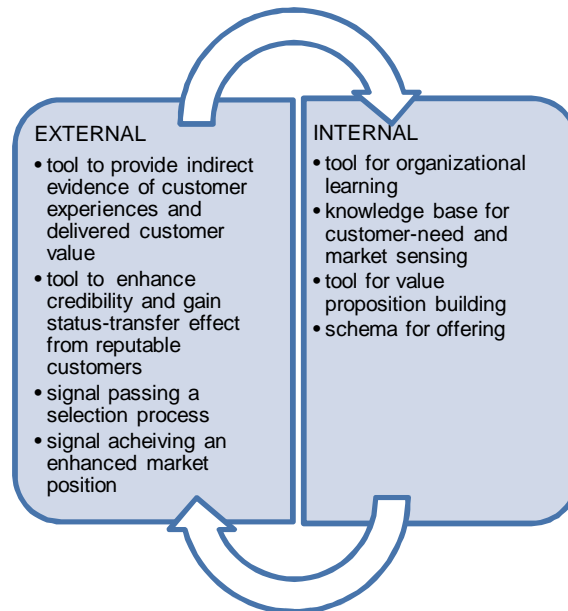


Figure 18. Customer reference marketing is used in both external and internal marketing (Jalkala and Salminen, 2010).

As seen from Figure 18, customer references are defined as intangible customer-based marketing assets consisting of customer relationships and related value-creation activities, which can be leveraged externally or internally to marketing activities (Jalkala and Salminen, 2010). The references are extremely important to firms that operate in business markets that are defined by high perceived risk from the perspective of a potential buyer (Jalkala and Salminen, 2010), or when launching a new technology or application (Jalkala et al, 2010). Establishing extremely influential customer relationships work as a “super reference” that may have a high influence on winning new customers.

The latest studies (Terho and Jalkala, 2017) show that systematic introduction of customer references in sales and marketing has a positive effect on firm’s performance. Internal leveraging of references appears to be a better indicator of firm’s performance than external leveraging. Additionally, systematically built balanced portfolio of references works as a competitive advantage as it enables firms to systematically leverage references in business in a way that competition cannot imitate easily.

In project business, references are required in order to gain access to the list of approved suppliers. Development towards super-references opens up new possibilities to be notified as potential supplier already in a project marketing stage *independent of any project*. They also reinforce the firms' image as an efficient supplier.

To summarize, (a) project marketing enables better control and improved predictability of project business by shifting the firm's focus towards earlier stages of project development. (b) Project marketing emphasizes relationship dimension, where principles of customer centricity of relationship marketing come into use. (c) Customer reference marketing provides support in efficient utilization of customer references in project marketing.

4.3 Defining and Analyzing Business Environment

In order to success in project business, it is important to recognize and manage all relevant stakeholders in business environment. Knowing stakeholders and connecting with them as early as possible is a significant cornerstone in customer acquisition process. Therefore, this section studies in its first part how stakeholders can be identified and analyzed. The second part suggest means to influence stakeholders. The third part describes how a network of stakeholders can be managed.

4.3.1 Identifying and Influencing Stakeholders

The most commonly used definition of stakeholders is the formulation Freeman (1984) used stating that stakeholders are any group or individual who can affect, or is affected by, the achievements of a corporation. The most common stakeholder groups to consider are shareholders, customers, suppliers and distributors, employees and local communities (Friedman and Miles, 2006: 13). Mitchell et al. (1997) reinforced the picture by presenting three main stakeholder attributes, power, legitimacy and urgency. This stakeholder typology is presented in Figure 19 below.

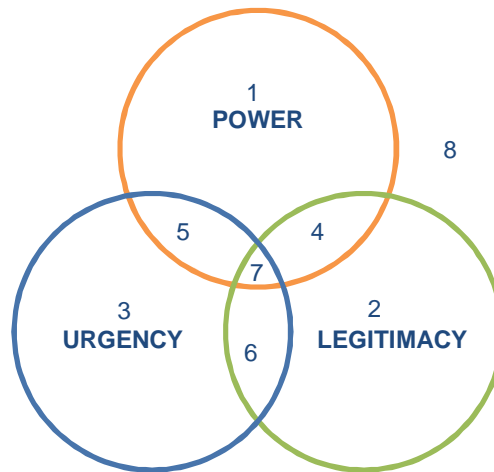


Figure 19. Stakeholder typology (Mitchell et al. 1997)

Table 10 below explains the stakeholder types shown in Figure 19 based on the stakeholder typology.

Table 10. Different stakeholder types (Mitchell et al., 1997).

NRO	STAKEHOLDER TYPE	ATTRIBUTE PRESENCE
1	Dormant stakeholder	Possesses power, but does not have a legitimate relationship or an urgent claim, so their power remains unused.
2	Discretionary stakeholder	Possesses the attribute of legitimacy but they do not have power to influence and no urgent claims.
3	Demanding stakeholder	Possesses urgency but not power not legitimacy.
4	Dominant stakeholder	Possesses power and legitimacy but no urgency.
5	Dangerous stakeholder	Possesses power and urgency but no legitimacy.
6	Dependent stakeholder	Possesses urgency and legitimacy but no power.
7	Definitive stakeholder	Possesses all attributes, power, urgency and legitimacy.
8	Non-stakeholder	Does not possess any attributes.

As summarized in Figure 19 and Table 11, Mitchell et al. (1997) define stakeholders based on the presence of power attributes. Stakeholders 1, 2 and 3 are considered latent stakeholders. Their stakeholder saliency is considered low as only once power attribute is present. Stakeholders 4, 5 and 6 are expectant stakeholders and their stakeholder

salience is considered moderate as two power attributes are presents. Definitive stakeholder is considered to have a high saliency as all the attributes, power, legitimacy and urgency, are present.

To influence stakeholders, Freeman (1984) presented a generic stakeholder strategy model that is based on examining the relative competitive threat and relative cooperative potential. This model is described in Figure 20 below.

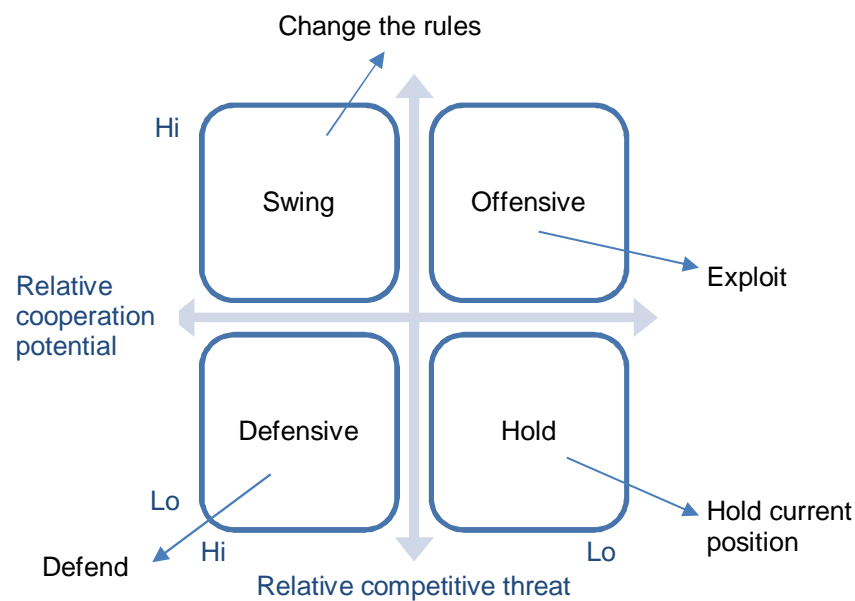


Figure 20. Generic stakeholder strategies (Freeman, 1984).

As seen in Figure 20, according to the Freeman (1984) model, offensive strategies are to be chosen when a stakeholder has high cooperative potential and low threat. Offensive strategies aim to change the stakeholder's perception favorable towards the firm. Defensive strategies apply if a stakeholder has high competitive threat and low cooperative potential. Strategies aim to defend position. Swing strategies apply stakeholders with high cooperation potential and high competitive threat and aim to influence the rules, such as decision forum, what decisions are made or transaction process. Hold strategies are used to hold current positions for stakeholder groups that have low competitive threat and cooperation potential.

Rowley (1997) combined network theory with stakeholder theory and claimed that instead of answering individual stakeholder claims, firms must answer simultaneous demands of multiple stakeholders. Rowley and Moldovenau (2003) have presented also a

model when stakeholder groups act. Frooman (1999) presented strategies how stakeholders can influence firm decision making. The model is presented in Figure 21 below.

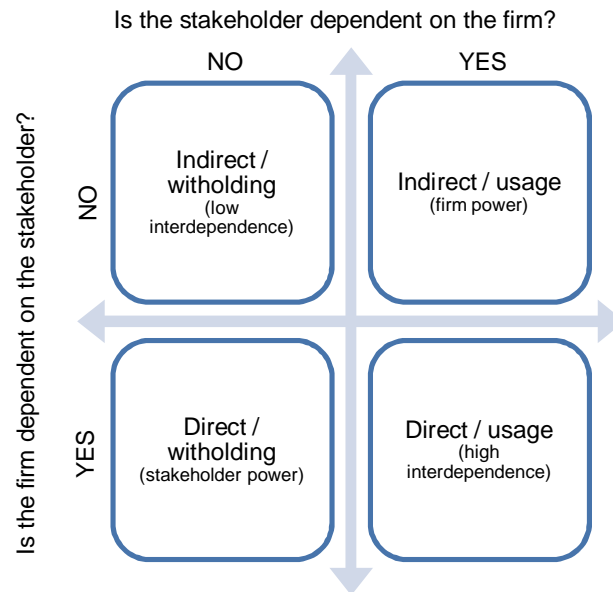


Figure 21. Influence strategies (Frooman, 1999).

According to Frooman (1999) model described in Figure 21, the balance of power between the firm's dependency on stakeholder and the stakeholder's dependency on the firm defines the influence strategy. Understanding the model helps the firm to interpret stakeholders and their attempts to influence the firm's decision making.

Thus, a general stakeholder model is a simple starting point to define project stakeholders, which can be easily processed further by classifying stakeholders based on their power, legitimacy and urgency. Stakeholder strategies offer principles to influence stakeholders and also help to understand how stakeholders attempt to influence the firm. Both strategies are very useful when managing the stakeholders.

4.3.2 Network of Stakeholders

In order that companies involved in project business are able to make appropriate decisions, they have to be able to understand the relationships between the different stakeholders. Håkansson and Snehota (1995) analyzed business relationships through introducing exchanges as a network of relationships and "markets as networks". Cova et al. (1997) expanded definition towards economic space and defined the network of business and non-business actors as milieu. According to Cova et al. (1996), milieu is

“a socio-spatial entity, geographically bound, in which business and non-business actors are intertwined, and share a common representation of business and a set of tacit rules – the law of milieu.” (Cova et al. 1996)

Milieus can be analyzed using sociograms as drawing is often the best way to describe the actors and their relationships. A model for analyzing milieu is described in Figure 22 below.

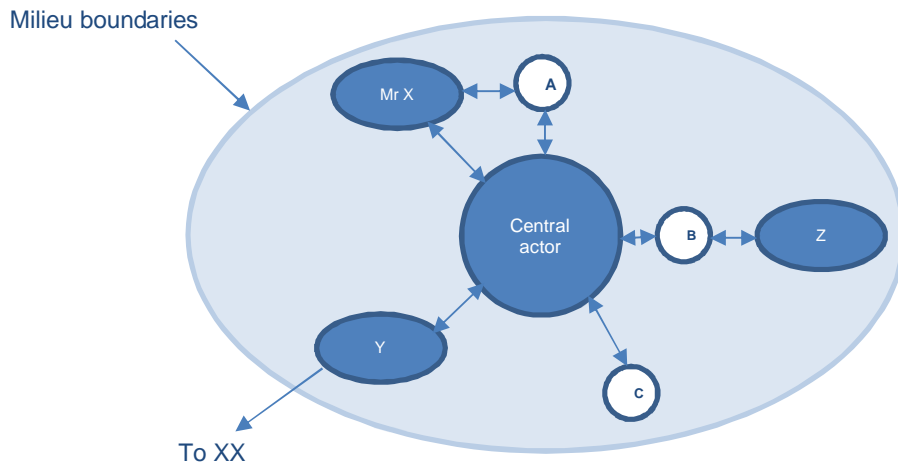


Figure 22. A sociogram model for analyzing milieu (Cova et al., 2002).

The sociogram model shown in Figure 24 displays all business and non-business actors related to an action in a clearly defined territory. Even though the milieu describes certain geographical area, the actors may have relationships outside the geographical borders of the milieu. The central actors are those who are in close contact with other actors of the milieu. The mapping should be based on expert interviews.

The actors in the milieu can be approached further using an actors portfolio matrix that is described in Figure 23 below.

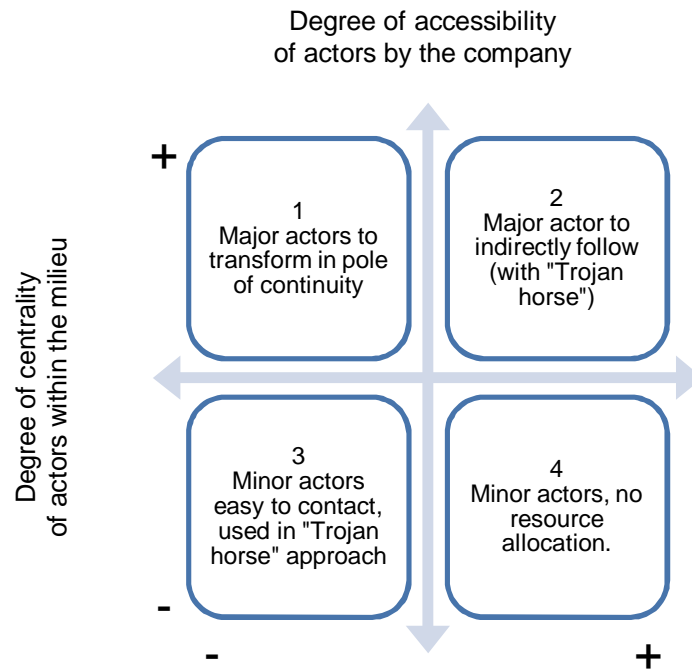


Figure 23. Actors portfolio matrix (Cova et al. 2002).

The actors portfolio matrix defined in Figure 23 helps to define specific actions within milieu. Actors in box 1 are allies and potential partners that imply the firm of existence of projects in a milieu. The firm targets its marketing to these actors and aim to transform them as connectors between the firm and their potential customer. Actors in box 2 play key role in the milieu but as the firm cannot reach them directly, they have to be reached indirectly using a "Trojan horse". Actors in box 3 are minor actors easy to reach and usable as "Trojan horses".

To summarize, (a) stakeholder models can be used as a tools to define project stakeholders and (b) stakeholder strategies support stakeholder management by offering principles to interpret and influence stakeholders. (c) To get the big picture, instead of individual stakeholders the companies need to understand and analyze relationships in a network of stakeholders, referred as milieu.

4.4 Conceptual Framework for Enhancing the Customer Acquisition Process

This sub-section summarizes the most important contents discussed in Section 4 and merges the relevant elements into the CF for building the new customer acquisition process. This forms the core of the CF, which can be seen in Figure 24 below.

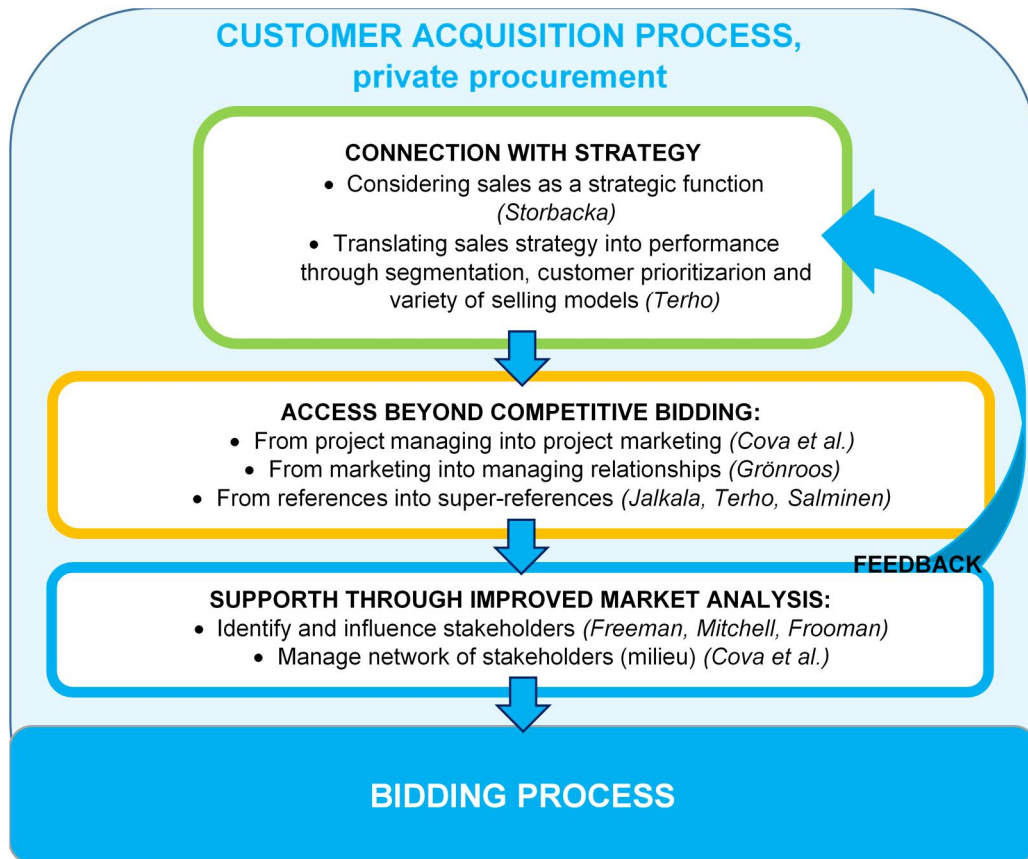


Figure 24. CF of this thesis.

As described in Figure 24, the CF first points to the foundations for connecting the strategy to the customer acquisition process. Based on Storbacka (2009), the focus on sales has transformed from selling products and services into customer value, which requires more process-like, strategic and cross-functional approach to sales. It is also proved that successful implementation of sales strategy plays an important role (Sterling, 2003) providing a source of competitive advantage in business markets (Panagapoulos and Avlonitis, 2010). Terho et al (2015) explains how sales strategy can be translated into sales performance. It is demonstrated that strategy implementation has both direct and

indirect effect on performance, but promotion of different selling models, customer prioritization and customer segmentation is found effecting the performance most. From an individual sales person level the importance of value-based selling is also underlined.

The second part of the CF concentrates on enhancing customer acquisition process, Cova and Salle (2005) present project marketing as a method to improve predictability and better manage discontinuity between the projects. They emphasize the importance of creating long-term customer relationship, including also stages *independent of any project*. Cova and Holstius (1993) present a project marketing cycle, which together with Haimala's (2008) idea of changing dimensions that define the suppliers position in project marketing network complete a picture of dynamic sales funnel. Grönroos's (1999) ideas about relationship marketing supplement customer acquisition further as he views relationship marketing as a way how a firm manages its market relationships and a way to build trust on the firm and establish a position as an attractive business partner. In project business also references play a significant role. References are considered as a tool to enhance credibility and reduce perceived risk of a potential customer. Jalkala et al (2010) describes influential customer references as "super references" that can be used as an effective tool to gain new customers. Terho and Jalkala (2017) suggest systematically leveraged references also as a method to differentiate.

The third part of CF discusses about stakeholders. In order to succeed in business, it is important to recognize who are the right parties to do business with. This is increasingly important in project business where projects involve vast amount of different stakeholders and each project is realized with different group of stakeholders. Freeman (1984) presents an idea of stakeholders and their significance to a firm, and Mitchell et al. (1997) supplements the stakeholder typology, a model to analyze stakeholders based on three attributes, power, urgency and legitimacy. Freeman's (1984) and Frooman's (1999) stakeholder strategies support stakeholder management by offering principles to interpret and influence stakeholders. Cova et al. (2002) emphasizes firm's need to understand and analyze relationships in a network of stakeholders, referred as milieu. In addition, as Grönroos (1999) suggested, the company decision should be based on real customer data that is achieved directly from its customers. Therefore, a direct link from stakeholders to sales strategy level is suggested.

Based on this theoretical foundation, the study continues building a proposal how the case company's customer acquisition process should be developed in Section 5 below.

5 Building a Proposal on Customer Acquisition Process

This section uses the findings of the CSA (section 3.5) and the CF (section (4.5) to build a proposal for customer acquisition process development for the case company. The first part provides a brief overview about the proposal building stage. The second part presents the development needs for the customer acquisition process that the case company has identified. The third and fourth parts consider selected improvement areas, strategy connection enhancement and how to strengthen the process in order to improve its yield and predictability. In the fifth part the elements are summarized and a proposal draft for enhanced customer acquisition process is presented.

5.1 Overview of the Proposal Building Stage

The proposal building is based on the results of the CSA (Data 1), suggestions identified from the relevant literature and merged into CF of this study, and a new data collection round (Data 2) focused specifically on collecting stakeholder insights into the proposed improvements.

First, the findings of the CSA (Data 1) shape the direction for proposal building. The CSA analysis revealed that as the case company has vast experience in bidding process and public procurement, the development work should focus on customer acquisition process in private procurement projects. Among the CSA findings, three development areas were identified: (1a) there is a need to create guidelines how sales and strategy are connected, (1b) there is a need to enhance a structured customer acquisition process, and (1c) there is a need to define ways how to support stakeholder management.

Based on the selected development areas, literature for the best practices was chosen in order to create a CF. Accordingly, the CF refers to (2a) sales to be considered as a strategic process. It advises (2b) translating sales strategy into performance by utilizing clear segmentation, customer prioritization and variety of selling models that support value-based selling. To reinforce customer acquisition process, (2c) project marketing process is introduced. The model is supplemented with (2d) relationship marketing in order to enhance relationship dimension, and (2e) customer reference marketing to emphasize the importance of customer references when establishing position as a credible

supplier. (2f) Stakeholder theories were also studied. It was also noted that sales organization should give feedback to strategy building based on up-to-date information from stakeholders.

After that, the proposal building stage of this study was conducted first by combining the results of CSA and CF. Second, the results were presented to the case company stakeholders listed in Table 1, who were then asked to present their views related to sales process development in a workshop. The feedback from the stakeholders formed Data 2 in this study. Third, the topics included into the proposal were selected based on their relevance to the customer acquisition process.

5.2 Development Needs for the Current Customer Acquisition Process

In order to draft the initial proposal for the enhanced customer acquisition process description, this study conducted a workshop with company stakeholders involved in sales. The feedback and information received in the workshop forms Data 2 of this study. The participants of the workshop were the same respondents as in CSA stage (Data 1 collection). Table 11 below summarizes the key topics covered in the workshop.

Table 11. Key stakeholder suggestions for proposal building (Data 2) in relation to the findings from the CSA (Data 1) and the key elements CF.

	KEY FOCUS AREA based on CSA (Data 1) or/and CF	SUGGESTIONS FROM STAKEHOLDERS categorized into groups (Data 2)	DESCRIPTION OF THE SUGGESTION
1	Connection with strategy / business segments and customer prioritization	Criteria for customer prioritization needs development.	The respondents agreed that agreeing common criteria for customer prioritization would streamline sales, including bidding process.
2	Definition and utilization of customer acquisition process	a) Managing uneven demand.	The case company's business is very cyclical. The amount of projects in bidding stage is beyond control, which makes also resource planning difficult.
		b) Extended offering developed together with supply chain development.	Criteria for offering and project prioritization needs to be refined considering what is economical for end customer, too.
		c) Route to negotiation contracts and alliance projects.	The respondents described how the case company has achieved some negotiating contracts by utilizing relationships and references.

3	Stakeholder management	a) Understanding the potential in milieu.	The respondents recognize the participants in milieu but they do not agree with their potential in sales. Communication plan with the milieu should be developed.
		b) The returning customer rate should be increased.	Respondent 1 pointed out that the case company is missing a systematic customer management after project delivery. He suggested that this may partially explain a low rate of returning customers in some business segments.
4	Reference marketing / good references	Work well done is considered the best marketing.	Reference lists are required in order to access supplier lists. The respondents agreed that customer reference cases help to build company reputation as a reliable contractor and suggest that each project should be converted into a reference case.
5	Value-based selling, customer values	Value profiles of each customer segment should be determined.	Respondent 1 suggested that determining common values of customers as well as what kind of value customers are prepared to pay could provide important guidelines for sales.

Listed as a first key focus area in Table 11, the respondents emphasized the importance of strategy connection. The respondents considered that a database that lists customers according to business segments is a critical tool for sales. In addition the respondents wished a clear criteria for customer prioritization. The case company's vast experience in repair construction business should be utilized when building the criterion. As Respondent 2 commented:

Experience has shown that certain consultants and incomplete project plans are just a waste of time. We are only used to provide a cost estimate for a project that is then acquired from another contractor. Therefore, it is equally important to know what *not to offer* in addition to what to offer. (Respondent 2)

The respondents agreed that clear criteria in customer prioritization would help the case company to prioritize projects and aim limited resources in sales towards more profitable projects. The CF of this study supports the respondents' suggestion of customer prioritization.

The second key focus area in Table 11 covers issues related to definition and utilization of customer acquisition, listing uneven demand, extended offering and access to negotiation contracts and alliance projects.

Presently, uneven demand is most clearly visible in the business segments of respondents 2 and 3. They both manage repair construction projects that are typically delivered

during summer months. As a result, all projects are offered at the same time, without a possibility to plan resourcing, as Respondent 2's example shows:

This week I've already given an offer for one project and there are three more projects to offer before the end of the week. If I promise to offer, I just have to -- You hope that you would get one project. It's a bad situation if you do not get any project at all, but it's also bad if you get contracts for three projects, all of which are offered with the same site organization. (Respondent 2)

Additionally, Respondent 3 pointed out that the case company should have a clear understanding what projects are economical and what are the cases where supplier chain is too long for economical solution. He considered that the case company could benefit expanding the case company offering upstream (prior project delivery) and take more responsibility for design management. Instead, extending the offering towards individual specialty works, mentioning challenging facade cladding as an example, extends the subcontractor chain too much. He learned this in practice:

I was wondering why we could not get much calls for bids in facade cladding projects from housing cooperatives. After offering some projects, it turned out the housing cooperatives knew what they were buying. Due to too long supply chain our offers were way too expensive in such projects. (Respondent 3)

Based on his experience, Respondent 3 suggested that expanding the offering should be therefore done in close cooperation with supply chain development.

When considering how to develop a route to negotiation contracts and alliance projects, the respondents described how the case company had in the past achieved some negotiating contracts by utilizing relationships and references. Still, entering such projects were easily seen as coincidences rather than planned results of marketing.

Thus, how to manage uneven demand, possibilities and pitfalls of extended offering and develop a route to negotiation contracts and alliance projects are all issues where the CF of this study suggests extending customer acquisition towards project marketing.

The third key focus area summarized in Table 11 covers stakeholder management in the case company. The respondents recognize the participants in milieu, but they do not agree with their potential in sales. On the contrary, professional purchasing and consultants are even seen as a sales barrier, as Respondent 1 stated:

Majority of the [publicly listed] companies have a purchasing strategy, which obliges them to arrange bidding competition of purchases [including projects] costing more than 10 000 €. It is therefore very difficult to reach out to the end customer without a consultant in the middle. [Respondent 1]

Based on the comment, it appears that the understanding of the importance of milieu is constrained by the complexity and long development time of the projects. Also, due to the nature of milieu, the results may often be indirect. Nevertheless, Respondent 4 suggested that certain milieu members, stakeholders involved in project design, should be included in mailing lists in order to improve visibility and credibility in the market.

In addition, during the CSA interview, Respondent 1 mentioned his concerns that customer management is not systematic after projects end. He raised this issue on table also during the proposal building workshop suggesting it as a topic for a development project. The customer relationship management is an important issue, but due to the scope of this study, it has to be considered as a future development issue.

The fourth key focus area mentioned in Table 11 is reference marketing. Marketing suffers a bad reputation in the case company, even to an extent that Respondent 1 suggested giving up marketing:

Maybe we should go to anti-marketing and consider experimenting if marketing is reduced would sales rise. (Respondent 1)

Nevertheless, the respondents agreed with one voice that keeping promises and delivering good quality work as a best marketing. The respondents recommended that reference cases should be utilized more in marketing communication in order to strengthen the image as a reliable contractor. Also the CF of this study supports the importance of customer reference marketing stating that systematically built balanced portfolio of references works as a competitive advantage as it enables firms to systematically leverage references in business in a way that competition cannot imitate easily.

Finally, as the fifth key focus area listed in Table 11, Respondent 1 listed the customer values. He suggested that as a part of sales process development, the value profiles of each customer segment should be determined. According to Respondent 1 the determination of customers' values would help to analyze what is the value customers are prepared to pay and thus provide support in argumentation. Due to the scope of the study, also the value mapping has to be considered as a future development issue.

It should be noted that the respondents emphasized different aspects of the sales process development. Due to the complex nature of the topic, the respondents reached no unanimity in the workshop. Therefore the selection of customer acquisition process development areas was determined by combining the Data 1, CF and Data 2. In addition,

as a selection criteria used was that the chosen focus areas should support the outcome of the study, which is a process description of customer acquisition process. The chosen focus areas are described in Figure 25 below.

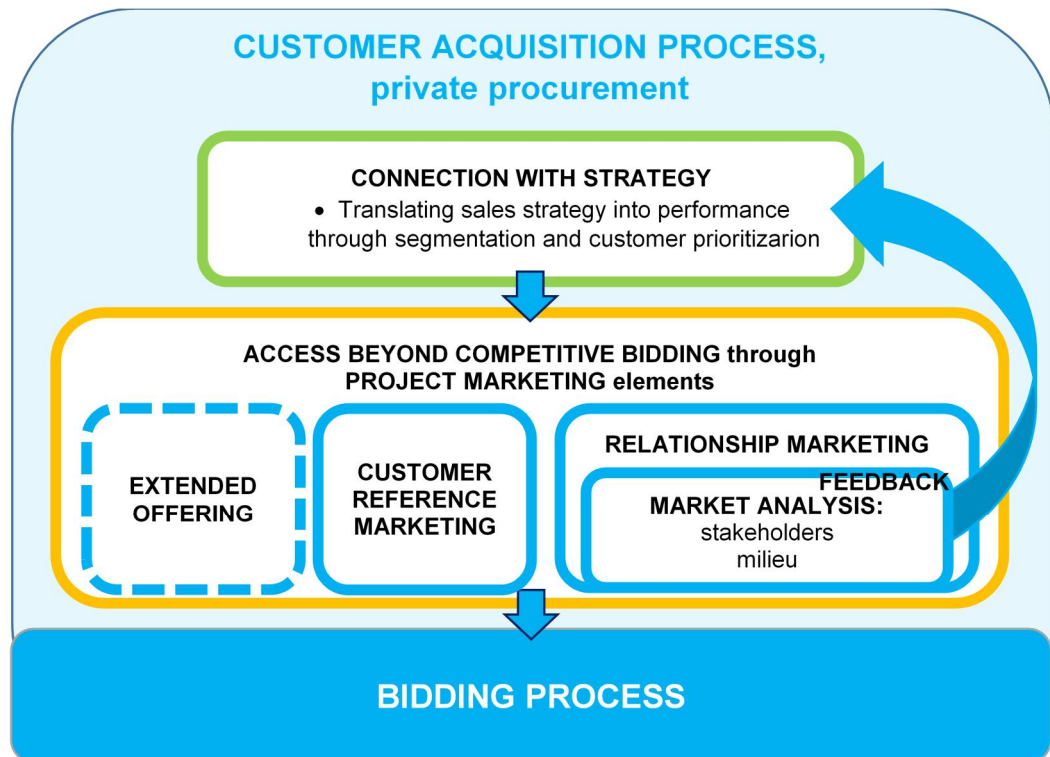


Figure 25. Chosen development areas for customer acquisition process based on synthesis of Data 1, CF and Data 2.

As Figure 27 summarizes, as the development areas for customer acquisition process, (a) enhancing sales strategy connection with focus on customer prioritization criteria to further supplement segmentation and (b) enhancing customer acquisition process with project marketing elements focusing on how to develop relationships and increase visibility through better stakeholder and milieu management and how to utilize references to create awareness and credibility. Additionally, also extended offering must be noted as a considered method to increase the case company's position in customer acquisition stage.

5.3 Enhancing Strategy Connection through Customer Prioritization

Sales strategy consists of decisions how a company relates and interacts with individual customers in a selected market segment. Therefore, the sales strategy should take a

direct stand on both segmentation and customer prioritization in order to make sales resources effective and productive. Customer prioritization has an indirect effect on salesperson's overall selling performance as well as salesperson's value-based selling. This is because prioritization releases sales resources from less productive work creating more time for value-creating jobs. Therefore, considering the scarce sales resources of the case company, it is logical that customer prioritization should be utilized as a part of sales strategy to supplement customer segmentation dimension.

During the Data 2 workshop, the respondents suggested a version of customer prioritization model. According to the suggestion, the customers in each segment should be roughly divided into categories (1) always make an offer, (2) offer if other demand is low and certain criteria related to the project itself or project plans are met, and (3) do not make an offer due to high risk. Based on experience and feedback from the respondents, the customer prioritization criteria is suggested to be based on customer risk assessment. The risk assessment should include topics of (a) customer segment, (b) customer itself and (c) demand.

In order to ensure that customers are managed through real customer information and customer prioritization is based on individual customer information, information should be obtained from customers and employees who work with the customers. This information can be achieved through improved stakeholder management, which is then linked back to strategy development.

Thus, the customer prioritization dimension based on customer risk assessment is proposed to be utilized in sales strategy definition to supplement customer segmentation dimension. The customer management must be based on real customer information that is achieved through stakeholder management.

5.4 Building Access beyond Bidding Process

Experience has shown that if a company takes interest on project only when a tender is published, its chances to be awarded with a project are small. At the moment the case company participates most projects only after the tender is published. Therefore, the probability that it is awarded a project is less than 10 %, as Respondent 4 revealed in Data 2 workshop. Additionally, the late engagement also leaves only a little time for plan-

ning resources. Therefore, in order to gain better predictability and improve yield in bidding process, finding means to get beyond tendering process and to gain access to projects prior *tender preparation* is advisable. One aspiration to gain this access is to expand the approach from project management into project marketing.

According to the general project process description, during *the independent of any project* stage, the buyers are looking for information what is available on the market, they research suppliers and also contact them for advice. This stage is followed by the *pre-tender* stage, where buyers are defining specifications, constructing the bidders' lists, lists of approved suppliers, and requests for proposals. After this stage, the tender is published and the *tender preparation* stage starts. The sales process in the case company should be constructed so that the customer acquisition process describes activities that take place during the *independent of any project* and *pre-tender* stages, and the bidding process covers the *tender preparation* stage.

First, in order to reply the buyers demand during the *independent of any project* stage, the case company needs to ensure its presence on a market. Additionally, the case company should also stand out from competition. In project business, project development from need awareness into tendering phase and further into contract phase will typically take a long time. Furthermore, in addition to the dimensions related to the offered solution and company reputation, also personal preferences of both the buyer and the seller are significant. Due to this, a customer centric relationship marketing that focuses on developing both individual customer relationships as well as relationships in business environment, milieu, may offer better results. According to the proposal, the investments in this long-term relationship development the *independent of any project* should be originated from the strategy level customer prioritization.

In addition to relationship development, the presence in the *independent of any project* stage should be strengthened by functional development. With the case company, functional development includes improved utilization of references. Based on suggestions from literature and best practice, the case company should systematically turn each project into a customer reference, allowing the customers can tell with their own voice about their experiences. The references should be utilized by the means of customer reference marketing to strengthen the image as a reliable contractor, specialist and a preferred partner.

Second, in the *pre-tender* stage, foundations built in the *independent of any project* stage should help the case company to be accepted as an approved supplier for future competitive biddings. Ideally, in this stage the case company has an understanding what kind of projects its potential customers are planning to open for bidding. Based on this forecast, the case company can undergo the preliminary risk analysis and resource planning. The company also has a moment to choose whether to have deterministic or constructivist approach to the potential project, or whether it decides to skip the whole project without offering. *Pre-tendering* stage is considered also as a stage for further project development in cooperation with the customer, which means potential to enter into negotiation contracts or alliance type cooperative projects.

As a summary, enhancing customer acquisition process with project marketing elements creates to the case company an access beyond the competitive bidding stage, improving predictability and enabling better resource planning. The access can be achieved by improving touch points with the milieu through relational and functional development. This development improves access to the approved supplier lists and creates a route to negotiation contracts and alliance projects through constructivist approach.

5.5 Initial Proposal for Customer Acquisition Process

Based on the development elements discussed above, a proposal for improved customer acquisition process was drafted. The initial process description is shown in Figure 26 below.

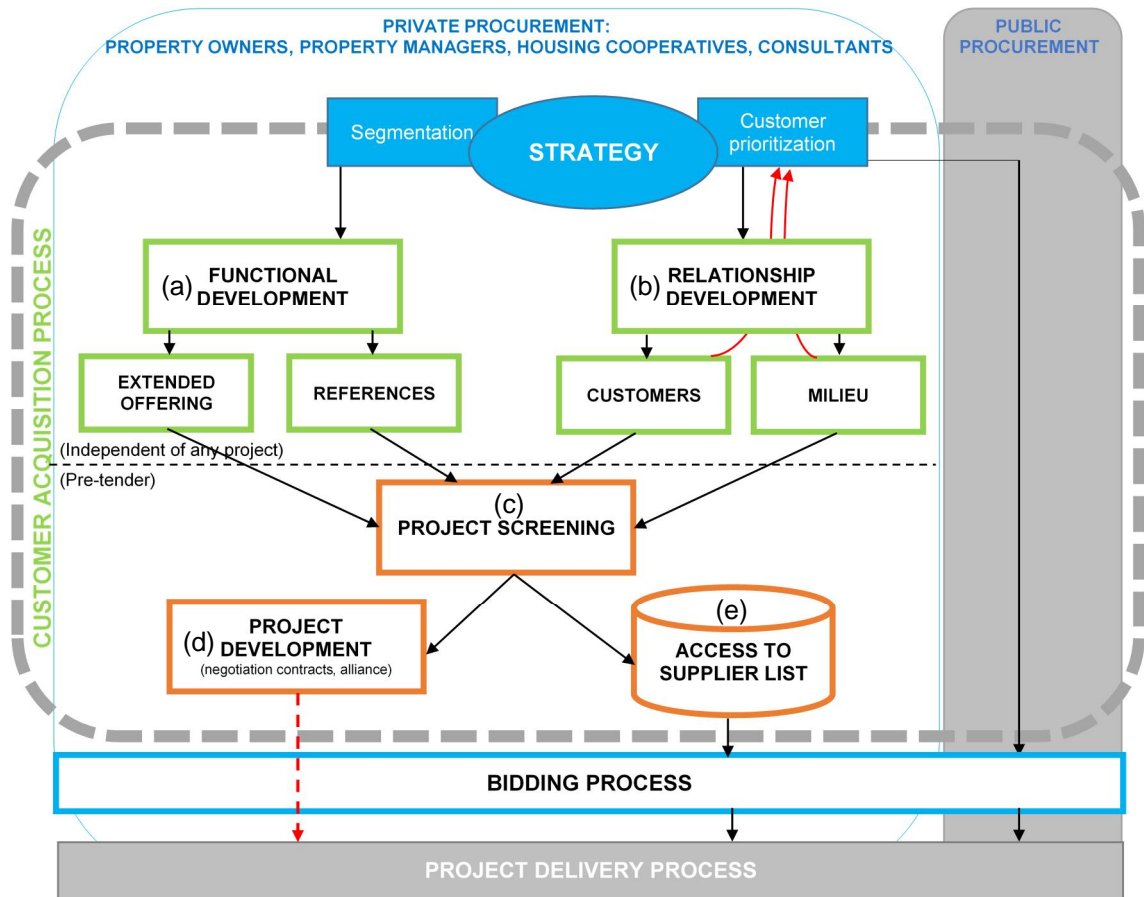


Figure 26. Initial proposal for the customer acquisition process with an enhanced connection to sales strategy.

As Figure 26 displays, the sales strategy connection to the customer acquisition process is enhanced with the customer prioritization dimension that is based on the customer risk assessment in addition to the segmentation dimension. Together these two strategy dimensions provide guidelines for the customer acquisition process.

The starting point for the customer acquisition process is that the company should increase its presence in the market and systematically build its reputation as a reliable partner *in the independent of any project* stage. This is achieved by strengthening the process with functions of (a) functional development (extended supply and reference marketing) and (b) relationship development between customers and milieu (stakeholders who are not customers, such as designers and consultants) *independent of any project*. Through these effort, the case company achieves better conditions for (c) *project screening* during the *pre-tender* stage. Improved presence creates the preconditions for (d) project development outside the *tender preparation* stage (negotiation contracts and

alliance-type projects), and (e) ensures access to the supplier list for projects based on restricted bidding.

To some extent, the process described in Figure 26 follows the current modes of action by the case company as described in Section 3 earlier. Still, in the proposed process description the fragmented functions are bundled into a whole and helps to better understand the purpose and significance of sales actions.

5.5.1 Recommendations for Implementation

The customer acquisition process offers a basic framework for operations before bidding process. In order to implement and develop the process further, Table 12 below lists the development areas based findings from on Data 2.

Table 12. Development areas to ensure the efficient customer acquisition process implementation based on Data 2.

	DEVELOPMENT AREA	DESCRIPTION OF THE DEVELOPMENT AREA
1	Extended offering	Extended offering creates more potential touchpoints with the customers.
2	Marketing plan	Create a plan how to communicate about case company offering and its customer references with its existing and potential customers and milieu
3	Customer management process	The case company does not have a systematic process for customer management after projects end.
4	Customer value mapping	Determining the common values of customers in each segment.

As seen from Table 12, first, the extended offering supports functional development in addition to customer references. The offering can be extended downwards by adding building the lifecycle services or upwards by adding the designing services. Services can also be extended horizontally by widening the offering of construction services. In order to ensure economic offering, the extended offering should be developed in close cooperation with supply chain.

Second, the case company should come up with a marketing plan. The plan should offer a structure how to communicate about case company offering and its customer references with its existing and potential customers and milieu. The marketing plan should be derived from strategy.

Third, at the moment the case company is missing a systematic customer management process. Due to this, the connection with customers is often terminated after the project ends. Presently, this is visible as low rate of returning customers. Creating a systematic process for customer management is believed to increase the number of returning customers.

Fourth, in order to support marketing and value-based selling, the company would benefit from the segment based customer value mapping. Value map would help in analyzing what is added value and what the customers are prepared to pay extra. Compared to the first three from short- to medium-term development suggestions, this is a more long-term development suggestion.

Thus, in order to ensure efficient implementation of the customer acquisition process, the case company is recommended also to pay attention to the development of (a) the extended offering, (b) the marketing plan, (c) the customer management process, and (d) the customer value mapping.

Next, the proposal, including the customer acquisition process and a list of suggested development areas to support the process implementation, is validated through internal evaluation in the case company. The results and feedback received is described in section 6 below.

6 Feedback and Validation of the Proposal

This section finalizes the customer acquisition process proposal through feedback received from the case company stakeholders. As a result of this internal evaluation, at the end of this section, the final proposal and the finalized list of suggested development areas to support process implementation are presented.

The first part of this section provides a brief overview about the validation stage. The second part presents the feedback and development ideas to the initial proposal received from the case company stakeholders. The third parts considers selected improvement areas. In the fourth part a final proposal for enhanced customer acquisition process is presented.

6.1 Overview of the Validation Stage

In this study, validation of the outcomes was done along conducting the study, in several steps. Since this study was conducted utilizing the methods from action and participative action research, and these methods emphasize combining theory and practice, learning from experience and transforming tacit knowledge into explicit knowledge, therefore, validation in this study focused on assuring that the right people participated in the research activities and they agree that what is being said and proposed is believable and should be utilized.

First, the CSA proved the case company's vast experience in competitive bidding of public procurement projects. On the contrary, private procurement and restricted invitations to tender were not all that clear. This data derived from the case company stakeholder interviews was validated in Data 1 workshop.

Second, the CSA results suggested that strategy connection, overall definition of the customer acquisition process of private procurement and stakeholder management should be studied further. According to the CF, sales should be considered as a strategic function that can be converted into sales performance through segmenting, customer prioritization and variety of selling models. Based on this backbone, discussed in Data 2 workshop, it was suggested that a customer acquisition process should be improved based on following strategy through segmentation and risk based customer prioritization.

In order to specify improvements to the proposed process, also a list of development areas was identified.

Third, the initial proposal of the process focuses on improving the case company's presence in business market through relationship and functional development during *the independent of any project* stage. This focus was selected since the improved presence enables access into the supplier lists and creates a potential shortcut into negotiation contracts and leads to alliance type joint development projects. Here, the structure of the process was validated and finalized based on individual feedback from the case company stakeholders, also called Data 3.

6.1 Feedback on the Initial Proposal for the Customer Acquisition Process

To validate the initial customer acquisition process proposal, feedback from the case company stakeholders was collected, as described in Table 1. This feedback forms Data 3 of this study. The case company respondents very much agreed on the initial proposal, as Respondent 3 summarized:

It would be desired to follow the proposed kind of sales process. Even the slightest effort in customer acquisition will immediately produce some result. (Respondent 3)

Still, the respondents provided some further suggestions for improvements and clarifications. Table 13 below summarizes the key topics of the feedback received.

Table 13. Key stakeholder feedback to develop initial proposal (Data 3).

	KEY FOCUS AREA	SUGGESTIONS FROM STAKEHOLDERS categorized into groups (Data 3)	DESCRIPTION OF THE SUGGESTION
1	Output of the customer acquisition process	a) The output of the sales process is to acquire more projects to the project delivery stage.	According to Respondent 4 there is a need to further clarify the purpose of sales process.
		b) How to obtain right kind of calls for tenders	Respondent 1 emphasized that the company should concentrate only on certain type of projects.
2	Project screening	List of criteria the case company has to consider in project screening stage	In some cases, in order to receive a call for tender, the company has to commit to give an offer. Giving an offer means the company has to commit to deliver the project in case the tender is won.

As shown in Table 13, respondents commented on what should be the output of the customer's acquisition process. According to Respondent 4, the sole aim of the sales process should be ensure the company gets new projects for the project delivery stage. Therefore, while the company's resources in the pricing process remain unchanged, the purpose of the customer acquisition process is to increase the likelihood of the case company to acquire new projects.

In addition, Respondent 1 worried if the customer acquisition process can provide the right kind of projects for tender:

When thinking customer acquisition and bidding process, the company's resources in site management should be considered. We have limited resources, so the return per site manager must be maximized. Basically, we should look for projects that have a rapid throughput and low risk, they are not overly complicated and complex and come with high turnover and secure profit. (Respondent 1)

As Respondent 1 summarized, the company would benefit if it gets the right type of call for tenders, where the project prerequisites are fulfilled. Therefore, *project screening* was seen as necessary and some kind of *oversupply* of project proposals was seen as the safest option for the case company.

Second, both Respondents 1 and 2 commented on the commitment that the company has to make in the *project screening* stage in order to receive a call for tender. This practice applies mainly in the consultant segment. Currently, the company is not able to bid all the projects it has promised to bid due to a high demand for labor in the high

season as most of the construction still takes place during the summer time. Respondent 1 is not that worried about the case company's inability to keep promises for the given offer, even though he considers it may slightly weaken the company credibility.

Furthermore, once the decision for bidding is made, the company must commit to the project. Giving an offer means the company has to deliver the project in case the tender is won. As Respondent 2 stressed:

Once a decision for bidding is made, the company must commit to the project. Currently, the company must take into account the limited site management resources, the availability of subcontractors and building materials during the high season, the availability of weatherproofing and scaffolding, as well as the possible security clearances. (Respondent 2)

Based on Respondent 2's comment, the case company must carefully consider whether the project is feasible, or at least give the customer a notice already at the bidding stage if there is, for example, a risk with the schedule. Therefore, the case company should use a certain criteria to define if the project is feasible to pass from the *project screening* stage to the bidding process.

In addition to the case company stakeholders, the proposal was briefly presented also Respondent 6 and Respondent 7, the managing directors of two sister companies that belong to the same group with the case company. Both sister companies operate in construction business, too. Respondent 6 is a Managing director of Sister Company 1, a construction cleaning company. Respondent 7 is a Managing director of Sister Company 2, a building services company. According to the feedback received, they see the process proposal applicable to their business, too.

Thus, based on the feedback and validation, the customer acquisition process proposal is applicable to the case company with some adjustments: (a) output of the customer acquisition process must be defined, (b) the *project screening* criteria for the project to proceed to the bidding process must be defined.

6.2 Developments to Initial Proposal Based on Findings of Data Collection 3

Based on the feedback received, the initially proposed customer acquisition process structure is applicable. Instead, the feedback received focus more on the description and definition of the process and some of its elements.

First, it is important to define the purpose and desired output of the customer acquisition process. Based on the feedback received, the purpose of the customer acquisition process is to increase the likelihood of the case company to acquire new projects. The desired output is to achieve the right type of call for tenders or invitations to negotiation contracts that fulfill the case company project prerequisites. The case company prerequisites for most suitable project types is a strategy level decision, as it is related to the case company offering.

Second, based on the feedback there is a need to define what is the project criteria to pass the project from the *project screening* stage to the bidding process. The criteria should be based on (a) whether the project fits for the case company offering, (b) what is the demand, (c) what are the available resources, and (d) customer prioritization criteria introduced in Section 5.3.

Still, the case company does not have sufficient information to decide whether to offer the project on tender or not until in bidding stage, after receiving the bid documents. As is all business, offer is a legally binding document where the company commits to deliver the project in case the tender is won. After having consulted the tender documents, the case company can make an assessment of the project's risk and decide whether the project can be carried out as required by the call for tender, (a) with the resources of the company and its supply chain, (b) in the requested timeframe and (c) with the defined quality.

This three-step risk assessment, related to the customer prioritization criteria, *project screening* criteria and bidding decision, forms a central part of success in sales and project delivery. Project pricing should consider the price of the project risk, too. The case company has already developed some tools to analyze risks in project delivery stage. Based on the respondents' feedback, these risk assessment tools should be developed further and implement to use also in customer acquisition and bidding processes.

Furthermore, the criteria for the company to decide if it makes an offer for the project or not is a bidding process issue. This development suggestion, together with the implementation of risk assessment tools, can be listed as the future development needs for the sales process.

Thus, the purpose and desired output of the customer acquisition process is (a) to increase the likelihood of the case company to acquire new projects. This can be achieved

by focusing on for most suitable project types based on (b) the company offering defined in strategy. (c) The project criteria to pass the project from the *project screening* stage to the bidding process should be based on the offering, demand, available resources and customer prioritization.

6.3 Final Proposal

Based on the validation and feedback, the final proposal for customer acquisition process is formulated and introduced in Figure 27 below.

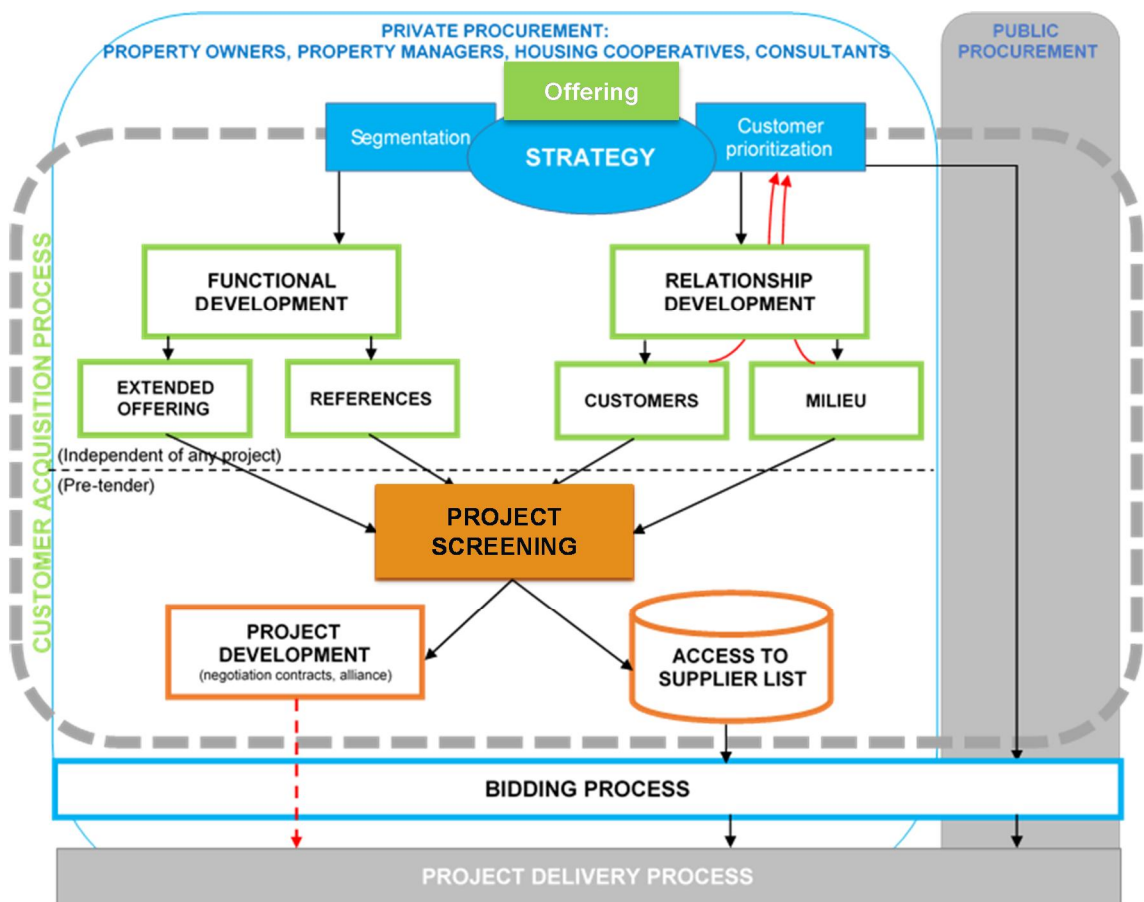


Figure 27. Final proposal of a customer acquisition process.

As shown in Figure 27, the newly defined customer acquisition process involves only private purchases due to the minor role of customer acquisition in public procurement. As seen from Figure 27, strategy guides the customer acquisition process through the offering, segmentation and customer prioritization. The purpose of the customer acquisition process is to increase the case company’s likelihood of getting new projects that

fit into the offering. The fit is ensured by a three-step risk assessment that takes place at customer prioritization at the strategic stage, screening of projects at the customer acquisition stage, and finally, when a bidding decision is made, at the bidding stage.

The proposed customer acquisition process focuses on increasing the case company's presence in the market and systematic building of its reputation as a reliable partner during the *independent of any project* stage. This is achieved through functional development that covers extended supply and reference marketing, and relationship development that covers both customers and milieu. Following the *pre-tender* stage, the case company chooses the projects that fit best to its offering, demand and available resources to move forward either through the bidding process or through project negotiations. The customer acquisition process description is summarized in Figure 28 below.

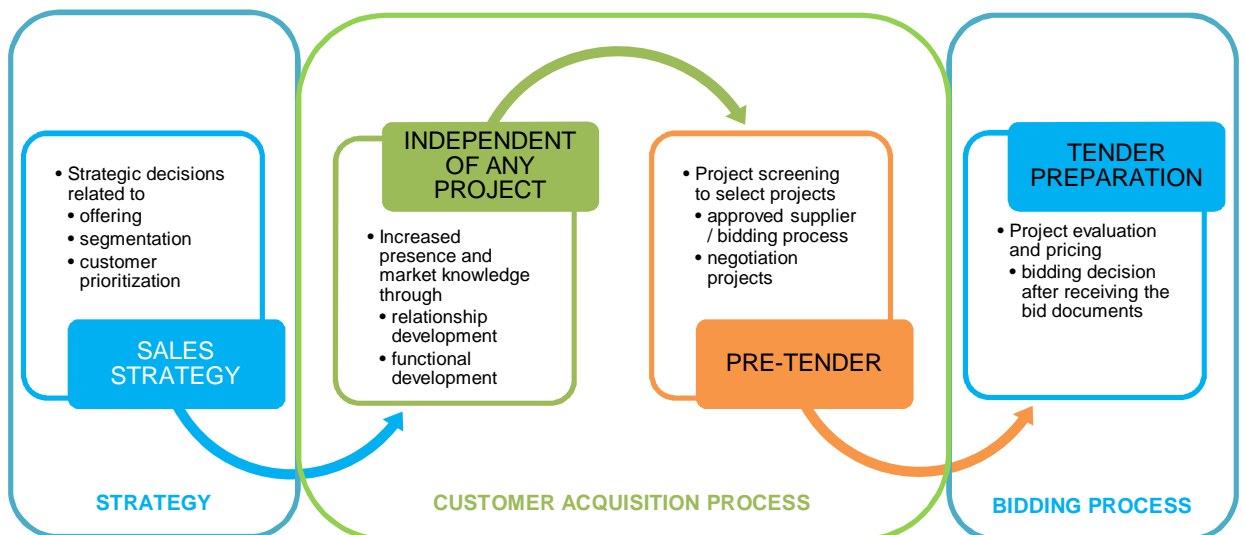


Figure 28. Summary of the proposed customer acquisition process.

Thus, as seen in Figure 28, the proposed customer acquisition process is controlled by sales strategy, outputting project proposals for the case company bidding process.

The complete sales process that consists of an improved customer acquisition process and a bidding process is described in Appendix 2 of this study.

6.3.1 Recommendations for Implementation of the Final Proposal

The proposed customer acquisition process offers a basic framework for operations before the bidding process. In order to implement and develop the process further, Table 14 below lists the enhanced improvement areas identified from Data 3.

Table 14. Development areas to ensure efficient customer acquisition process implementation based on Data 3.

	DEVELOPMENT AREA	DESCRIPTION OF THE DEVELOPMENT AREA
1	Offering / Extended offering	Company offering, including the changes in offering, are a strategic decision. Extended offering creates more potential touchpoints with the customers.
2	Risk management	Risk management of future projects during different stages of sales process.
3	Marketing plan	Create a plan how to communicate about case company offering and its customer references with its existing and potential customers and milieu
4	Customer management process	The case company does not have a systematic process for customer management after projects end.
5	Customer value mapping	Determining the common values of customers in each segment.

As listed in Table 14, the offering is always a strategic decision. Extended offering supports functional development in addition to customer references. To ensure economic offering, the extended offering should be developed in close cooperation with supply chain. Second, the existing risk management tools are recommended to be extended to use in the sales process to identify the risks of future projects. Third, the company's marketing plan should offer a structure how to communicate about the case company offering and its customer references with its existing and potential customers and milieu. Fourth, a systematic customer management process should increase the number of returning customers. Fifth, in the long run, the company's capability in value-based selling should be improved through the segment based customer value mapping.

7 Conclusions

This final section summarizes the study. The first part provides an executive summary about the study. Second part lists the managerial implications. Third part deals with the evaluation of the thesis and finally, the closing words in the fourth part wrap up the theses.

7.1 Executive Summary

Changes in business environment, intense competition and increasing pricing erosion are pushing the case company to improve its sales process prior to the bidding stage. This study proposes an enhanced customer acquisition process that provides a way to get beyond competitive bidding. The process applies for access to traditional competitive bidding projects. Additionally, it enables an alternative route to negotiation contracts and alliance projects.

The study was carried out using the methods of action / participatory action research involving the case company stakeholders in all areas of research. The starting point of the sales process was determined in the current state analysis (CSA), after which the process was developed further by utilizing the conceptual framework (CF) and continuous feedback from the case company stakeholders in Data 2 and Data 3.

The CSA endorsed that, in addition to its vast experience on competitive bidding and strong references, the company has clearly defined its business segments and a project manager organization that supports the total offering concept. Based on the case company weaknesses, three development areas were defined including strategy connection, customer acquisition process definition and stakeholder management development. The literature explored and merged into the CF of the study referred to sales as a strategic process (Storbacka, 2009) that can be translated into performance by utilizing clear segmentation, customer prioritization and variety of selling models (Terho et al. 2015). Additionally, in order to gain better visibility to projects prior to the bidding stage, project marketing should be supplemented with relationship marketing and customer reference marketing. Also, the importance of stakeholder management and knowledge of milieu was underlined.

The proposal for the improved sales process suggests that the case company's sales strategy should be connected to the customer acquisition process through the offering,

segmentation and customer prioritization. The decisions related to customers are recommended to be based on real, individual customer information obtained from customers and employees who work with these customers. The information can be achieved by establishing a feedback link from customers and milieu to the strategy level. The proposed customer acquisition process relies on the increased presence in the market and systematic building of the company reputation as a reliable partner during the *independent of any projects* stage. This is achieved by strengthening the process with functional development by the means of extended supply and reference marketing, and relationship development that enhances the customer centric approach and milieu management. *Independent of any project* stage actions provide better conditions for the *project screening* during the *pre-tender* stage. It also ensures better access to the supplier lists for projects based on restricted bidding. Additionally, it also creates the preconditions for project development outside the *tender preparation* stage, such as negotiation contracts and alliance-type projects.

The proposed customer acquisition process was validated internally by the case company stakeholders. Based on the feedback, the process was finalized by clarifying the process description and adding emphasis on the offering and risk management. Thus, the customer acquisition process is described as a process that is controlled by sales strategy and its main purpose is to output project proposals for the case company bidding process. The company manages its project risk starting from sales and strategy utilizing a three stage risk assessment that takes place at the strategy state, customer acquisition stage and bidding stage.

Implementing the proposed sales process would allow the case company to become more customer-oriented and forward-looking in its approach to the project business. Better anticipation can improve risk management, resource efficiency, and in the long run, the process will have a positive impact on both demand and profitability.

7.2 Managerial Implications

The proposed customer acquisition process is a framework that calls for further steps in strategy and sales development. Recommendations for implementation of the final proposal list some of these steps, including the offering, risk management, marketing planning and customer management as well as customer value mapping. However, the first

and most important activity is setting the company's sales strategy straight due to its important guiding effect.

First, as this study has demonstrated, as strategy is intended to guide operations, it is not advisable to develop it in a vacuum. Strategic decisions related to the case company's customers should be based on the real customer information. Therefore, creating a link from customers to strategy, for example by involving people who deal with customers in a daily basis to the strategy work, could make a great difference.

Second, in order to make the strategy effective, it must be implemented. Implementation requires clear and adequate communication. Moreover, when the strategy is built on cooperation, the implementation should be easier. As the strategy is clear, it is easy to follow with sales.

7.3 Thesis Evaluation

The initial objective of the thesis was to define and develop a sales process to the case company, a private repair construction company. The final outcome of the thesis is a proposal for the improved sales process supplemented with a list of actions recommended to support the sales process implementation. A more detailed process description could not be achieved, partially due to the limited time frame, partially due to the complexity of project sales and the current state of the sales process of the company. Still, the study managed to reveal the most crucial development needs and build a solid framework for future.

Research evaluation criteria for this study consists of four main criteria: validity, reliability, logic and relevance as evaluation criteria of the conducted research.

Validity of research has traditionally been determined as internal validity and external validity. Internal validity answers whether the research managed to measure what it intended to measure, "was what was found a response to the questions originally asked" External validity defines how the research is applicable and relevant in another context. (Quinton and Smallbone 2006: 125-129) In Action research (AR), validity is defined as establishing the truth of knowledge claims and an explanation how they has been established. Validity involves demonstrating that research has caused an improved action, which has been achieved through knowledge claims that are formed a result of a quality

research, and the research explains the significance of what has been done (McNiff and Whitehead, 2010: 54-55).

In this study, validity was ensured by involving people that are involved with sales process to the research and harnessing them to collaborate and continuously validate the findings in interviews, workshops and group discussions.

Reliability describes the consistency of the results and rigor of data collection. Due to social nature of qualitative studies, repeatability is a challenge as “any social context involving people makes replication of research very difficult” (LeCompte and Goetz 1982, cited by Quinton and Smallbone 2006: 129). Reliability of the research can be improved also through triangulation, which is described in Figure 29 below.

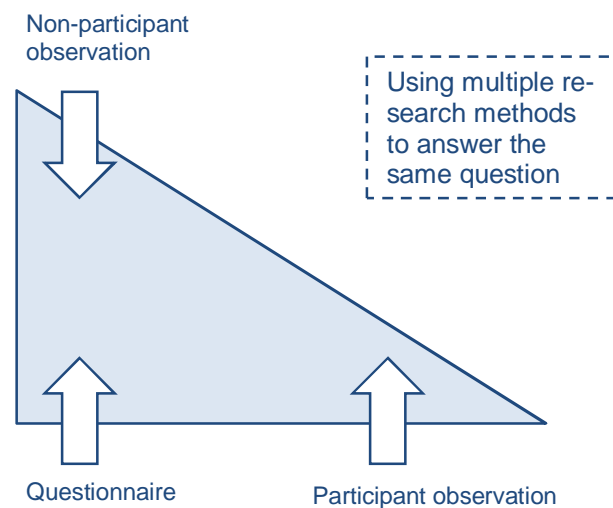


Figure 29. Triangulation (Quinton and Smallbone 2006: 134).

As can be seen in Figure 29, triangulation - using multiple sources, different data collection methods and tools, collecting data at different time points, applying established theories from other similar businesses – is a very effective way to improve reliability of a study in AR / PAR (Quinton and Smallbone 2006: 129-132).

In this study, reliability was ensured using multiple sources and utilizing relevant academic materials and theories in addition to internal materials. Data was also collected in different points of the research project.

Logic in research relates to ensuring that the outcome meets its objective, research is understandable and the choices throughout the research process are grounded with arguments. This propositional, linear and one-dimensional approach may not be fully applicable to AR and PAR as they are both emerging research processes. AR and PAR encourage to accept living logic in emerging processes as it enables better detecting future potentials within present forms. Still, utilizing living logic is considered risky as it means embracing the unknown future. (Whitehead and McNiff, 2006: 39-40)

Logic of this study was ensured utilizing close collaboration with the researched organization during the whole project. The choices were validated at the point of decision by the group.

Relevance relates to the importance of the topic and contribution it makes to the case company (Quinton and Smallbone 2006: 136). Relevancy should be considered when choosing a topic based in a real business case, utilizing relevant findings from CSA and tapping into relevant literature to support CF building. Additionally the achieved solution should be relevant to the company and ideally have also general relevance. In AR and PAR research collaboration and organizational learning guarantees the relevance creating an educated audience that judges the authenticity and relevance of the work to a specific professional context. (McNiff and Whitehead, 2010, p.172)

Relevance of this study was ensured by having close collaboration with researched organization throughout the study. Transparency and open communication helped to avoid manipulation and biases. In addition, to further proof the relevance of this study in terms of general relevance, the results were briefly presented to two other companies that belong to the same group with the case company. The feed feedback from sister companies was encouraging as they felt they could apply the proposed process also in their sales operations.

The validation process of this study is summarized in Figure 30 below.

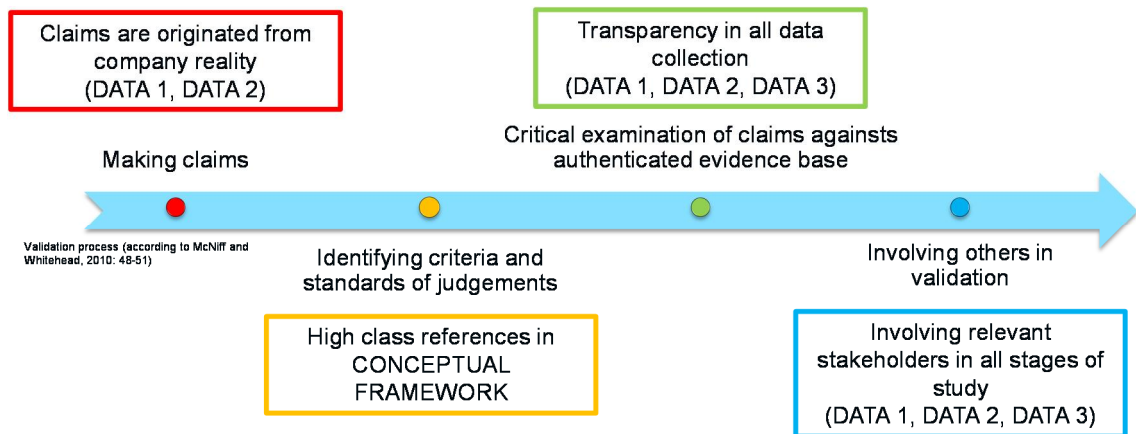


Figure 30. Validation process of this study.

The purpose of this study was to support organizational learning, which the chosen methodology, active / participative active learning, supports best. In addition, anyone who has been involved with process development knows that the will for change must come inside. Therefore, as Figure 30 displays, the map with a route to success, despite occasional disagreements, has been drawn together, in the true spirit of AR/PAR.

7.4 Closing Words

Changes in business environment are pushing also construction companies to start selling and improving their sales process prior to the tender preparation stage. Therefore, the scope of this thesis was to develop a proposal for the customer acquisition process.

The proposed customer acquisition process is controlled by sales strategy and its main purpose is to output project proposals for the case company bidding process. The process provides a way to get beyond competitive bidding through the enhanced presence in business environment especially in the *independent of any project* stage. The proposed process aims to improve the company's position in competitive bidding and additionally to create the preconditions for project development outside the *tender preparation* stage. The study emphasizes the importance of strategy and project risk management starting from sales.

The proposed customer acquisition process works as a backbone for the case company's sales development. Implementing the proposed sales process allows the case

company to become more customer-oriented and forward-looking in its business approach. Better anticipation will improve risk management, resource efficiency and in the long run, the sales process will have a positive impact on both demand and profitability.

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Appendix 1. Summary of Data 1 / CSA Interviews

Interviewee	RESPONDENT 1
Role / Experience	1 year experience with the company. Previously worked as a (contractee) consultant.
Business Segment	New business development, alliance projects. No existing business cases yet.
Summary:	
Sales Approach:	New business development, value-based selling
Pros of current practices:	product (repair construction service) is good: good references, experienced site managers
Cons of current practices:	“It is not so easy to sell” Resources dedicated to sales: “only MD sells” lack of definition “what sales is” bidding and pricing tight competition / lost sales with tight margins competitors better in sharing risk with subcontractors (cooperation, networking)
Customer orientation:	the importance of cooperation and customer service is increasing as project models transfer from traditional project models towards modern alliance models
Other comments:	New business development was started in September-October 2017. So far resulted 20+ sales visits à 1-2 sales leads à 1 minor repair construction project.

Interviewee	RESPONDENT 2
Role / Experience	Partial owner, 20+ year experience with the company
Business Segment	Business segment: office renewals.
	Typically office buildings, renewal projects lasts from 1 to 6 months, revenue up to 1,5 m€/ project. Annually 5...7 projects.
Summary:	
Sales Approach:	relationship selling, consultative selling small circles: someone always knows someone right people to reach: consultants, principal designers, property owner (, property user)
Pros of current practices:	Experience, good reputation (achieved through successful projects)
Cons of current practices:	current resources: at the moment the company does not have enough site managers that the customers require available
Customer orientation:	it is important that project does not cause any extra trouble to the customer
Other comments:	According to the NPS research 12-2017 this segment has the most satisfied customers. The customers gave NPS 27 to the case company.

Interviewee	RESPONDENT 3
Role / Experience	5+ year experience with the company
Business Segment	Business segment: small building works (façade, roof)
	Typically housing cooperatives. Projects lasts from 1 to 6 months, revenue from 0,3 to 3 m€/ project. Annually 3...5 projects.
Summary:	
Sales Approach:	Consultative sales
Pros of current practices:	realism on promises, no empty sales speech
Cons of current practices:	no resources to sales (to follow up Faktanet leads] no site manager resources tight competition / lost sales with tight margins
Customer orientation:	it is important to respond and keep customer happy
Other comments:	Relatively new business segment, experience for 1,5 years.

Interviewee	RESPONDENT 4
Role / Experience	Partial owner, 20+ year experience with the company
Business Segment	Business segment: large repairs (competitive bidding)
	Typically public (historical) buildings. Projects lasts from 1 to 2 years, revenue up to 15 m€/ project. Annually 1...3 new projects. Leads from Hilma (public procurement).
Summary:	
Sales Approach:	Competitive bidding
Pros of current practices:	strong references good reputation good amount of leads / potential projects
Cons of current practices:	(public procurement à eligibility criteria getting tighter, outside eligibility criteria it's all about pricing)
Customer orientation:	Not mentioned in discussions.
Other comments:	In NPS research 12-2017 the customers in this segment gave NPS 0 to the case company.

Appendix 2. Proposal for Sales Process

