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Improving case company segment sales process from the perspective of the customer value proposition

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Preface

Throughout my professional career, I have never experienced anything as interesting as this study. Several experts and sources contributed information and knowledge to this study. Several others also contributed to its completion. It is my pleasure to express my appreciation to all the people who helped me complete this task.

The Metropolia University of Applied Sciences has given me a deeper understanding of performance management, strategy management, customer focus, and sales strategy. In the Faculty of Industrial Management, students have access to first-class study conditions.

I cannot express enough gratitude to Principal Lecturer, Dr. Thomas Rohweder and to my thesis instructor Sonja Holappa. They enabled this study by providing support and helping to achieve academic quality. Throughout this study, they have put a lot of effort into supporting this study.

My gratitude goes to the company that trusted me and gave me the opportunity to develop my skills in an industrial business environment. During my Industrial Management Master studies, I would especially like to thank my company instructor Mika Männistö for his support and coaching. In addition, I would like to thank Patrik Tikka for the several long discussions which have given me new insights and improved my competence.

To conclude, I would like to mention the contribution made by my family members. I am grateful for the support and resources that have been made available by my family members so that I can complete my thesis on time.

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Abstract

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In this study, the possibilities for improving the segment sales process are explored. The current segment sales process consists of sales plan process, existing customers sales process, and growth customers sales process. The case company's challenge is that the process entity is insufficient. Therefore, this study is intended to improve the current segment sales process from the perspective of building a customer value proposition as identified in the current state analysis.

A qualitative design research approach was used in this thesis due to the characteristics of the research issue and the business circumstances. The research design of this thesis includes descriptions of six predetermined stages, four data collection rounds, and the result of each stage. Data was gathered using interviews with key stakeholders from the case company, workshops with the key stakeholders, and an analysis of internal documentation from the case company. To gain an understanding of the strengths and weaknesses related to the segment sales process, a current state analysis was conducted first. By using best practices from literature, a conceptual framework was developed to address the identified weaknesses in order to achieve the thesis' objective.

Identifying customers' challenges and defining the customer value proposition for existing and new customers were among the key challenges identified in this Master's thesis. In order to overcome the challenges, best practices from literature were incorporated into the conceptual framework of the CVP building process. Conceptual framework for CVP building was then used for proposal creation. The case company has gained a better understanding of how to create customer value propositions and how to position itself against its key competitors as a result of this study.

By utilizing the final customer value proposition and linking it to the segment sales process, the case company ensures that all the essential elements are in place. This allows that the case company can increase its market share in a building segment and to scale the customer value proposition into other segments. Also, using the knowledge gained from this study, future development can be aided.

Keywords: Customer Value Proposition, account management, segment sales, CVP

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List of Abbreviations

PLC:	Programmable Logic Controller
OEM:	Original Equipment Manufacturer
HEV	Hybrid Electric Vehicle
CSA	Current State Analysis
CVP	Customer Value Proposition
DMM	Domain Mapping Matrix
HVAC	Heating, Ventilation, Air Conditioning
VPC	Value Proposition Canvas
PO	Purchase Order

1 Introduction

According to Eades, the majority of salespeople and the companies they work for are not utilizing a common sales process. This is highly surprising because the world where companies are selling nowadays is complex and highly competitive. Research also shows that both individual and company-wide sales performance enhances when a sales process is conducted. The entire business will be successful when everyone has a joint language to use and a process to follow (Eades 2003: 17).

1.1 Business Context of the Case Company

The case company of this study is focusing on automation and power sector. Its headquarter are located in Switzerland, Zurich, and it has operations in more than 100 countries. In year 2020 the company had over 105 000 employees, and its revenue was over 26 billion USD. The case company has four different business areas which are Electrification, Process Automation, Motion, and Robotics & Discrete Automation.

The case company's Motion business area is responsible for manufacturing and developing drives, motors and digital services that increase energy efficiency, improve safety and reliability. The case organization of this study is Motion business area's local sales unit which is responsible for selling variable speed drives, electrical motors, and PLCs. From hereon, the local sales unit will be abbreviated as the case organization. The case organization locates in Finland, and its customers are operating in many different industries for instance mining, marine, and power. The main market area for the case organization is Finland. Figure 1 presents the products that the case organization is selling to its customers.



Figure 1. Case organization's product offering. These are the products that are sold to various different segments.

1.2 Business Challenge, Objective and Outcome

Current segment sales process consists of three sub-processes: Sales plan process, existing customers and growth customers sales processes. The challenge is that the process entity is insufficient. This is the reason why the process needs to be made more accurate. Segmentation is the practice of dividing a customer base into groups which are operating in the same industry. For example, marine segment consists of customers who operate in offshore, ports, cargo shipping, cruises, and ferries industries.

Correspondingly, the objective of this study is to improve the current segment sales process from the perspective of building a customer value proposition as identified in the current state analysis. The outcome of this study is a customer value proposition for one key customer of the Motion business area with the idea of the approach to be scaled to other case company segments.

At present, the case organization has ongoing organizational transformation towards segment-oriented sales process. Further on, section 3.2 concentrates on description and analysis of the current segment sales process.

In this project the main segments are power, pulp and paper, buildings, metals and mining, marine, machinery OEMs, and HEV eMobility.

1.3 Thesis Outline

This study is executed by analysing the strengths and weaknesses of the current segment sales process and conceptualizing each step in the process. The current state is determined by interviewing the process internal key stakeholders and by analysing of the case company's internal documentation. The best practices and theory for sales process is surveyed in the literature review.

This project is composed in seven sections. First section is the introduction. Second section is the project plan, which explains the research approach, research design, and data collection methods used in this project. Third section, the current state analysis, defines the current working methods and analyses strengths and weaknesses of the segment sales process. The fourth section comprises the existing information regarding customer value proposition in literature and considers best practices for building a CVP.

The fifth section clarifies a certain key customer need, and analyses competitor and case company's CVPs, competencies and gaps in competencies. In the sixth section, the value proposition canvas for a key customer is created. Lastly, the seventh section consists of a suggestion for the CVP, including management feedback on the CVP and a summary of the final corrected CVP.

2 Project Plan

This section outlines the research approach and research design of this study. Also, the data collections methods and analysis are explained.

2.1 Research Approach

Kananen (2013) defines design research as a cyclic process involving both development and research. Optimisation and improvement of operations are ongoing within organizations, and this is referred to as development work.

Design research emerges from a need for change, from which a product is conceived. Any change should aim for a better product. (Kananen 2013: 20).

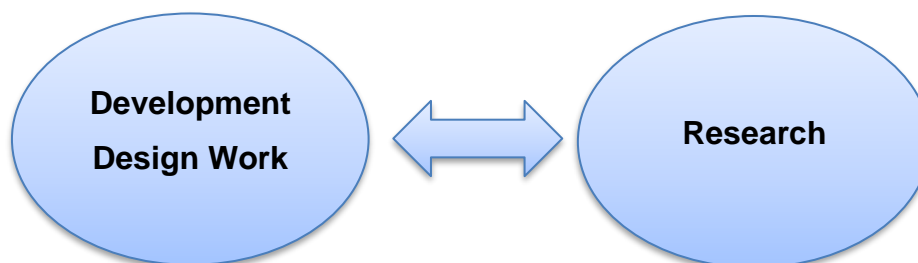


Figure 2. Design research (Kananen 2013: 20).

It is possible to conduct research regarding development from many different angles. In some cases, an object is a research question aimed at attaining an objective, but objects can also be research questions about a process. (Kananen 2013: 24).

Defining the research questions is likely the most important part to be taken in the design research. The researcher should be forbearing and permit adequate time for this part. The key thing is to understand that the research questions have both substance - for instance, what is my study about? – and form – for example, is the researcher asking a what, who, where, how or why questions? (Yin 2008: 11)

This study is searching for an answer to the compelling question of how to enhance the current segment sales process of the case organization. According to Bill (2000) the researcher must be aware of the need for many different sources of evidence and maintaining research database is necessary. Main types of evidence are documents, interviews, detached observation, participant observation, and physical artefacts (Bill 2000: 21). In consequence, because of the empirical character of the issue and methods needed for the current state analysis, the design research (Kananen 2013) is chosen as the research approach of this study.

Predominantly this project utilizes qualitative data. Palmer et al. (2006) describes that qualitative research is an explanatory approach, which seeks to obtain insights from a certain social phenomenon through the subjective experiences of the participants. According to Seale (2007) interviews are key sources to gather data in qualitative research. Qualitative interviewing is both simple and self-evident. The interview data emerges from the local interaction of the speakers. It utilizes everyday practices of asking and answering questions and the everyday identities of questioner and answerer. Interviews are by their very nature, social encounters where speakers collaborate in producing retrospective version of their past or future actions, feeling, thoughts, and experiences (Seal 2007: 15-16).

2.2 Research Design

According to Yin the research design is the logical sequence that connects the empirical data to a study's preliminary research questions, and in the end, to its inferences. In other words, the research design is a logical plan from here to there, where here can be defined as the initial set of questions to be answered, and there is some set of answers about these questions (Yin 2021: 28). The research design of this study is presented in Figure 3. It defines the six phases to be taken in order to reach the target of this study. It also demonstrates the data inputs and outcomes of each phase.

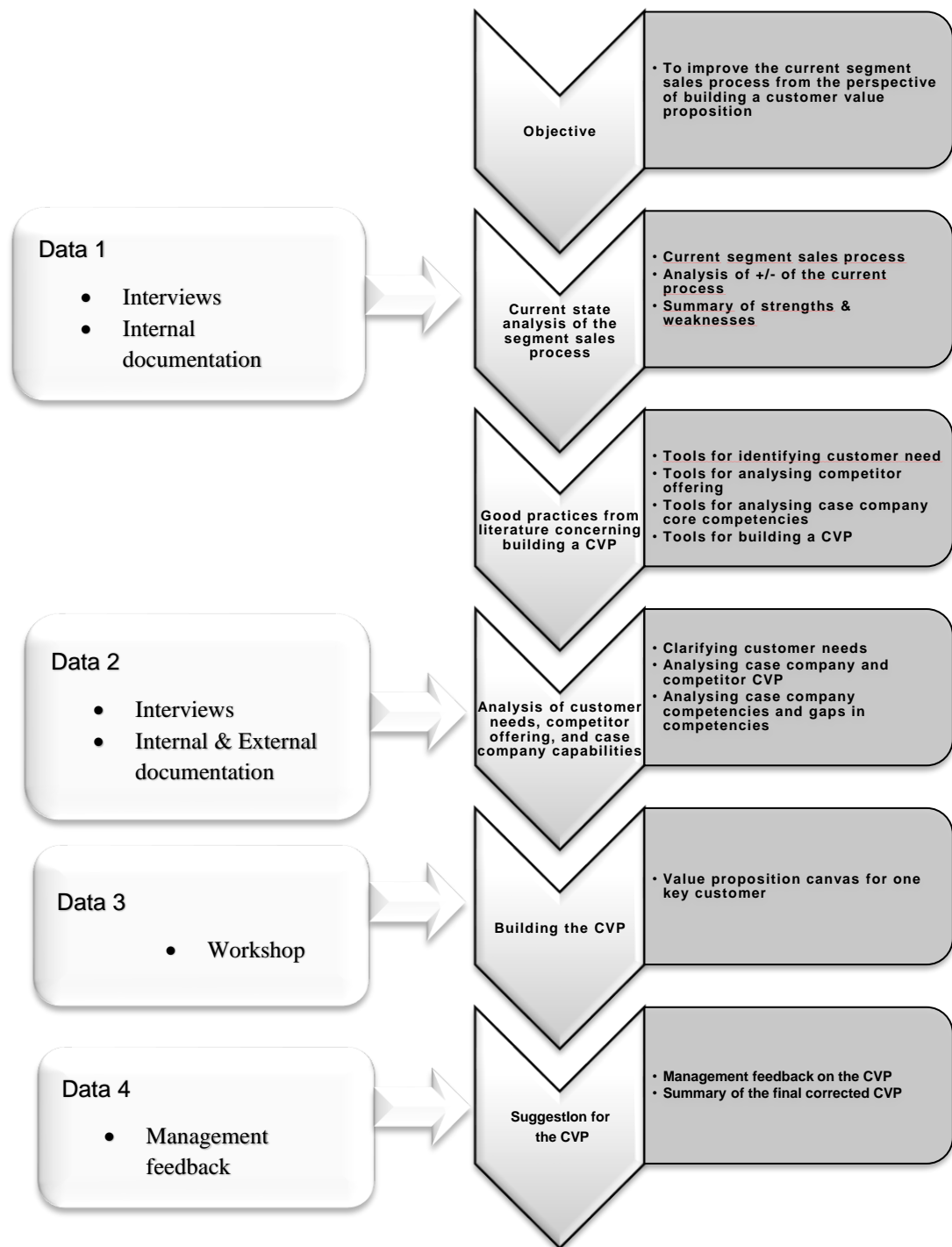


Figure 3. Research design of this study.

As Figure 3 illustrates, the objective of this project is to propose improved segment sales process for the case organization from the perspective of building a CVP as identified in the CSA. The second phase is the current state analysis which is necessary to know the existing situation. Goal of the current state analysis is to conduct research to understand current segment sales

process in depth. It is done by interviewing key performers of the segment sales process and reviewing case organization's internal documentation. The questions were sent beforehand to the interviewees. The interviewees were selected by taking at least one personnel from all functions which are linked to the target process. The objective of the interviews is to review the process from strategical and daily operative perspective. The outcome of the current state analysis is strengths and weaknesses in the current process.

The third phase in Figure 3 is to look for best practices from existing literature. After getting information of the current situation, the academical literature was reviewed to find out existing best practices concerning building a CVP. The key findings from the literature were gathered into the conceptual framework of this project. The fourth phase of this study is analysis of customer needs, competitor offering, and case company capabilities. A certain key customer need is clarified during this phase, followed by an analysis of competitor and case company CVPs, competencies, and gaps in competencies.

As a result of the fifth phase, a value proposition canvas is created for a key customer. The value proposition canvas is designed and created during the case company's internal workshop. Last and sixth phase is final suggestion for the CVP. The result of this phase is management feedback on the CVP and a summary of the final corrected CVP.

2.3 Data Collection

Data for this project is accumulated from variety of sources in four separate stages. Current state analysis is reviewed in Data 1 and it is conducted from interviews and process related internal documentation. Analysis of customer needs, competitor offering, and case company capabilities are shown on Data 2, the data was collected by interviews and internal workshop. Data 3 was gathered from a workshop with the case company's key stakeholders. Based on management's feedback, Data 4 is the final CVP proposal.

The project was carried out during at the end of 2021 and beginning of 2022. The workshops and interviews were executed between December 2021 and April 2022. The interview questions and field notes are presented in Appendix 1,2,3, 4,5,6 and 7. The data collection rounds are shown below in Table 1. More elaborated details are shown in different columns of Data table.

Table 1. Rounds 1 to 4 of data collections.

Data round	Data source	Participants	Content	Outcome	Duration
The current state analysis of the segment sales process					
Data 1a	Personal interviews	Sales Director Sales Manager PM Manager Key Account Manager Product Manager	Current segment sales process	Strengths & weaknesses of the current segment sales process	5x1h
Data 1b	Internal documentation		The current way of working	Strengths & weaknesses of the current way of working	4h
Analysis of customer needs, competitor offering, and case company capabilities					
Data 2a	Customer interview	Project Manager	Customer needs	Identified customer needs	90min
Data 2b	Interview	Product Manager	Competitor CVP	Strategic Value Curve	1h
Data 2c	Interviews	Sales Director Product Manager	Analysing case company competencies and gaps in competencies	Identified & evaluated core competences	90min
Building the CVP					
Data 3	Workshop	Sales Director Product Manager	Key customer CVP suggestion	Value proposition canvas for one key customer	90min
Final CVP proposal					
Data 4	Workshop	Business Area Manager Pricing Manager	Key customer CVP proposal	Management feedback, summary of the final corrected CVP	90min

Table 1 shows that the interviews were conducted in four rounds. Data 1 was collected in the first round of data collection, and incorporated of individual interviews with the stakeholders of the current segment sales process,

and the internal documentation of the case company was also analyzed. Table 2 below provides further details about data collection 1.

Table 2. Compilation of Data 1a.

	Position of interviewee	Data source	Documentation	Date	Duration
1	Sales Director	Interview in Teams	Field Notes	29.12.2021	60min
2	Product Management Manager	Interview in Teams	Field Notes	20.12.2021	60min
3	Product Manager	Interview in Teams	Field Notes	21.12.2021	60min
4	Key Account Manager	Interview in Teams	Field Notes	22.12.2021	60min
5	Sales Manager	Interview in Teams	Field Notes	22.12.2021	60min

Table 2 illustrates the key stakeholders of the current segment sales process which were included in Data collection 1. Each set of questions for Data 1a was sent individually along with an invitation for the interview. Each interviewee received an individual summary of the interview after the recordings had been summed up. In accordance with all interviewee's preferences, the interview and summary were both conducted in Finnish.

A set of case company's internal documentation was also used for the project's current state analysis. Definitions of the documents utilized in Data collection 1 can be seen in Table 3.

Table 3. An overview of the case organization's internal materials used for the current state analysis Data 1b.

	Document title	Created	Source	Description
1	Segment analysis	11/2021	Teams	Defines roles, main sub-segments and customers in a particular segment.
2	Growth Initiatives	11/2021	Teams	Defines segment leaders' main responsibilities
3	Go-To-Market playbook v4.0	10/2021	Intra	Playbook is designed to share existing best practices
4	7 key habits in sales work	6/2021	Intra	Guide to key habits in sales work
5	Fundamentals of account management	3/2021	Intra	Principles of account management
6	Customer segmentation	5/2021	Intra	Customer segmentation model
7	Account Manager job description	12/2021	Intra	Defines account manager's key actions

Table 3 shows that the internal documents used in the current state analysis included definitions of the sub-segments, detailed descriptions of the steps which are executed in the current segment sales process and personnel responsibilities.

Table 4 shows the details of Data 2 used for analyzing customer needs, competitor offerings, and case company capabilities. A major goal of Data 2 was to identify customer needs, conduct strategic value curve analysis, and identify and evaluate core competences.

Table 4. Compilation of Data 2.

Data point	Topic	Position of interviewee	Data source	Documentation	Date	Duration
2a	Customer needs	Project Manager	Face-to-face interview	Field Notes	02.03.2022	90min
2b	Key competitor offering	Product Manager	Face-to-face interview	Field Notes	08.03.2022	60min
2c	Core competences	Sales Director	Interview in Teams	Field Notes	14.03.2022	90min

According to Table 4, key customer's project manager was interviewed for Data 2a in order to clarify the customer's needs. Case company's product manager was interviewed for Data 2b, which resulted in a competitor analysis using strategic value curves. The sales director of the case company was interviewed for Data 2c in order to identify and evaluate the company's core competencies. Appendix 3, Appendix 4, and Appendix 5 contain the meeting notes from the workshops and interviews.

Based on Data 3, Table 5 presents the details of building the customer value proposition for a key customer in the building segment. An objective for Data 3 was to create the customer value proposition canvas.

Table 5. Compilation of Data 3.

Data point	Topic	Position of interviewee	Data source	Documentation	Date	Duration
3	CVP proposal	Product Manager Sales Director	Workshop in Teams	Field Notes	31.03.2022	90min

Data 3 was conducted by interviewing the case company's product manager and sales director to co-create a customer value proposition for a key customer in the building segment. A summary of the workshop is available in Appendix 6.

Table 6 presents the details of the suggestion for the final customer value proposition (Data 4). The final goal for Data 4 was to receive management's feedback and to create a final corrected CVP based on this feedback.

Table 6. Compilation of Data 4.

Data point	Topic	Position of interviewee	Data source	Documentation	Date	Duration
4	Final CVP proposal	Business Area Manager Pricing Manager	Workshop in Teams	Field Notes	04.04.2022	90min

Data 4 was collected by arranging a workshop with the case company's business area manager and pricing manager to obtain management feedback about the co-created CVP. Based on the feedback, the final CVP proposal was created. A summary of the workshop is available in Appendix 7.

3 Current State Analysis of the Segment Sales Process

An analysis of current state of the case organization's segment sales process is presented in this section. The previous section explored the collection of data to establish a perception of the current state.

The first part of the section describes the overview of the current state analysis stage. The second part focuses on the description and analysis of the current segment sales process. The third part describes analysis of strengths and weaknesses of current process. Part four discusses the key findings from the CSA and summarizes the strengths and weaknesses of the current segment sales process.

3.1 Overview of the Current State Analysis

Data collection was initiated by investigating existing internal documents (Data 1b) regarding the segment sales process. Segment sales process is divided into three separate processes which are segment sales plan, existing customers, and growth customers sales processes. Account Management and Sales Management documents, present descriptions of sales plan, existing customers, and growth sales processes were explored. At the time of writing current state analysis, the official process descriptions concerning sales plan, existing customers and growth customers processes were published. Based on existing documents and personnel email inquiries, various internal stakeholders were identified who are directly involved in the process, and steps for data collection were focused on these individuals. Appendix 1 contains questions for personnel email inquiries.

After recognizing key internal stakeholders, they were then interviewed one-on-one to observe the segment sales process in action (Data 1a). Questions were sent to stakeholders in advance of the meetings. All interviewees received the same set of questions regarding the current process, and questions on what works and what does not work were included. One-on-one interview questions

can be found in Appendix 2. There was a total of seven strengths and eleven weaknesses identified as a result of the analysis of the current segment sales process.

To create a process map of existing segment sales process, the data from interviews was analysed independently and summarized. Process map of the existing segment sales process is illustrated in section 3.2.4. Table 2 displays the positions of the interviewees who participated in Data 1a in section 2.3.

Finally, the current strengths and weaknesses of the segment sales process have been summarized and analysed to point out challenges and evaluate the needs that can be addressed in order to create the foundation for the new, improved process.

3.2 Description and Analysis of the Current Process

This section presents an overview of the case company's segment sales process and its roles and responsibilities in sales. According to the case organization, its segment sales process includes three processes: sales plan, existing customers, and growth customers. During the current state analysis, it was determined that the processes mentioned above were not represented in a visual format that was appropriate and up to date, so they were mapped and reconfigured. Results are based on interviews with the case organization's internal personnel and documentation.

3.2.1 Sales Plan Process

Case organization is serving hundreds of customers all around the country with products, solutions and services ranging from standard to highly customised. Their customers operate in numerous industry segments and various channels to market. With this vast complexity it is obvious that they cannot have one way of selling that works for all. In order to operate efficiently and to offer excellent customer service, the case organization must have sales plan which determines

that how and in what segments they are serving their customers so that they can capture more market share. The sales plan process is illustrated in Figure 4 below.



Figure 4. Sales plan process.

As seen in Figure 4, first part of the case organization's sales plan is setting strategy. Strategy includes defining go-to-market model, determining key segments where to focus and allocating customers to different segments. Segmentation is the process of dividing a market into discrete groups based on similar characteristics. Basically, it means grouping the customers.

According to one interviewee segments are selected based on where the case company has strong footprint and where the commercial trends are favourable. Currently the case organization has largest market share in their local market in industrial customers. Commercial analysis defines growth of the certain

segment market, current market position, current sales channel approach, and determines key stakeholders in a certain segment.

One interviewee noted that the segment division comes directly from the case organization's business divisions. For instance, metals, HVACR, pulp and paper come directly from case organization's business area divisions. The way how divisions have selected segments are quite the same as mentioned above.

Another interviewee stated that the factors which determine the selected segments are market size and future growth potential in the market. The market sizes are analysed from various different sources for instance ARC. Another way is to sum sub-segment's different customers potential together and that determines the potential market size. Sometimes the customer order intake potential is directly asked from them. Another interviewee reminded that the future strategic focus heavily influences the selection of the segments. The selected segments guide where the case organization wants to focus in the future. In this project the selected segments are power, metals & mining, saws, pulp & paper, buildings and marine.

Go-to-market model describes the way how case organization is playing in the market. Case organization's "Go-to-market" internal documentation describes that case organization must determine which accounts they should take care of directly and which the indirect network would better suit. It is equally important to identify those segments and customers that do not have large business potential. Those un-selected customers are better handled by carefully selected partners. In this way those customers will get better service through in-direct sales channels. This prioritization can help to develop selling approaches that are fully tailored for the different needs-based and behavioural customer segments. Figure 5 shows the different selling channels of the case company.



Figure 5. Go-to-market channels (Case company's internal material:Go-to-market playbook v4.0).

According to one interviewee, previously the case organization's sales channel has been mainly direct sales to end-users. Nowadays and future trends is that the sales channel is going towards original equipment manufacturers and system integrators, this is the main trend for instance in saw industry. Naturally due to this trend the case organization is focusing strongly on original equipment manufacturer customers and system integrators in each segment.

Last part in strategy phase is to define customer allocation. One interviewee noted that the case organisation can seldom satisfy all customers equally well. According to internal "Customer Segmentation" – document, customer allocation is all about focusing case organization's sales efforts and allocating resources to those segments and customers that offer best opportunity to win business and make money.

Another interviewee stated that in customer allocation phase the first thing is to recognize the end-user or original equipment manufacturer customer who is selling products and services into a certain segment. In case of OEM customers, it is critical for the case organization to know the end-customer where the product will be used. The end-user customer operating segment defines the correct segment in the case organization's customer base. When the above-mentioned customer data is available and the customer knowledge is

appropriate, then the customer main business area can be determined. The main business area defines to which segment the customer is allocated.

When customer's business area is defined it is set to order management system data portal. When there is corporate customer who is operating in many different business areas, there is option to incorporate several business areas into the data portal. The data portal is utilized when allocating customers to the segments.

Case company has classified each customer into one segment and sub-segment based on where the customer is operating. For instance, one pump original equipment manufacturer is determined to be 80% power and 20% is pulp and paper. The percentages are estimations of how much customer's sales are going to these above-mentioned sub-segments.

If the customer is delivering their products to various different industries, then the customer is selected to be operating in "Other" segment. This emerges especially with fan original equipment manufacturers, who are delivering their products to marine, pulp, paper, and marine sub-segments. Other this type of customers are conglomerates who are operating in many different industries.

Second part of the case organization's sales plan is segment specific current state analysis which is done by segment leader. Segment specific current state analysis consists of determining key stakeholders and conducting commercial analysis.

According to one interviewee, part of the current state analysis is to identify the key stakeholders within the segment. This is investigated by gathering information from customers or utilizing media regarding what suppliers, system integrators, and original equipment manufacturers customers were using at the present time.

This allows the case organization to identify key stakeholders within a particular segment that need to be taken into consideration. The case organization's segment leaders have then contacted the stakeholders to learn what kind of business they do and who their customers are. Experience has showed that this kind of approach reveals at least one new customer or stakeholder annually.

One important part of the current state analysis is commercial analysis. Commercial analysis gives insights of where the business is developing in the future. Current state analysis stage involves customer specific order intake budgeting, share of wallet analysis, and determining segment specific market growth rates.

Case organization's "7 key habits in sales work" document describes that annual budgeting is done bottom-up for each front-end salesperson account by account. Budget should define targets for existing and new potential customers for the coming year. The basis for account specific budgeting is existing and new target customer volumes. It is highly notable that the budget is derived from the market potential, not historical values. Therefore, it is important to conduct share of wallet (SoW) for each customer. Share of wallet defines the amount of business the case organization could get from specific customers. Growth figures for the segments and customers are usually evaluated roughly. Company's own financial figures, presentations and media news are utilized. These above-mentioned commercial analyses are performed once a year for each segment of the case organization.

One interviewee noted that the way to conduct current state analysis have been strongly individual and practices to conduct current state analysis has varied a lot between segment leaders. In some sub-segments the current state analysis has been extremely superficial because there has not been systematic way to lead the practice how current state analysis are conducted. There is clear need to establish certain requirements regarding conducting current state analysis.

Third part of the sales plan process is recognizing growth potentials within each segment. Segments' customer base is divided into growth and existing accounts by the segment leader. According to internal "Account Managers' job description" document, the main thing in this phase is to identify customer's applications or products where the case organization is not involved. Respectively, it is necessary to analyse customer's applications and products where the case organization has a footprint.

Fourth phase is to conduct segment's customer base trend analysis for each customer within a particular segment. During this phase, segments' market trends, customers' annual financial performance, and customers' present and future strategic initiatives are evaluated. In these evaluations, the case organization can uncover some future growth opportunities that it has not considered before. In this part, after above mentioned evaluations, segment specific target setting is carried out. Target setting means determining annual segment specific key performance indicators.

One interviewee stated that one of the most important phases in the sales plan process is to analyse segments' market trends rigorously. One market trend change could be for instance change to different way to manufacture products or end-users are preferring different features in products than before. Monitoring segment trends also ensures that the case organization is recognizing where the customer demand is moving.

It is important to note that global trends have an impact on local investments and decisions. For instance, global rise of board consumption creates more investments locally to board production sites. Another example is when Northern-Europe trend shows that paper machines are shut down, it shows that the future market potential in paper segment is deteriorating. Third instance is from power segment, where global market trend analysis has shown that heat pump market growth is evaluated to be significant in future years, because that application has strong tailwind caused by global energy efficiency regulations. For the case organization it is highly important to understand the current

segment trends because it is a major factor in internal decision-making process in terms of where to focus resources on the future.

Often customers' annual financial performance analysis consists of revenue development. Financial figures are usually available from companies' public presentations. Often customers' revenue development is reviewed for each business area where they are operating. Using this revenue analysis, the case organization can identify where the customer is performing well and where it has room for improvement.

Considering segment specific key performance indicators, the case organization is not utilizing segment specific commercial key performance indicators currently. For instance, there is no defined sub-segment specific profitability or revenue targets. At present, the key performance indicators are more related to daily operative work. One interviewee declared that these key performance indicators can include, for example, the number of new solution development ideas, the number of customer meetings, the number of arranged webinars and the number of marketing news for a certain segment.

Account specific figures are for instance order intake, revenues, and profit margins. The action targets can be non-financial, for instance how many webinars are arranged for a particular customer annually. The case organization does not have long-term target setting except some segments where individual segment leaders have set long-term targets.

Fifth part of the sales plan process is prioritizing customers and resourcing. There should be enough information available after the annual segments' customer base analysis to make informed decisions regarding prioritizing some segments and customers more than others and allocating resources accordingly. It is important to note that case organization's business area management gives complete authority and responsibility to decide which segments the case organization wants to keep, grow, or deteriorate within segments.

In prioritization and resourcing two most important factors are the future market potential, current market size, and market overall size of the segments. Case organization is allocating more resources on the segments where the case organization has largest market potential and where the future years market size growth will be fastest. The persons who decide resource allocation is the case organization's management.

The case organization consists of three different functions which are product management team, front-end sales, and sales support. First within each segment the resources are allocated in a way that there is nominated one segment leader for each segment. Segment leader is usually working as an account manager in the front-end sales function. After segment leader is nominated, a local segment team is appointed for each segment. Segment team consists of segment leader, solution team member, and other account managers. Solution team member can be product manager or application engineer from the product management team. In the last stage, a member of the segment team is chosen to join the north Europe segment team, which includes participants from other countries who are working with same type of customers within a particular segment.

Last and fifth phase in the sales plan process is monitoring and updating the sales plan. Monitoring and updating the sales plan is conducted in monthly status meeting between the sales director and segment leader. The status meeting usually takes place in the first week of the month.

Monitoring the sales plan is based on the annual budget and segment specific key performance indicators. In this status meeting order intake of the customers is reviewed and gap to budget is calculated. Also, key actions of the previous month are reviewed and next month's actions are discussed in this meeting.

3.2.2 Existing Customers Sales Process

The case organization's existing customer sales process defines the key activities that are performed to serve its existing customers. An existing customer is a customer who uses case organization products as a first supplier. The existing customer can be the entire enterprise or a specific business area within the enterprise.

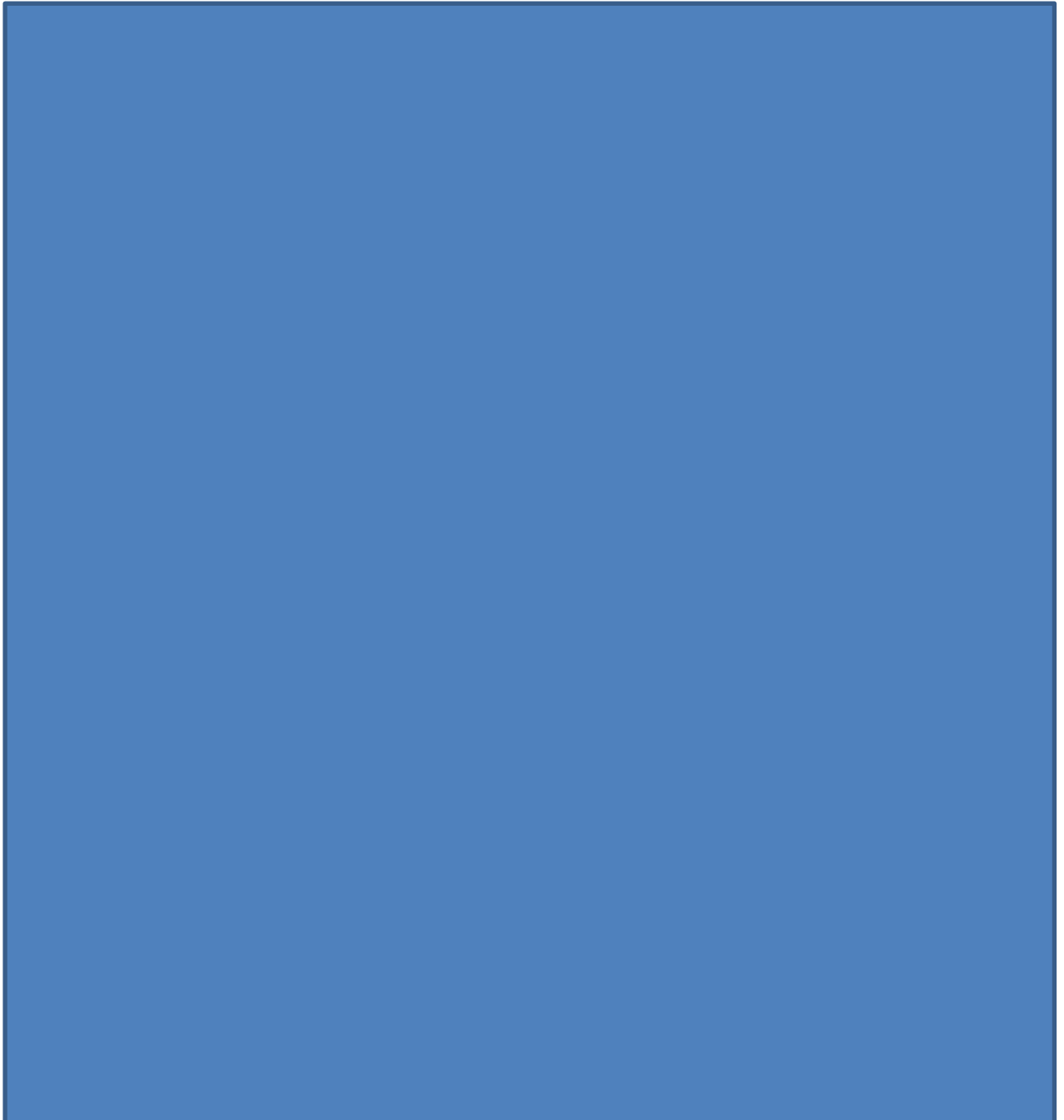


Figure 6. Existing customers sales process.

The first step in the existing customer sales process is to manage the customer's player map. It is up to the account manager to decide how to conduct player maps, but one interviewee indicate that PowerPoint documentation is often used. A key objective is to determine the people in the customer's organization who are advocates for the case organization's offering as well as the unfamiliar people. In many cases, these unfamiliar people are attempted to be made familiar by scheduling regular meetings and promoting the services offered by case organization.

The second step is to stay in touch with key people at the customer's company. This is often done by arranging different types of meetings with the customer. Regular meetings include status, project or quotation meetings, and training sessions for products and solutions. The usual agenda of status meetings is to review customer orders, claims, and on-time delivery figures. Project or quotation-related meetings usually review customer quotation specifications, quotes that have already been sent, and other issues that the customer may have. During product trainings, an organization's product offerings and features are typically presented. During solution development meetings, there is usually discussion about the customer's applications and challenges they may encounter, while the case organization investigates the ways in which they can provide value to the customer by solving their challenges.

Managing customer quotations is the third phase. In this phase, quotations are made, pricing policies are managed, and roles and responsibilities are defined. For quotations, it is important to determine who will make the quotations and who will support in the documentation stage. An account manager is usually responsible for quoting and back-end sales engineers are in charge of documentation. There is also the possibility that the account manager advises the sales engineers how to prepare quotations for a particular customer, and then the back-end sales function creates the quotations. The order management system must have existing pricing rules for all customers within a segment in terms of pricing policies.

The fourth stage is managing the sales pipeline. According to the "Account Managers job description" - an internal document, the most important areas during this phase are analysing quotation pipelines and clarifying quotations' status with clients. An internal document that outlines the fundamentals of account management states that opportunities and recurring businesses comprise the sales pipeline.

Case organization's quotation tool creates opportunities automatically into Salesforce when quotations are made. In recurring businesses, customers typically buy products through a standard price sheet without the need for separate quotes. Because of this, recurring businesses are not included in the sales pipeline management. Analysing the opportunity pipeline once a month is crucial for an account manager. Account managers can use this information to determine if they have enough opportunities in their pipeline to meet their sales budget. Assessing the status of opportunities, it is necessary that account managers update opportunities as won, lost, or cancelled. If an opportunity is closed, it must always be explained why.

The fifth stage is project management. A Salesforce case must be conducted for each project at this stage. It is easier for the back-end function's salespeople to manage project-related activities when all their data is stored in Salesforce case. A review meeting must be scheduled before booking a project order. The account manager who sold the project and case organization's sales director is included in order review meetings. Together, they fill out order-related data to the order review template. Order data typically includes customer information, product information, and any special requirements.

Organizing technical support for customers is the sixth stage. Customers' technical support can be arranged in three different ways. Some account managers prefer to give technical support by themselves, some rely on product managers, and some combine both their own and product manager's support. The most vital part of this stage is to have some kind of existing definition of how technical support will be provided.

The seventh stage is managing the sales process. Definition of the roles and responsibilities, analysis of response times, and customer feedback are all part of this stage. Roles and responsibilities of the sales process are defined in detail in section 3.2.4. In response time analysis, customers' warranty handling and quote response time development are monitored. If these times are deteriorating, then the reasons for this must be examined and ways of improving them must be devised. Response times are automatically available through the Salesforce dashboard.

In the eighth stage, marketing takes place. Phase three involves segment-specific marketing plans, social media influence, customer case articles, and webinar planning. Marketing plan describes how the organization tries to influence its customers within a particular segment. The most common marketing methods are direct contact with customers, LinkedIn marketing, news or blog posts in segment-specific magazines, and customer webinars. Segment leaders should also have a plan for influencing their customer base through social media, a popular platform for social media marketing is LinkedIn. Through blog posts or news articles, segment specific magazines are also utilized in marketing to promote an organization's product offering to a specific segment. Customer webinars are planned together with case organization's product management team. Often, product managers suggest topics for webinars, and then the segment leader evaluates who should attend the webinars.

The after-sales support is the ninth stage in the existing customer sales process. In this stage, warranty cases are managed through Salesforce, CCRP is opened if necessary, and warranty cases are reviewed together with customers if needed. Customer warranty cases should always be opened in Salesforce, since it is easier to monitor progress and status there. Customer Care Response Process is an acronym for the Customer Care Response Process. CCRPs are always assigned to the product manufacturing unit (PMU), and the PMU is responsible for resolving the CCRP. Sometimes, if a customer's claim is severe, a review meeting is arranged to discuss the claim and the reason behind it. In review

meetings, case organization normally refers to the actions taken to avoid reoccurrence of the claim.

In the existing customer sales process, the last step is to renew contracts at the end of the year. At the end of the year, customers' contracts are reviewed and updated if necessary. Most price adjustments occur at the end of the year, so at least the price sheets for customers are updated.

3.2.3 Growth Customers Sales Process

According to one interviewee the case organization has an unusual position in their market. When the volume of sales is taken into account, the case organization's resourcing is quite small. As a consequence, the case organization cannot serve all customers. This has resulted in a situation that small accounts are directed to distributor partners. Therefore, new customers are not actively sought, since the case organization is focused on its largest customers.

However, there are some segments where the case organization can achieve growth and where prospecting for new customers is a necessary part of segment sales work. One interviewee noted that there is room for improvement when it comes to hunting for new potential customers. Historically, the case organization has not prioritized growth customers, but it is currently evaluating new business opportunities on a regular basis. Growth customers sales process describes the stages of turning a potential new customer into an existing one. In case organization's internal conceptualization, the stages are presented in gate model which is defined more detailed in Figure 6 below.

The case organization has nominated two people to serve as business development managers. Business development managers are responsible for hunting new customers and clarifying those business potentials. The role is performed alongside the account manager role.

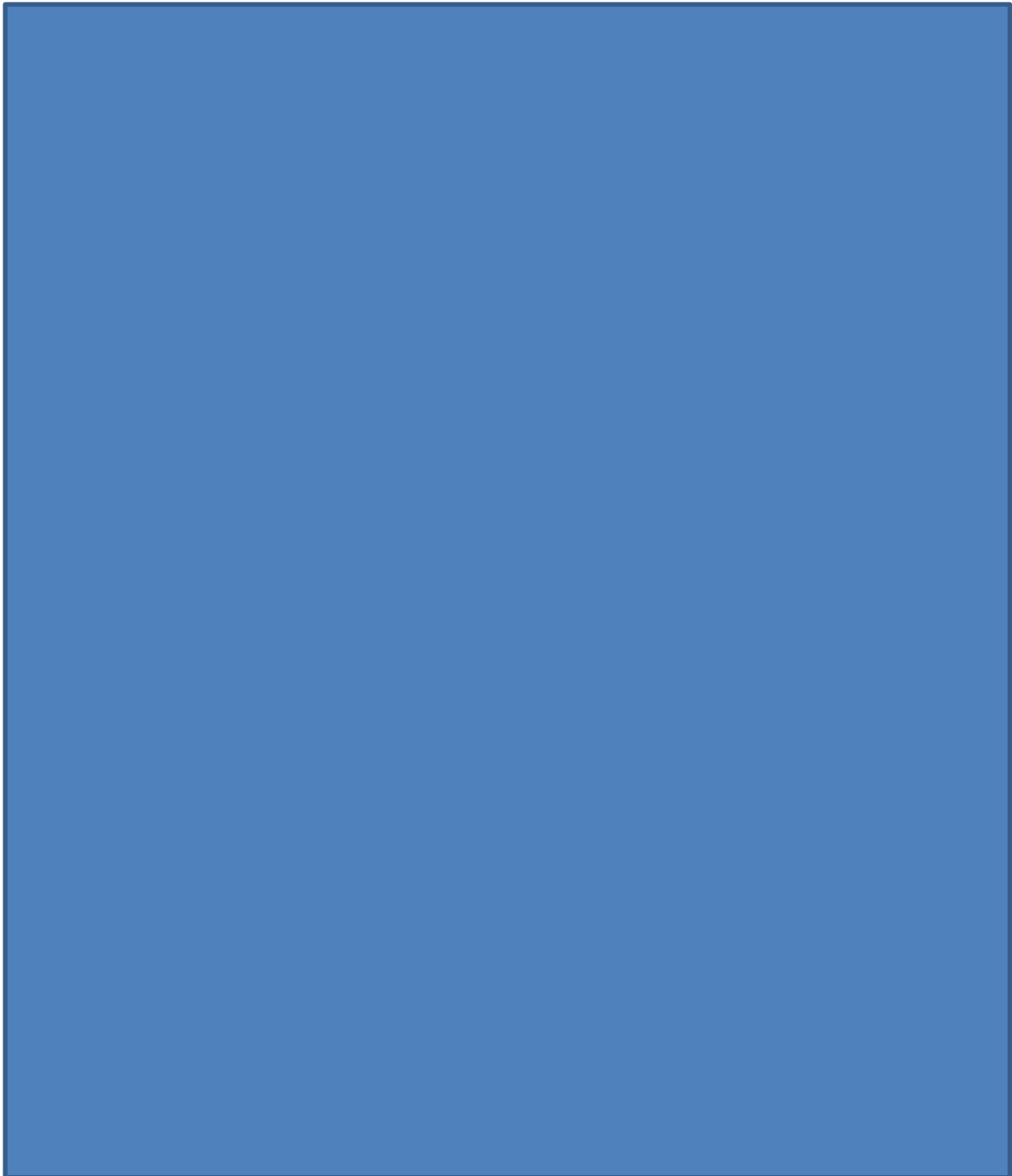


Figure 7. Growth customers sales process.

The first step in the growth customers sales process is to ensure that growth potential analysis is already completed in stage 3 of the sales plan process. It is easier to start evaluating which customers need priority once growth potential

customers are identified. Segment leaders are responsible for managing growth customers in their segment.

The second step is to add new potential customers to the case organization's Teams group Gate 1 section. Case organization's account managers receive new leads monthly from existing and new customers. Existing customer leads are typically a result of either an expansion of the customer's business or the modification of the product, in which case the organization must also adjust the product's features.

Microsoft Teams list of new potential growth customers ensures that new growth customers are documented. An organization's internal meeting which is held once a quarter reviews the listed growth customers. The quarterly meeting participants decide who will take the initial contact with new growth potential customers when they have been identified and documented. The goal is to clarify the customer's needs within a month of the initial contact.

In a third step, it is important that existing customers' growth potentials are also listed in the case organization's Teams group Gate 2 section. Existing customers' growth potentials are managed in the same manner as totally new growth customers. As part of the case organization's quarterly meeting, existing customers' growth potential is also reviewed.

Fourth phase is to list customers' challenges to Teams group Gate 3 section. Customer challenge means that customer has some challenge in their process or in their product that the case organization wants to solve. At present, case organization's product management team is responsible for inspecting customer issues. The process follows a certain pattern that segment leaders or account managers are listing customer specific challenges on a public Teams group and then product management team goes through the list weekly. After product management team review, as a team, they decide who is responsible for a particular customer challenge and begin to explore it in more detail.

Fifth phase is solution development which means that case organization's product management team starts to design solution for a certain customer challenge. This stage is named as Gate 3 in case organization's internal conceptualization. The target is to build solution within three months from initial Gate 1 listing. Usually, the person is product manager or application engineer who is responsible for solution development.

Sixth phase is solution piloting. This means that the solution which is developed in Gate 3 is ready for piloting. Solution piloting stage is named as Gate 4, in this phase the case organization arrange piloting case together with the customer. In this phase the customer tests and evaluates case organization's solution and gives feedback on it. After solution piloting the customer usually makes the decision of whether they want to implement the solution or not.

After solution piloting follows phase seven which is transferring growth customer into existing customers. This is named as Gate 5 in case organization's gate model. Main objective in this phase is to move the customer from growth customers sales process into existing one. More detailed description about existing customers sales process is available in section 3.2.2.

The eight stage is solutions scaling. In this gate 6 phase the target is to recognize potential scalable customers for a particular solution. The idea is to identify those customers who would benefit from existing solutions and then contact these customers and clarify their interest concerning certain solution.

Last and ninth stage is monitoring status of the solution's progression. This means that the segment leader or account manager arrange regular status meeting with the customer who has implemented the solution. In this status meeting, the customer can provide feedback regarding how the solution is working and whether further development is needed.

3.3 Strengths of the Current Process

This section presents the current strengths of the sub-processes of the segment sales process. The findings are based on the interviews in Table 1. Appendix 2 lists the interview questions that were posed to the interviewees during the interviews.

The interview results revealed six strengths in the current segment sales process. The identified strengths are shown in Table 7.

Table 7. Listed strengths of the segment sales process.

Strengths of the current segment sales process	
Sales plan process:	
1	Systematically conducted CSA of the segments
2	Clear definitions of roles and responsibilities
Existing customers sales process:	
3	The process is followed systematically by account managers
4	Each account manager has detailed account plans
5	A large amount of data is available of the operative work
Growth customers sales process:	
6	Capability to solve customers' technical issues

Based on the interview results shown in Table 7, the key stakeholders of the current segment sales process have a very similar approach to how sales plan and existing customers processes are currently working. According to their answers, these processes are working fairly well because the process phases are followed systematically.

3.4 Weaknesses of the Current Process

This section represents the current weaknesses of the segment sales process. The interview results revealed twelve weaknesses. The identified weaknesses are shown in Table 8.

Table 8. Listed weaknesses of the segment sales process.

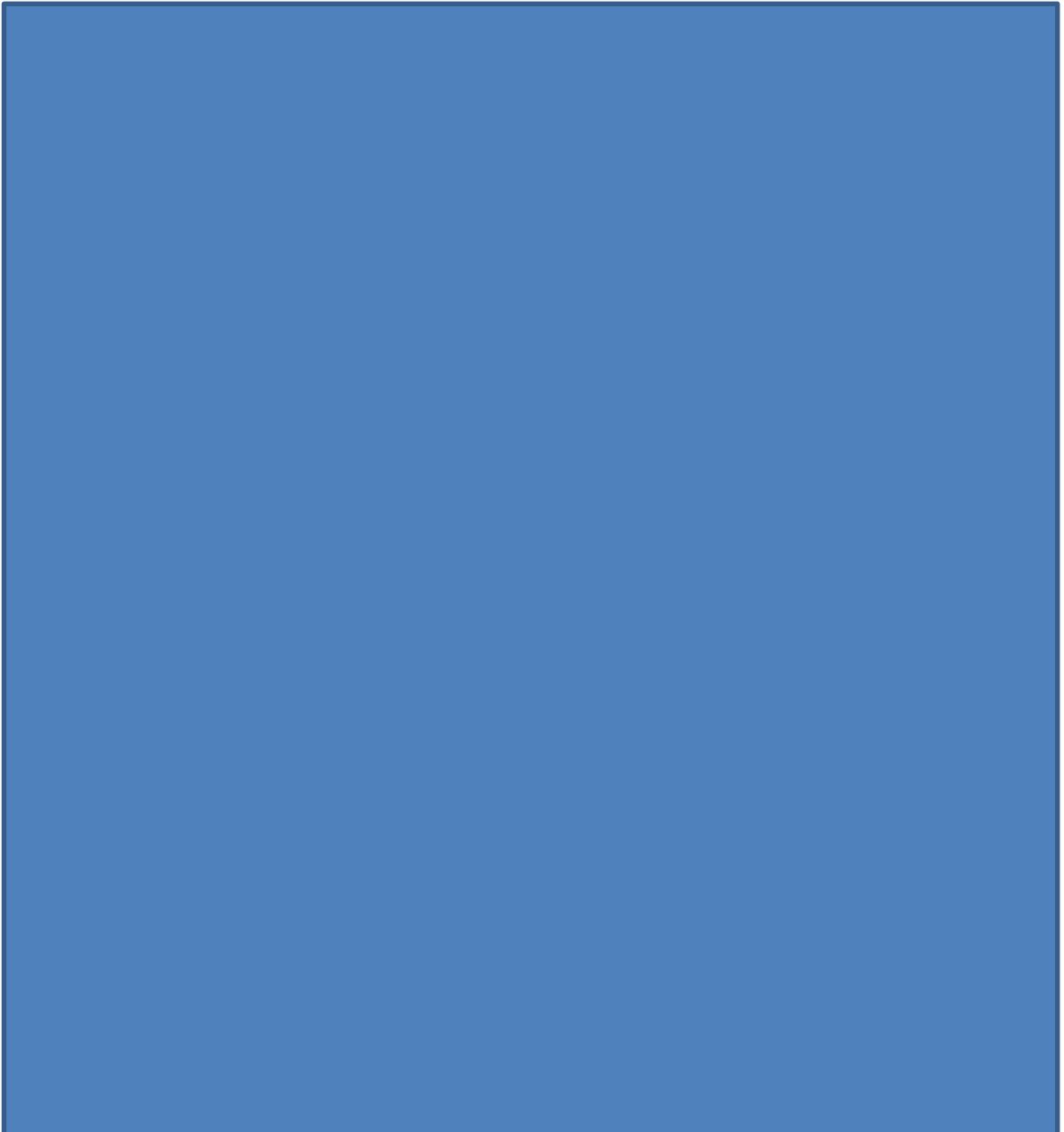
A large blue rectangular area representing a redacted table. The table content is completely obscured by a solid blue fill.

Table 8 reveals that the majority of weaknesses in segment sales process are in growth customers' sales process. Seven weaknesses were identified in the latter process, compared to five weaknesses in the existing customer sales process

and one weakness in the sales plan process. Identifying customer challenges and value propositions are weaknesses in existing and growth customers sales processes.

3.5 Summary of Current Strengths and Weaknesses

The goal of the current state analysis was to define the current way of working and determine strengths and weaknesses from the segment sales process in order to build a customer value proposition for a particular customer. The following Table 9 presents the key findings of the segment sales process.

Table 9. Key findings of the segment sales process.

Strengths	Weaknesses
1. Account plans in existing and growth customers are created accurately and regularly each year	1. Currently, the case organization is not competent enough to identify customer challenges
	2. CVPs for existing and growth customers are unclear and not concrete enough

As seen in Table 9, the findings from the current state analysis show that the existing customer sales process and particularly the account plans that account managers conduct are the key strengths of the segment sales process. An account plan specifies the kind of farming or growth activities the account manager should carry out in order to develop a specific account. Farming is the cultivation of existing relationships and seeking out opportunities within existing customers.

The key findings related to weaknesses in the segment sales process are identifying customer challenges and customer value propositions. Both weaknesses are prevailing in the existing and growth customers sales processes. Currently the case organization is not competent enough to identify customer challenges. The outcome of identifying customer challenges would be that the case organization could develop solution for it, and the customer could implement the solution in their application.

Case organizations' value propositions to customers are too generic, and these are not detailed enough to show clearly what is the customer value of the solution they offer. Currently, the customer value proposition emphasizes the actual product rather than the customer's actual needs. This has led to a situation where the customer has difficulties understanding the value proposition of the case organization.

In this section, the strengths and weaknesses of the current segment sales process were identified. In next section, good practices from literature concerning building a CVP will be discussed.

4 Good Practices From Literature Concerning Building a CVP

This section compiles relevant knowledge gleaned from the review of existing literature and incorporates it into the conceptual framework for the study. Based on the results of the current state analysis described in Section 3, literature was searched.

The literature review is discussed and analysed in four sub-sections of this section. The sub-sections deal with identifying customer needs, analysing key competitor offering, analysing case company core competence, and building a CVP.

4.1 Tools for identifying customer needs

Drucker (2017: 95) emphasizes the importance of customer needs. He claims that customers determine whether an organization will prosper, what it will produce, and what it will accomplish. To understand what is needed in the market, this customer need is used in the conceptual framework of this study. Customer profile is used to define the needs of customers (Osterwalder et al. 2014).

According to the Customer Profile, the customer is described by the customer's gains, pains, and jobs. A customer's goals and desires are stated in the 'Gains' section. Osterwalder (2014: 9) lists concrete benefits in this section as well. The 'Pains' section represents the risks, obstacles, and other negative aspects of a customer job. The 'Jobs' section allows customers to list what they want to do, what they would like to accomplish. To visualize what matters to customers, Osterwalder states that a customer profile is necessary. Customer Profile is shown in figure 8.

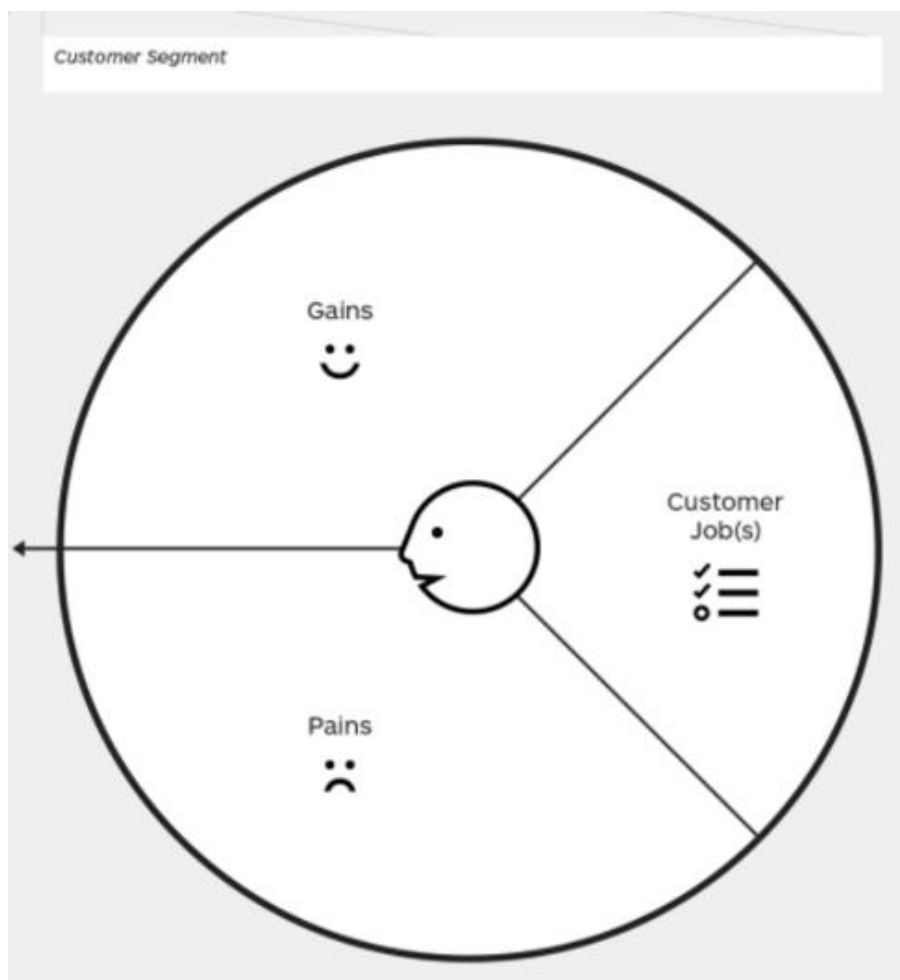


Figure 8. Customer Profile (Ashton McGill. 2018).

Figure 8 illustrates what information should be included in a 'customer profile'. The case organization should bear this information in mind when implementing CVP across different business segments. The Table 10 below includes a list of questions that help to create a Customer Profile.

Table 10. Customer Profile (Osterwalder 2014: 12-17).

Customer Profile Details	
Customer Gains	<p>Outcomes and benefits the customer wants:</p> <ul style="list-style-type: none"> • Which savings would make your customer happy? • What quality levels customers are expecting? • What would make your customer jobs easier? • How do your customers measure success and fails? • How do your current value propositions delight your customers? • What would increase your customers' probability of adopting a value proposition?
Customer Pains	<p>What annoys the customer before, during, or after the job</p> <ul style="list-style-type: none"> • How do your customers define too costly? • How are current value propositions underperforming for your customers? • What are the main challenges your customers encounter? • What's keeping your customers awake at night? • What barriers are keeping your customer from adopting a value proposition? • What common mistakes do your customers make?
Customer Jobs	<p>Things the customer is trying to get done</p> <ul style="list-style-type: none"> • Functional jobs: customer tries to do specific task • Social jobs: The customer wants to improve their status • Personal/Emotional jobs: A customer seeks a specific emotional state • Supporting jobs

Customer Profile details in the Value Proposition can be seen in Table 10 above (Osterwalder 2014: 12-17). By defining the CVP, the customer defines what they value in terms of gains. Lower price and cost savings are likely to be valued more by some customers than increased quality. For example, some customers want to be perceived as more qualified as a professional by improving their social status. 'Customer gains' are something that must be carefully crafted. The information regarding this is very important for the customer and should be carefully reviewed. It is not advisable to rush this study, and if possible, it is best to ask customers directly, since they know what they value and what they want.

4.2 Tools for analysing key competitor offering

The term 'competitive' refers to a contest between two or more parties in business. Companies compete with each other to achieve sustainable winning performances and to beat their competitors who are working towards the same or similar goals. Fleisher and Benssoussan (2015: 4-5) suggest that firms must develop their competitive strategies in order to succeed in competition.

Usually, a competitor analysis focuses on a few key strategic questions in order to develop a competitive advantage, according to Hussey and Jenster (2003). Hussey and Jenster also states (2003:96) that competitive analysis is useful for supporting operational activities and in addressing strategic issues. Operations could include, for example, producing sales benefits based on an analysis of the product offering compared to that of the competitors. Information provided by competitor analyses is clear and up-to-date for stakeholders who will use it.

Competitor's response profiles are introduced by Porter (2004) as a framework for conducting competitor analysis. Porter (2004) states that all steps taken in competitor analysis lead to understanding how competitors will respond to strategic moves, as well as opportunities in the industry and the environment. The following Figure 9 illustrates Porter's model.

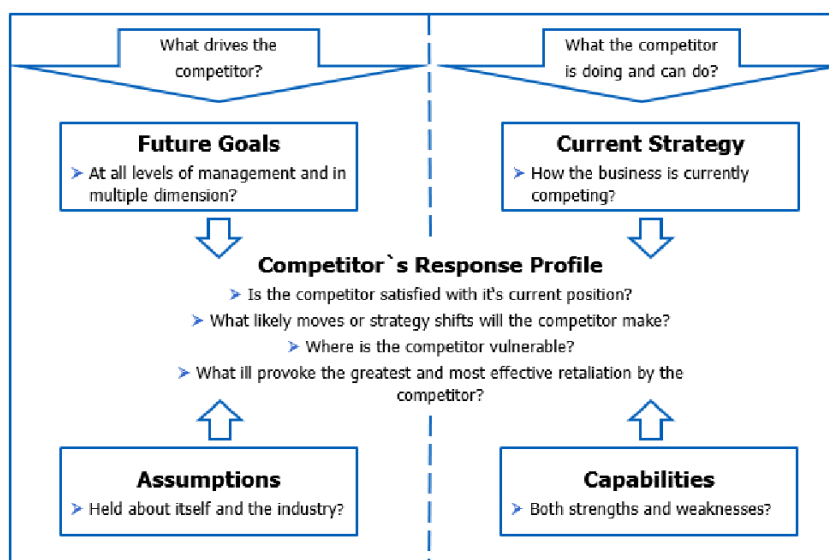


Figure 9. Competitor response profile (Porter 2004: 49).

The competitor response profile model is divided into two parts, as shown in Figure 9. On the left side, there is the content that influences the actions of a competitor. This aspect includes the competitor's expectations for the future. Analysing these aspects may prove to be challenging. Nonetheless, they provide valuable information about the likely future moves of a competitor. Right-hand part illustrates a competitor's current situation and current capabilities. Companies generally concentrate on these parts at first and are aware of them. By understanding the four components of the model, the company can make assumptions about its competitors' response profiles. (Porter 2004:49)

The first component of the four components is the future goals. By knowing future goals of competitors, a company can understand how pleased they are with their financial results or market position. Moreover, by knowing the future goals, a firm can predict how competitors will respond to strategic changes and how serious they will be about their strategic moves. (Porter 2004: 50-51)

The “assumptions” is the second component and it describes the competitor's assumptions about themselves, the industry, and other companies. Firms can better understand where competitors are vulnerable if they understand the assumptions of their competitors. Taking a close look at the company's history of leadership, financial performance, and its ability to succeed in the marketplace can help interpret these assumptions. (Porter 2004: 58-61).

Knowledge of the competitor's current strategy is included in the third component which is current strategy. The firm can see the competitor's key operating policies throughout every department and business unit by understanding the current strategy. Analysing the competitor's key operating policies and how they reflect their competitive strategy can reveal the current strategy. As long as firm conclusions are uncertain, there is always doubt. Whether the strategy is implicit or explicit, there is always some sort of strategy, however, on some level. (Porter 2004: 63)

Last but not least, the fourth capabilities component includes the knowledge about the competitors' strengths and weaknesses within the key business value chains and financial areas of the business. Taking into account the first three components will have an impact on the possibility, timing, nature, and intensity of competitor reactions. As a result, the ability for the company to make strategic decisions and to adapt to changes in the industry or environment can be greatly affected by the fourth component which determines its capabilities and weaknesses. (Porter 2004: 63-65)

As a summary, Adom et al. (2016: 4) states that competitor's response profile analysis is interested ultimately in developing a profile of how competitors might be expected to react in response to a company's strategic moves. An analysis of competitors involves answering questions about the company's and its competitors' future objectives, current strategy, assumptions, capabilities, and response. According to O'Connor (2010: 49), a common technique is to create detailed competitor's response profiles for each main competitor.

Sheehan and Bruni-Bossio (2015) present an insightful tool named the strategic value curve analysis, which is based on Kim and Mauborgne's (2005) strategy canvas tool. A strategy canvas is a diagnostic and action framework to differentiate the offering of a company from its competitor in an uncontested market where the competition has no significance (Kim and Mauborgne 2005: 77-78). Blue Ocean strategy is a cost-driven approach rather than a value-driven one, and it integrates holistically the firm's operational and functional activities. Value curve analysis can be used as an additional tool to strategy canvas for capturing the current state of competition in a business environment. (Kim and Mauborgen 2005: 109-112)

Strategic value curve analysis can be conducted using the strategy canvas as a visual representation of the firm's competitive landscape (Sheehan and Bruni-Bossio 2015: 318). Using the tool, the firm can identify, diagnose, and repair issues related to customer value propositions and delivery. A visual representation of the tool is shown in Figure 10.

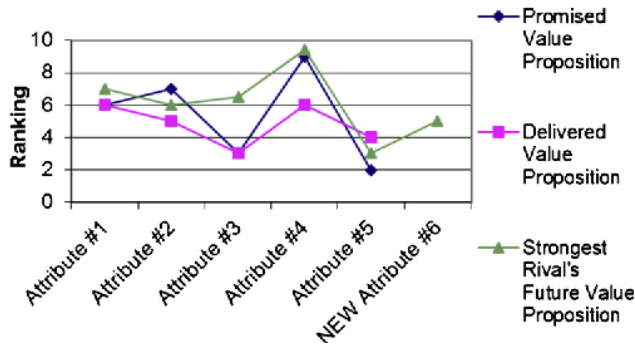


Figure 10. Strategic value curves for CVPs (Sheehan & Bruno-Bossio 2015: 320).

Figure 10 shows a visual representation of benchmarking the promised, the delivered, and the key competitors' future value propositions. Sheehan and Bruni-Bossio (2015: 323) state that the tool is simple to use as well as visually appealing, customer-oriented, and externally focused. A disadvantage of this tool is that it does not examine the efficiency of processes that deliver customer value.

Using value curves in several industries was investigated by Kim and Mauborgne (1999). The cosmetics company Body Shop was chosen to participate in the study. Body Shop's value curve is so distinctive that it hardly resembles an ordinary cosmetics company. In Figure 11, there is an illustration of Body Shop's value curve.

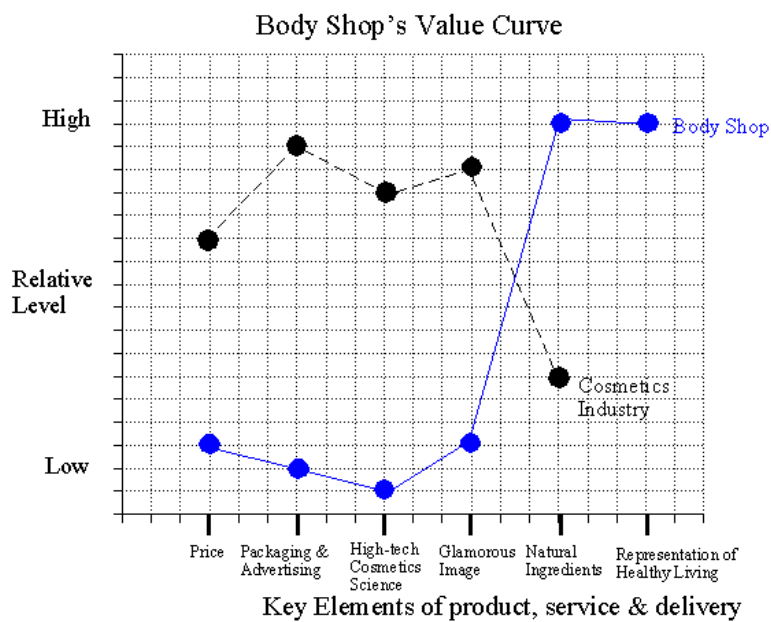


Figure 11. Body Shop's adapted value curve from Kim & Mauborgne (1999: 91).

As can be seen in figure 11, the Body Shop reduced price glitz and packaging costs while emphasizing natural ingredients and healthy living. The Body Shop uses refillable plastic bottles because the money the industry spends on packaging has no practical value for customers. The Body Shop is an excellent example of how value curves can be used in several different businesses. (Kim & Mauborgne 1999: 90-91).

4.3 Tools for understanding division competences

The purpose of this section is to establish the tools for analysing case organization's core competencies in order to develop a superior value proposition for a customer. The outcome of this section is to provide tools for identifying an organization's core competencies, understanding the importance of those competencies, and understanding how these competencies relate to the case organization's core offerings.

A core competency refers to the experience that an organization has accumulated to accomplish the activities uniquely and exceptionally well over a period of time with an exceptional success rate (Gallon et al. 1995: 20). Consequently, Pitt and Clarke states (1999: 312) that acquiring and deploying core competencies enable organizations to outcompete their rivals, not compete with them. Moreover, core competencies serve as a strong foundation for business growth and form the basis for the development of business strategies (Prahalad and Hamel 1990: 91).

Technology and production core competencies that are based on complex, harmonized technologies can be hard to duplicate. As Prahalad and Hamel discuss (1990:84), competitors can obtain some technologies containing some of the essence of core competencies, but they cannot replicate the comprehensive framework of internally developed skills and knowledge. Therefore, value propositions based on core competencies are competitive advantages. According to Gallon et al. (1995:22), an organization can have quite a few core

competencies, but only a few of these core competencies can be converted into customer-perceived value.

Gallon et al. (1995: 22) propose a questionnaire set consisting of four questions to help identify the potential core competencies of an organization. In order for a company to be considered valid, all of its core competency qualifications must be met. Table 11 below presents the four key questions.

Table 11. Questionnaire to help to identify core competencies (Gallon et al. 1995: 22)

1.	Does it harmonise streams of critical technological capabilities to provide competitive advantage?
2.	Does it translate into customer-perceived value?
3.	Is it difficult to imitate (are there substantial barriers to competitors)?
4.	Is it extendable to new markets (does it provide market mobility)?

Table 11 includes a questionnaire addressing the key elements of potential core competencies related to obtaining competitive advantage by exploiting technological capabilities, customer perception of value, difficulty of replicating by competitors, and expansion to new markets. It is therefore possible to use the above questionnaire for determining possible core competencies. According to Gallon et al. (1995:23), potential core competencies are only valuable to an organization when they become strategic core competencies that are targeted for development and utilization in the future.

After identifying the potential core competencies using the questionnaire in Table 5, a strength assessment has to be performed on the identified potential core competencies. In this regard, Gallon et al. (1995: 25) introduce a three-dimensional grading system that grades potential competences on a scale from 1 to 5 in order to evaluate them.

Gallon et al. (1995:23-27) describes that the assessment of capability in three dimensions is based on three distinct degrees. The first is absolute degree which defines the degree to which the capability is optimized internally. The second is

relative strength which describes the degree to which the capability constitutes best industry practice. The third and last is criticality which defines the degree to which the capability has a direct impact on competition. Table 12 below illustrates the three-dimensional grading system degrees.

Table 12. Degrees of three-dimensional grading system. (Gallan et al. 1995: 26)

	ABSOLUTE STRENGTH	RELATIVE STRENGTH	CRITICALITY
Score	The degree to which the capability has been optimized internally	The degree to which the best capability constitutes best industry practice	The degree to which the capability has a direct impact on competitiveness
5	Highly refined, with only limited scope for enhancement	Substantial and undisputable leadership	A major determinant of competitive advantage
4	Well developed, with moderate scope for incremental improvement	Equivalent to industry best practice but not outright leadership	Has a direct and significant effect on competitiveness
3	Partially developed, with significant room for improvement	Developed to an average degree for the industry	Important to competitiveness in an indirect or enabling way
2	At an early stage of development	Substantially inferior to best practice	Rather unimportant to competitiveness but has an indirect effect
1	In its real infancy or with major opportunity for improvement	Significantly under-developed compared to industry norms	Has (almost) no impact on competitiveness

According to Table 12, the absolute strength degree indicates how well a company has maximized a particular potential core competence. A company's relative strength degree is a measure of its success in creating a competitive advantage through a particular identified core competence. The criticality degree describes what kind of impact an identified potential core competence has on competitiveness.

Products that have a concrete link between the core competencies are considered core products. Therefore, core products are the physical manifestations of one or more core competencies. When the strategic core competencies have been identified from the point of view of criticality by answering the questions in Table 4, it is imperative to connect them to the core offering (Prahalad & Hamel 1990: 84-96). The Domain Mapping Matrix by

Danilovic and Leisner (2007: 2) is designed to create and strengthen connections between core offerings and strategic core competencies. Table 13 below illustrates the nine steps involved in the Domain Mapping Matrix (DMM) process.

Table 13. Steps in the Domain Mapping Matrix process (Danilovic & Leisner 2007: 55-59).

Step	Target	Result
Step 1	<i>Identification of competencies</i>	<i>A competence hierarchy</i>
Step 2	<i>Identification of products and subsystems</i>	<i>Identify major product areas & sub-products</i>
Step 3	<i>Mapping competences across products</i>	<i>Each relevant competence area is given a value from 0 to 3</i>
Step 4	<i>Domain Mapping Matrix (DMM) were designed</i>	<i>Table that shows interaction on how each competence is related to each product</i>
Step 5	<i>DMM analysis in Complex Problem Solver</i>	<i>Visualization of interdependencies by colors</i>
Step 6	<i>Identification of core products</i>	<i>Identify core product areas</i>
Step 7	<i>Detailed description of core products and its major competence areas</i>	<i>Table which illustrates core products and its major competence areas</i>
Step 8	<i>Identification of core competences</i>	<i>Comparing the actual skills with the needed skills in the most important competence areas</i>
Step 9	<i>Identified discrepancy in competence areas</i>	<i>Present competence level and strategically needed competence</i>

Table 13 shows how core offerings and strategic core competencies can be determined through the Domain Mapping Matrix in a step-by-step manner. It is possible to employ insights from the Domain Mapping Matrix analysis in order to improve the competence of less skilled areas. The Domain Mapping Matrix analysis has the disadvantage of being very complex difficult to utilize in its original form. This study's case organization focuses only on selling a certain products to customers. The steps from 2 to 6 in the Domain Mapping Matrix are not relevant because they are focused on identifying the core products. In Section 5, only the 1st and steps 7-9 of the Domain Mapping Matrix may be applied.

4.4 Tools for building a CVP

Customer value is created when the supplier's core competencies and the knowledge of customer needs are transformed into the customer's choice of products or services rather than the competitors. Comparing different products from different companies, customers select the one that provides the most value to them, based on social, technical, or economic factors. In order to gain the customer's confidence, the company needs to define its customer value proposition.

The customer value proposition (CVP) is a strategic communication tool used by a company to convey how it aims to provide value to customers (Adrian et al. 2017: 467). In addition to being one of the most widely used terms in business (Anderson et al. 2006), the CVP is the single most important organizing principle of the company (Webster 2002: 61), considering that it is central to value creation (Payne and Frow 2005: 223), with significant consequences for performance. A company's customer value proposition should state why customers should buy the firm's goods and services in a few key sentences. CVP refers to the benefits at what price will be offered to which customer groups, at what cost (Lanning and Michaels 1988: 3). This section presents different types of CVPs and a value proposition canvas tool which helps to illustrate a company's CVP.

In business markets, Anderson et al. (2006: 93-94) describes three approaches to CVP development: all benefits, favorable points of differentiation, and resonating focus. The first option is often taken by managers, but Anderson recommends the last option since the customer is likely to regard the supplier as a high focus on items that are critical to value.

All benefits value proposition type demands little knowledge of customers and competitors. Knowing your own market offering is all that is necessary. The all benefits - value proposition describes all the features and benefits that the supplier claims their product can provide. It is more effective if it contains as many features as possible. In spite of the fact that the list of features and benefits can

be easily drafted, the features may not be helpful to the target customers. However, many, if not most, of the benefits are similar to those of the next best alternative, reducing their impact. Managers must clarify in their CVPs which benefits, and features are similar, and which are different (Anderson et al. 2006: 92-93).

A favourable point of difference is another type of value proposition. One of its purposes is to make the customer aware that there is an alternative. As an example, Anderson et al. (2006: 93) provide the example of a gas provider receiving a request for proposals asking for three to four suppliers to visit their office for a discussion of their proposals. Only one supplier would be chosen from the group after the discussion.

It is more crucial to ask, "Why should the customer choose your product over a competitor's?" than "Why should the customer purchase your offering?". To provide differentiation, suppliers need to understand the next most competitive alternative in detail, whether it's buying a competitor's offering or solving the customer's problem in a different manner. The supplier may find that a product or service has several points of difference, complicating the process of determining which products deliver the most value. Suppliers may emphasise points of difference that provide little benefit to their customers if they lack a detailed understanding of their needs and preferences. (Anderson et. al. 2006: 93).

Resonating focus is the third type of customer value proposition. Anderson et al. (2016: 94) point out that suppliers can provide resonating value by focusing on the few elements customers are most concerned with. It is essential that the value of these few key elements is communicated, demonstrated, and documented in a manner that demonstrates a thorough knowledge of the customer's business needs.

Favourable points of difference differ from resonating focus type of proposition in two ways. First, more isn't better. Resonating focus propositions identify the one or two points of differentiation that deliver the greatest value to customers, and

whose improvement will continue to do so. Second, the resonating focus can include a point of parity. The point of parity is usually required to obtain target customers' attention, or when a supplier wants to counter customers' perception that a particular value element is a point of difference in favour of a competitor's offering. The latter case happens when customers believe that a competitor's offering is better, but the supplier believes its offerings are similar. (Anderson et. al. 2016: 94).

The following Table 14 summarizes the three types of customer value propositions with their pros and cons.

Table 14. Three types of customer value propositions (Anderson et. al. 2016: 93).

VALUE PROPOSITION:	ALL BENEFITS	FAVOURABLE POINTS OF DIFFERENCE	RESONATING FOCUS
Consists of:	All benefits customers receive from a market offering	All favorable points of difference a market offering has relative to the next best alternative	The one or two points of difference (and, perhaps, a point of parity) whose improvement will deliver the greatest value to the customer for the foreseeable future
Answers the customer question:	"Why should our firm purchase your offering?"	"Why should our firm purchase your offering instead of your competitor's?"	"What is most worthwhile for our firm to keep in mind about your offering?"
Requires:	Knowledge of own market offering	Knowledge of own market offering and next best alternative	Knowledge of how own market offering delivers superior value to customers, compared with next best alternative
Has the potential disadvantage:	Benefit assertion	Value presumption	Requires customer value research

Among the three types of customer value propositions shown in Table 14, only resonating focus answers the customer's dilemma, "What is most worthwhile for

us to keep in mind about your offering?". If a supplier has a reasonable and convincing answer to this question, it is considered a resonating CVP, which focuses on what customers are most concerned about. Also, the favourable points of difference CVP question "Why should our firm purchase your offering instead of your competitor's?" should be answered in order to provide differentiation from competitor's offering.

A Value Proposition Canvas is a framework developed by Osterwalder et al. (2014) as a method for ensuring that products and services are aligned with the market. The Osterwalder's Value Proposition Canvas consists of two parts, customer profile and value propositions. The Value Proposition Canvas can be used in situations where a product or service offering needs to be refined or a brand new offering is being developed. The value proposition canvas is shown in Figure 12 below.

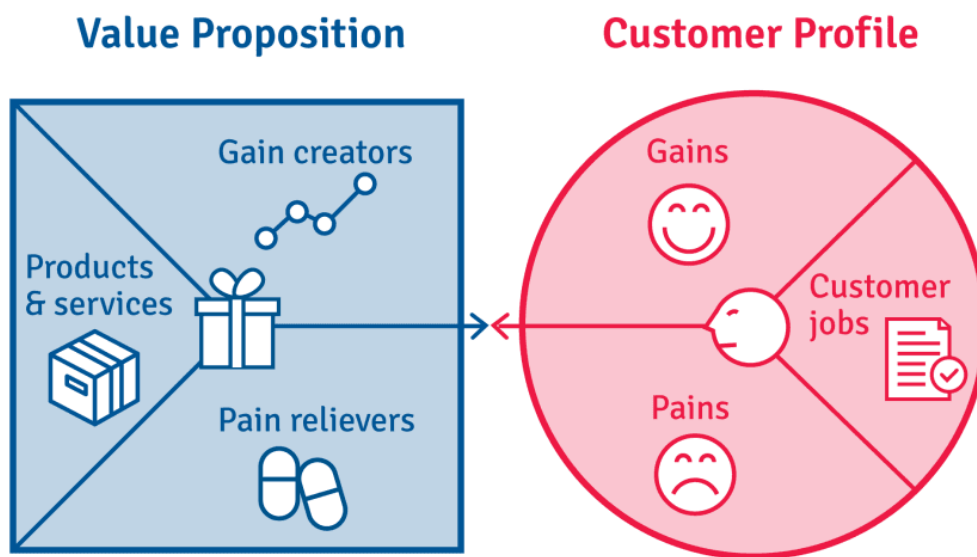


Figure 12. Value proposition canvas (Osterwalder et. al: 2014).

The value proposition canvas consists of two dimensions, as shown in Figure 12. In the value proposition canvas, the left dimension is the value proposition, and the right is the customer profile that was discussed in section 4.1. When these

two dimensions are balanced, the value proposition canvas assures that a product or service is built based on what the customer values and needs.

In the value proposition dimension, the supplier's offerings are presented in terms of how they relieve the customer's pains and enable the customer to gain. The list of products and services is of primary importance. All the products and services that drive value creation and realize the value proposition appear on this list. The supplier's value proposition also includes pain relievers and gain creators. Pain relievers refer to how the offering alleviates the customer's pain, by removing negative feelings, unnecessary costs, and risks. Gain creators describe how the offerings generate value for customers.

4.5 Summary of conceptual framework

Four different building blocks must be used to construct a customer value proposition that is more valuable than the competitor's CVP, appropriately positioned for the customer segments, and well-suited to customer needs. In each building section, key tools and ideas are outlined in conjunction with references to literature. The key building sections are identifying customer needs, analysing key competitor offering, analysing case company core competence, and building a CVP.

The first block is identifying customer needs which entails the customer jobs, customer pains, and customer gains (Osterwalder et al. 2014). The second block is analysing key competitor offering which is formed of a strategic value curve (Sheehan and Bruni-Bossio 2015) and competitor's response profile (Porter 2004). The third block is analysing case company core competence which is based on qualification criteria questionnaire (Gallon et al. 1995), capability scoring system (Gallon et al. 1995), and domain mapping matrix (Danilovic and Leisner 2007). The fourth block is building a customer value proposition which is constructed of different types of CVPs (Anderson et al. 2006) and value proposition canvas (Osterwalder et al. 2014).

In Figure 13 below is a representation of the conceptual framework.

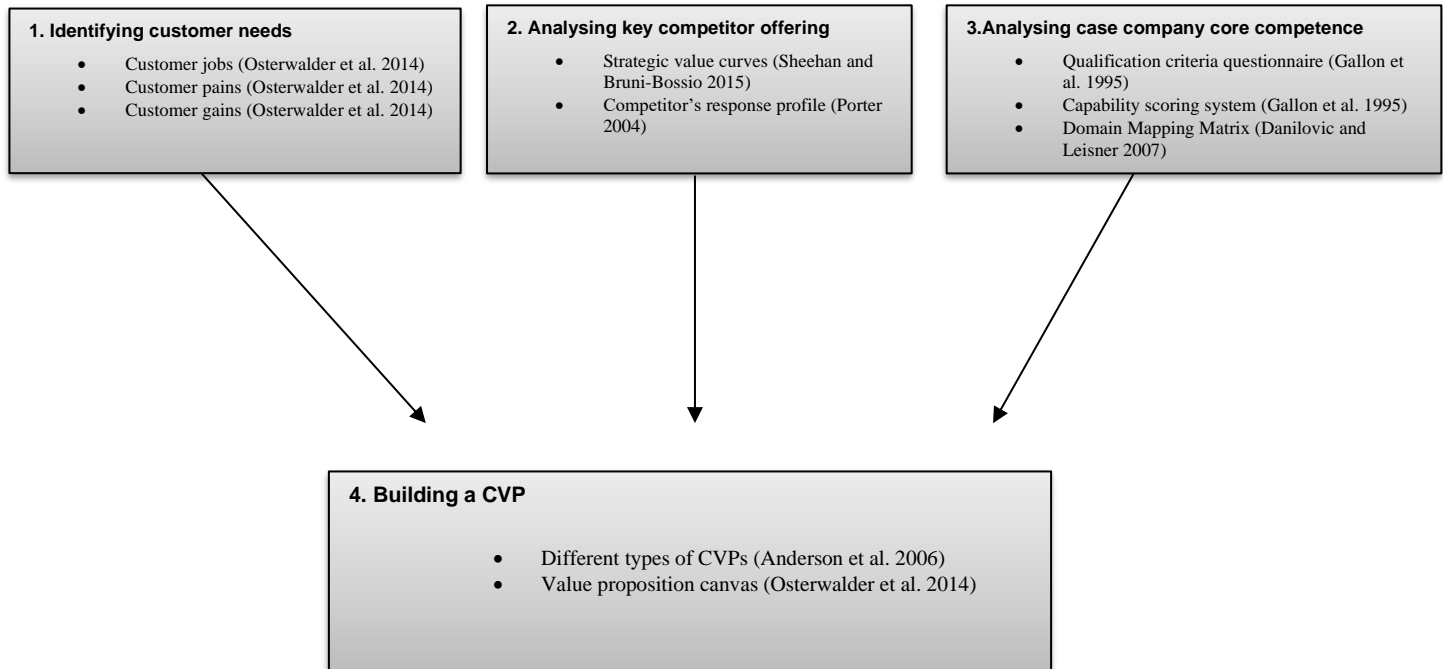


Figure 13. Conceptual framework for building a customer value proposition.

In conclusion, the conceptual framework presented in this section consists of four blocks. Each block has relevant framework tools and ideas that can be applied in building a truly distinct and exceptional customer value proposition. The conceptual framework will then be used in section five, which analyses customer needs, key competitor offering, and case company core capabilities. This will be followed by section six, which builds a customer value proposition for a key customer.

5 Analysis of Customer Needs, Competitor Offering, and Case Company Capabilities

5.1 Overview of analysis stage

In this study, the purpose of section five is to analyse key customer needs, competitor offering, case company CVP, competencies and gaps in competencies. This analysis is based on customer and internal stakeholder interviews and review of the case company internal documents. This fifth section consists of five parts.

First, one key customer needs are identified by interviewing building segment key customer's employee. The customer's employee is working as a project manager in an automation contracting company and has vast experience of working in this industry. The output of the interview is a clarification of the customer needs which includes definitions of the customer jobs, pains, and gains as discussed in literature review in section 4.1. The outcome of this section is a figure which illustrates customer jobs, pains, and gains. The summary illustration can be found in Section 5.2.

The second phase is analysing key competitor customer value proposition. During this phase, the case company's offering is compared to the competitor's strategic value curve as discussed in section 4.2 of the literature review. The value curve was created by interviewing case company's product manager. The outcome of this phase is a figure of the strategic value curve which can be found in section 5.3.

The third phase is analysing case company value proposition, competencies and gaps in competencies. The third stage data was collected by interviewing case company's sales director. This stage includes defining case company's resonating focus CVP. The resonating focus CVP consists of the core products, gain creators and pain relievers. The core competence evaluation involves

strengths and weaknesses of case organization's core competences and gaps in competences.

5.2 Identifying customer needs

A key objective of this section was to identify the needs of a key customer in the building segment. The data for this section was collected by interviewing a project manager from a key customer's organization (data 2a). Appendix 3 contains the interview questions. Osterwalder's Customer Profile was an important tool in clarifying customer needs, as discussed in section 4.1.

In order to create a Customer Profile Canvas, all the data collected during customer interview were combined and displayed in one figure. Figure 14 below shows the visualisation of the identified key customer needs, which is based on the Customer Profile.



Figure 14. Customer Profile of a building segment key customer.

According to the interviewee, the key advantage in their industry is that they are able to provide both building automation and HVAC services to their customers in building segment projects. Most of their customers are main contractors or building owners. By combining HVAC and automation contracts, the main contractor has less contractors to deal with in a project, and project management becomes easier for the main contractor. For automation and HVAC projects, the customer jobs include comparing quotations, selecting products based on quotations and technical specifications, participating in the design process in cooperation with consulting companies, installing and commissioning the products, and increasing the energy efficiency of buildings.

Building automation and HVAC contracting are highly competitive industries, which means that margins are low in this sector. Due to this, key customer pain points are related to high costs in their projects. The key customer pains are expensive prices, delayed shipments, difficulties in commissioning, documenting parameter lists, fulfilling design specifications, and incorrect design pictures. If the product shipment is delayed, for example, it means that the entire project may be completed late, resulting in additional costs. In addition, the interviewee stated that they often have difficulties commissioning and parametrizing the products. Therefore, the time allocated for commissioning and parametrization has been exceeded, increasing the risk of a late delivery.

In most cases, customer gains are related to eliminating customer pain points. According to the interviewee, cheap prices of products, short lead times, easy selection of products, easy installation, effortless commissioning and simple product documentation are the main gains they can obtain. By providing short lead times, the supplier reduces the risk of the project being delivered late due to shortages. The interviewee stated that one of the advantages they can gain is the ease of selecting products. Therefore, customers must have access to simple and up-to-date product information in order to select the products they want. In addition, the interviewee stated that any tools that can help them during the product commissioning phase would significantly improve their efficiency.

An overview of the building segment's key customer's profile can be seen in Figure 14. The following section examines key competitors' customer value proposition.

5.3 Analysing key competitor CVP

This section focuses on assessing competitor's products, services, and delivery in relation to the case organization's core offering for a building segment. Interviewing the product manager of the case organization and reviewing competitors' external material provided the data for this section (data 2b). The interview questions can be found in Appendix 3. As described in section 4.2, the value curve was used in this section to analyse competitor offerings. The results of the competitor comparison are illustrated in Figure 15 below.

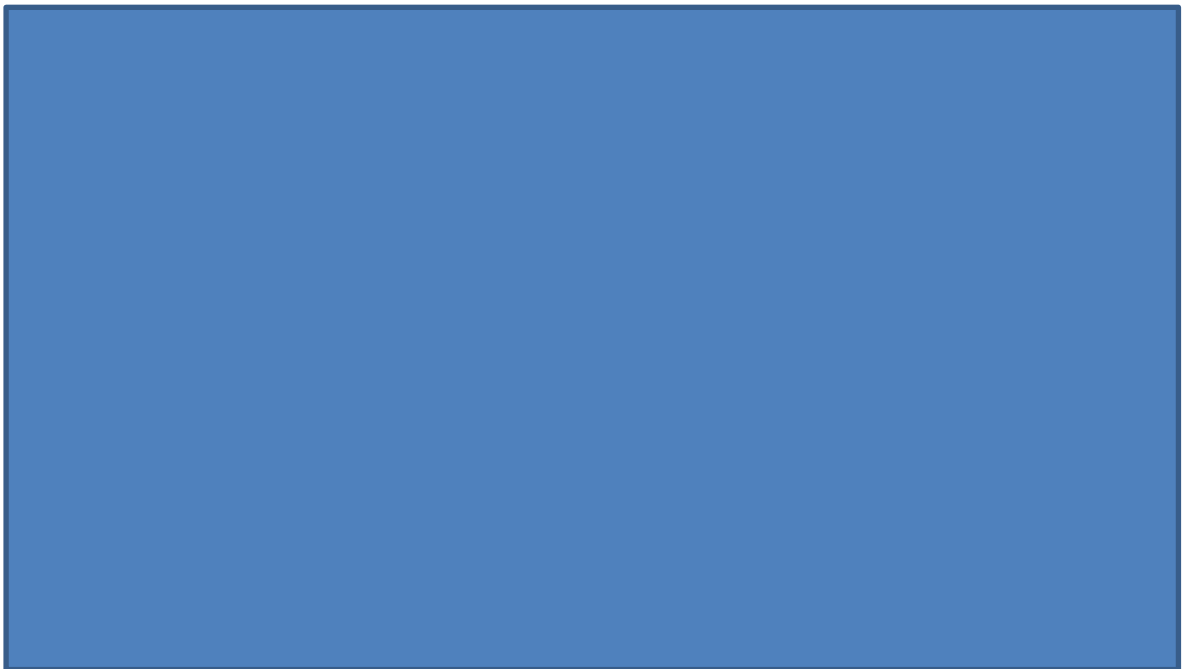


Figure 15. Building segment value curve for the CVP.

During the interview, when asked whether our product offering price is competitive in relation to competitor, the interviewee responded in the following way:

According to key customer feedback, prices were set identically with the key competitor a few years ago. After that, there have been a couple of price increases in the market, but they have all been in line with competitor increases.

This is plausible explanation about pricing because nowadays the customer feedback in this particular segment is that the pricing is point of parity with the key competitor.

Packaging, size, and installation are directly related to product size. All these above mentioned three features are clear points of differences for the case company. Because the product offering itself is significantly smaller than competitor offering, the packaging is also smaller and does not generate much waste. Furthermore, when the product is small, it will weigh less, and it will be easier to install. Below in Figure 16 is a size comparison of case company's product offering in comparison to a competitor's similar offering.

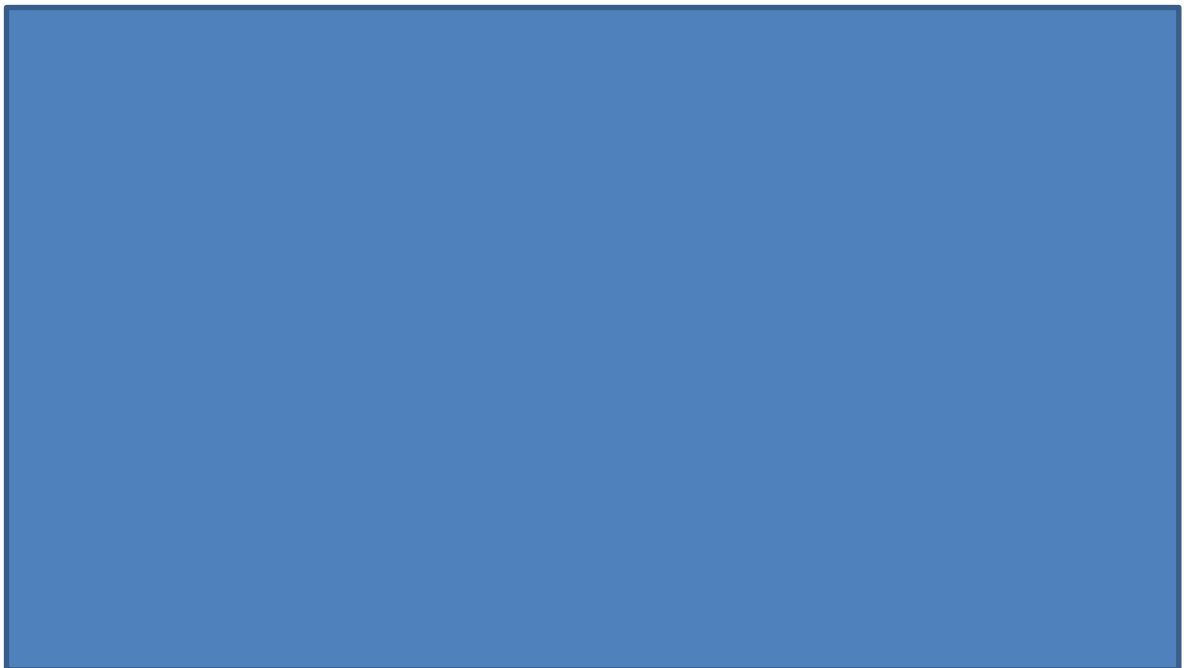


Figure 16. Size comparison of case company's (red cubes) product offering in relation to competitor's similar one (grey cubes).

Another point of differentiation for the case company offering is its availability. As the case company has stock in Middle-Europe, it can deliver products to Finland in three to four days. The competitor's product offering is manufactured from the order, so its delivery time and availability are longer.

The features of connectivity and commissioning are points of parity. The case organization has its own commissioning tool, which makes product parametrization efficient. Similar software is used by the competitor to configure and document products quickly and easily.

For the competitor, the product portfolio is clearly a point of differentiation. In the building segment, the competitor enjoys synergy advantages. For instance, the competitor can provide heat exchangers, differential pressure, flow and temperature controllers, and condensing units. Consequently, a certain customer in a building segment can buy a wide variety of products from the same supplier, which reduces the costs of having a large supplier base.

Training is one of the case company's points of differentiation. According to the previous experiences, customers who currently use competitor products are unaware of best practices regarding how to use the product and how to install it most efficiently. Consequently, the case organization has been able to organize product trainings related to installation and commissioning and gain competitive advantage.

A summary of the analysis of key competitor's CVP can be found in Figure 15. The following section discusses the case company's CVP, competencies, and gaps in competencies.

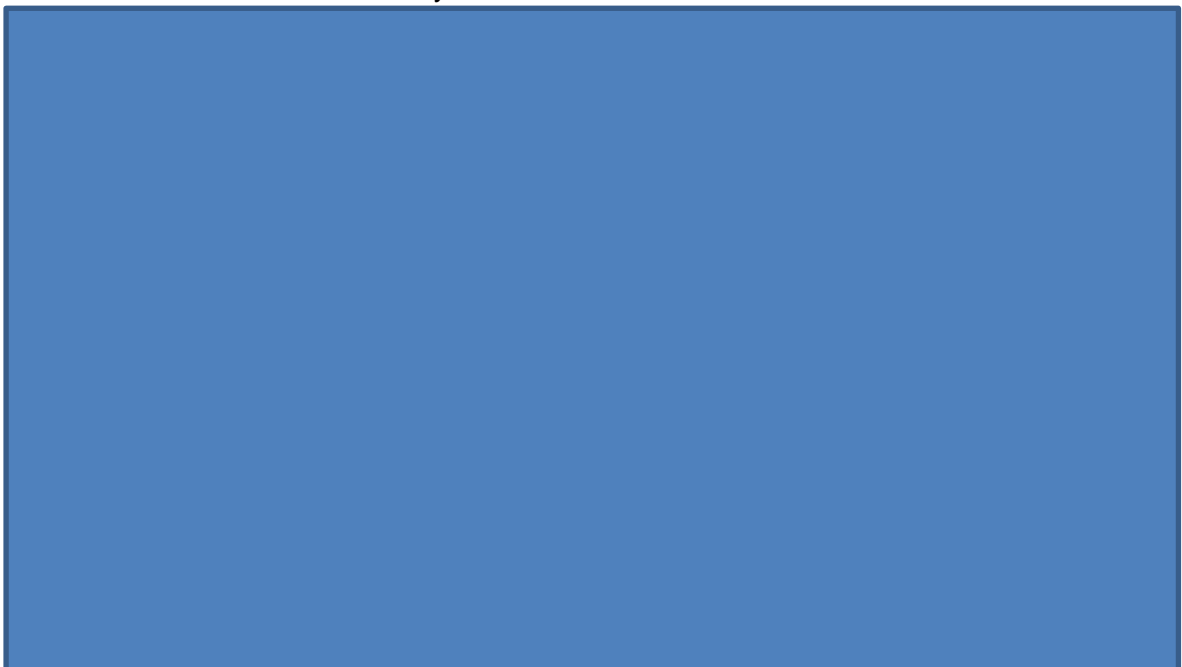
5.4 Analysing case company CVP, competencies and gaps in competencies

The main objective of this section was to analyse the case company's CVP in the building segment and evaluate its core competencies and gaps in competencies.

The data in this section was collected by interviewing the sales director of the case organization (data 2c). Case company core competencies were analysed using a questionnaire, capability scoring system, and Domain Mapping Matrix, as suggested by best practice in Section 4.3. In assessing the case company's current CVP, Osterwalder's Value Proposition Canvas and Anderson's types of CVPs were useful tools. The VPC and different types of CVPs were explained in Section 4.4.

The case company's current value proposition for a key customer in a building segment is described in Table 15 below.

Table 15. Current CVP for a key customer.

A large blue rectangular area representing a redacted table. The table content is obscured by a solid blue fill.

As can be seen in Table 15, the core product for the building segment is a variable speed drive (VSD). The VSD controls and optimises the operation of a motor by changing its speed and torque to match the needs of the system. Importantly, there is a non-linear relationship between motor speed and energy consumption which means that even a small reduction in speed can result in significant energy savings. As a result, variable speed drives in building applications like air handling units and cooling compressors can greatly increase energy savings.

The current gain creators are ULH drives offering, technical support, most compact product, complying all common specifications in a building segment, and improved energy efficiency savings by utilizing variable speed drives. Since normal variable speed drives generate harmonics in the network, ULH drives can significantly improve the efficiency of the electrical distribution network. The ULH drives produce almost no harmonics in the first place, which dramatically reduces network losses.

As a technical support provider, the case organization is able to produce software adjustments for its customers and to support their product development job. Having all common specifications means that the core product already includes all general specifications, such as a C2 level EMC-filter. Energy efficiency savings, for instance, mean that adopting ULH drives the end-user can cut energy losses even by 20% (Energy in Buildings & Industry 2022: 30).

The main pain relievers in the current CVP of the case company are competitive pricing, technical support, availability, a simple product selection tool, and products that can improve energy efficiency. The prices of the products are at the same level as the main competitor, as discussed in section 5.3. Technical support from the case organization and energy efficiency of their products can enhance customer's application performance, as stated in above paragraph. Due to stocking of case company's products, the company's offering is more readily available in comparison to its competitors. In a building segment, the case company has developed a tool that is extremely simple to use, containing all the information about a product to make a customer's product selection process quicker and more efficient.

The first objective of the case company's core competency assessment was to identify the core competencies. The second objective was to evaluate the strengths of the competencies in both an absolute and relative sense. Another goal was to determine the criticality perspective that defines how competence

impacts competitiveness. The fourth step involved evaluating identified core competencies.

Consequently, three primary competences and fifteen sub-competences were identified for a building segment. For identifying potential core competencies, Gallon et al. (1995: 22) qualification criteria questionnaire was used. The qualification criteria questionnaire was introduced in Section 4.3. This questionnaire is also applicable to the evaluation of the identified potential core competences, and it is discussed later in this section. Table 16 below presents the relative strength, absolute strength, and criticality assessment details.

Table 16. Identified core competencies.



Table 16 shows that sales skills, pricing, processes, and product knowledge were identified as the four primary competencies. As an example, the case company can convert growth customers from using competitor products to using its offering through its sales skills. Pricing competence allows the case company to maximize its pricing power in the market. Process competencies enable the case company

to operate efficiently in its daily sales related operations. For the case company to differentiate itself on the market, product knowledge is a key competitive factor.

Table 16 and the explanation above illustrate that all of the identified primary competences and sub-competences may directly contribute to the case company's offering in the building segment. Additionally, all of the potential competences that were identified have the potential to improve competitiveness directly or indirectly. The case company can, for example, obtain crucial information about segment trends by networking efficiently and broadly in the segment. This is critical to the design of the product and for the go-to-market strategy. In addition, variable speed drives and low voltage motors argumentation will increase the case company's competitiveness indirectly.

Summing up the data collection and analysis process for the core competencies, the evaluation was done on the identified core competencies. The Table 17 questionnaire tool was used to assess the identified core competencies. Table 17 outlines the evaluation criteria used to assess each competency.

Table 17. Evaluation of the competencies identified.

Number	Criteria	Comply criteria
1	Does it harmonise streams of critical technological capabilities to provide competitive advantage?	Yes, as described in section 5.3, identified core competences can harmonize streams of critical technological capabilities to provide either a direct competitive advantage or an indirect competitive advantage.
2	Does it translate into customer-perceived value?	Each of the identified competencies can be translated into customer-perceived value to some extent.
3	Is it difficult to imitate (are there substantial barriers to competitors)?	Competencies like sales and pricing skills of employees cannot be easily copied by competitors.

4	Is it extendable to new markets (does it provide market mobility)?	Sales skills, product knowledge, process competence, and pricing skills are also applicable to other segments.
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Table 17 shows that all the competencies identified comply with the evaluation criteria. This implies that the identified core competences have a strategic impact on the case company's product offering and thus can be referred to as strategic core competencies. The next part of the study concentrates on building the CVP for a building customer using the findings of the case company.

A summary of the current CVP for a building segment customer is shown in Table 15. The evaluation of identified core competencies is in Table 16. The findings from Section 5 are summarized in the next section.

5.5 Summary of the analysis stage

The first step was to identify the building segment's key customer needs by interviewing their employee. The output of the interview was a customer profile. Customer profile defines customer jobs, pains, and gains as stated in literature review in section 4.1. The summary of the customer profile can be found in Figure 14.

The second phase analysed key competitor's customer value proposition. This section produced a strategic value curve shown in Figure 15. Strategic value curve consists of key elements related to product, service, and delivery.

The third and final phase evaluated the case company's current CVP, competencies, and gaps in competencies. Table 15 shows a summary of the case company's current CVP, while Table 16 shows an assessment of the case company's core competencies. A value proposition will be developed for a key customer in the building segment in the following section.

6 Building a CVP for a Customer

In this section, the customer value proposition suggestion is created for the building segment key customer, aimed to increase sales for the case company by getting a stronger foothold in the particular segment. Utilizing the Data 2a-2c discussed in Section 5, the findings from the literature review (Section 3), and the results from the current state analysis (Data 1a-1b) are combined to build the Value Proposition Canvas in this section.

6.1 Overview of building the CVP stage

The customer value proposition is built in four steps. The conceptual framework is presented in the same logical order as in the section 'Analysis of Customer Needs, Competitor Offering, and Case Company Capabilities' (Section 5). To determine the customer profile, the first step explores the identified customer challenges of the key customer. By utilizing the 'Customer Profile' and core competencies of the case company, the second step co-creates a customer value proposition for the building segment customer. The third step differentiates and positions the customer value proposition against the key competitor. The fourth step analyses the pros and cons of the CVP suggestion. In the end, the value proposition canvas is created to illustrate the CVP for a building segment key customer.

As described in the research design in Section 2.3, data for the customer value proposition suggestion was collected by interviewing the sales director and product manager of the case company after finishing the conceptual framework in Section 5. Value Proposition Canvas (VPC) and different types of CVPs were used as theoretical tools during the customer value proposition co-creation interview as discussed in Section 5.4.

6.2 Utilizing the Identified Core Competences

This section combines the knowledge what was acquired from the analysis stage related to analysing competitor offering in Section 5.3, analysing case company CVP, core competences, and gaps in competences in Section 4.4. The purpose of this section is to identify the parts of the current value proposition that need to be improved by utilizing the core competencies that have been identified. The following Table 18 shows the current 'Gain Creators' and 'Pain Relievers' that need to be developed in relation to key competitor.

Table 18. Evaluation of the current value proposition development needs.

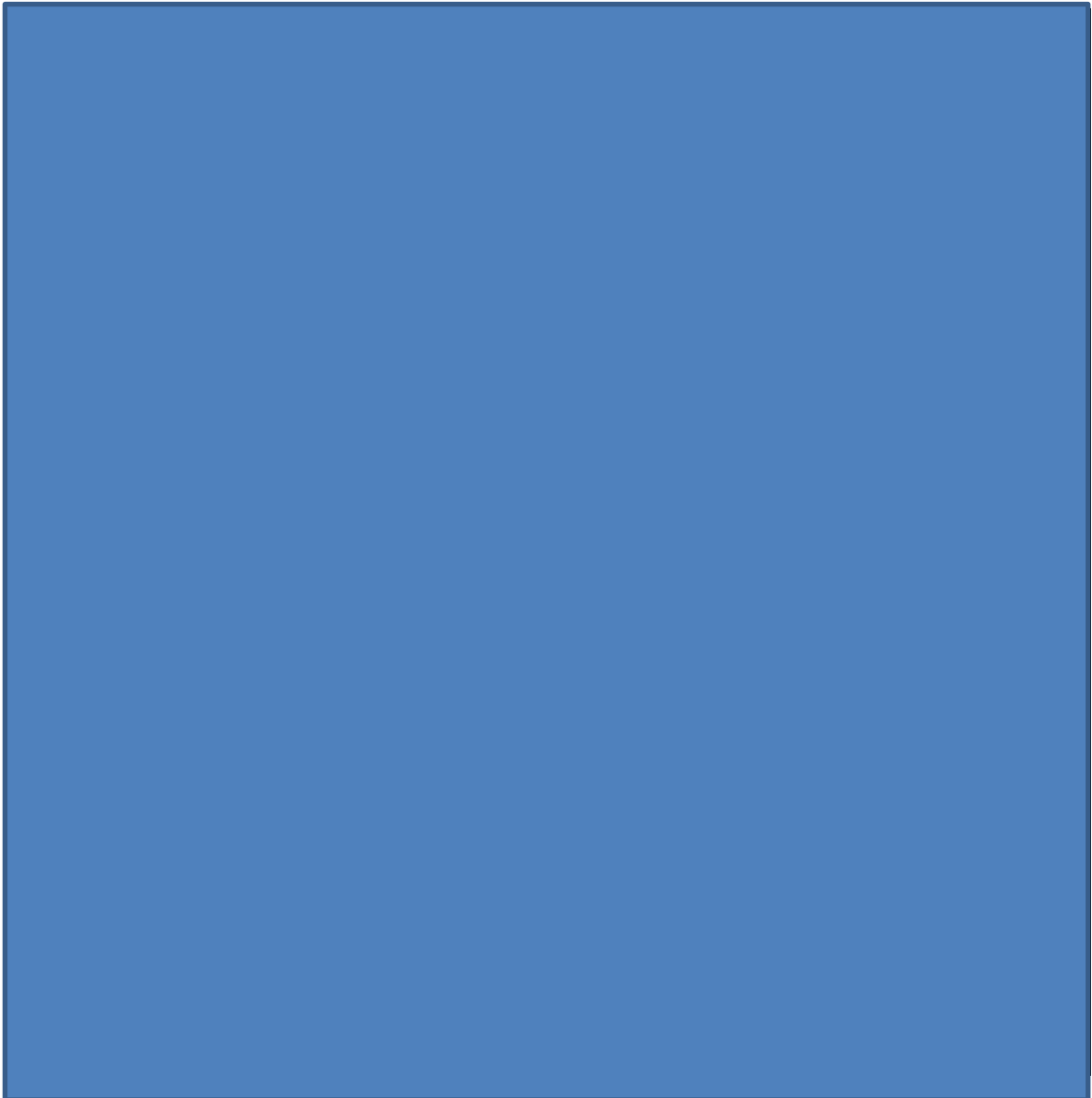


Table 18 summarizes the three main primary competencies, such as sales skills, product knowledge, and pricing, that can be used by the case company to improve its current 'Gain Creators' and 'Pain Relievers' sections in its CVP against a key competitor. As an example, variable speed drives argumentation, a sub-competence of product knowledge, can be improved in order to strengthen the value proposition related to commissioning tool, ULH drives portfolio, product compactness, and a tool to document parameter lists.

A sales skills enhancement can improve the value proposition associated with complying with all common specifications, using the product selection tool,

networking with relevant stakeholders, and justifying the benefits of better availability. Improved pricing competence might reduce the gap in the product pricing which is currently in favour for the key competitor. The product of a key competitor is manufactured directly from order, whereas the product of the case company is in stock. This provides better availability but also a higher cost structure.

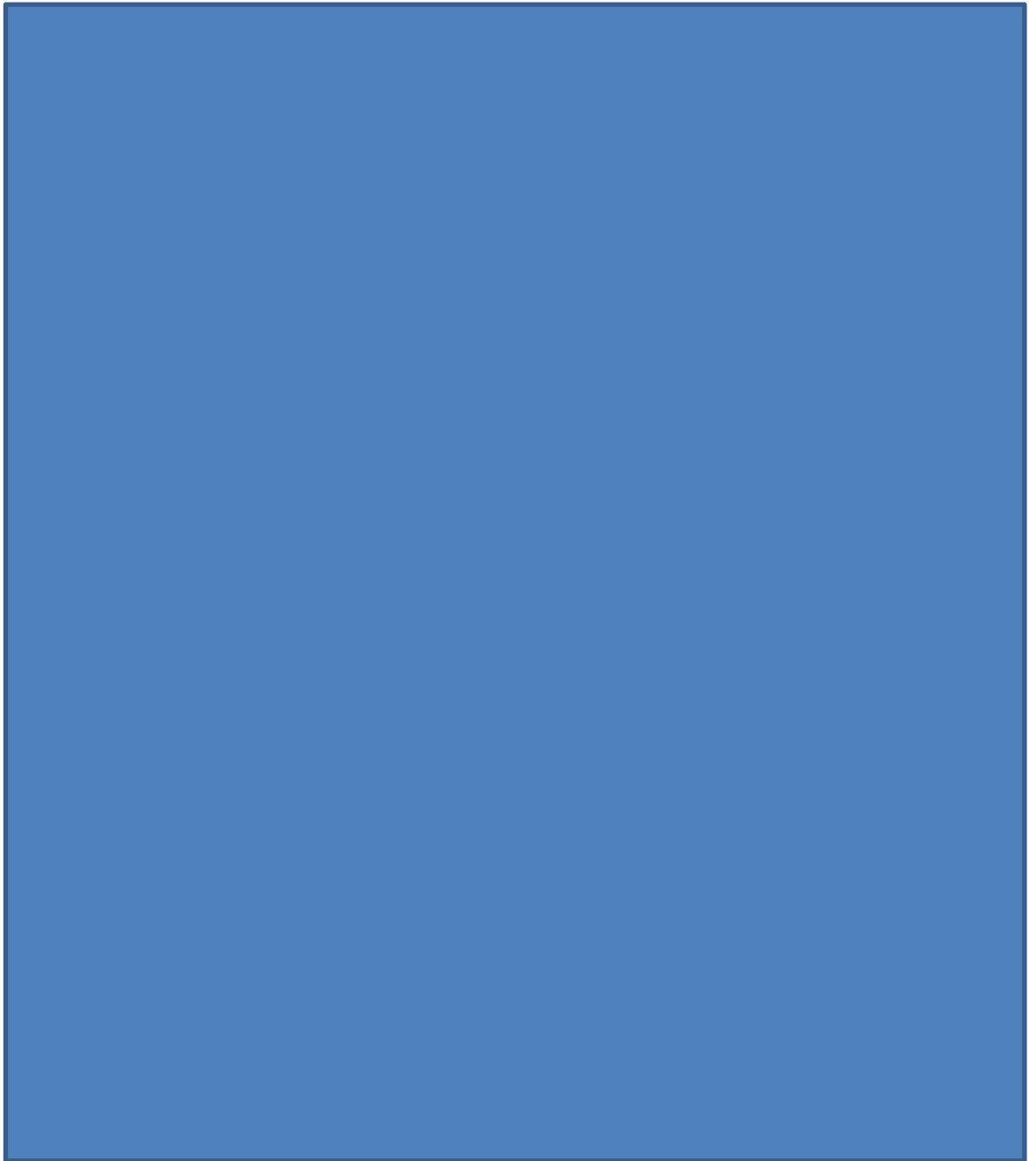
As a result of the insight obtained in enhancing the current value proposition by leveraging the core competences, the next section will focus on co-creating the customer value proposition for the building segment key customer.

6.3 Co-creation of the CVP

The key personnel of the case company were involved in a workshop (Data 3) that was focused on creating the customer value proposition (CVP) for a building segment customer using the CVP literature review in Section 4.4 and the analysis of the company's CVP, competences and gaps in competences in Section 5.4. In the workshop, the CVP suggestion was constructed in five parts.

First, the 'Customer Jobs' found in section 5.3 were listed in the first column. The second part was the mapping of identified 'Customer Gains' from key customers to the second column. In the third part of the workshop, the case company's 'Gain Creators' were defined in the third column. The fourth part was that key customer's identified 'Customer Pains' were noted down in the fourth column. During the fifth part of the workshop, the case company's 'Pain Relievers' were determined and noted in the fifth column. In the end, the data in the columns were converted into a 'Value Proposition Canvas' as discussed in Section 4.4 of the CVP literature review. The workshop table is illustrated in Table 19 below.

Table 19. Linking 'Customer Profile' and value proposition.



Comparing quotations: As a result of comparing various quotes from suppliers, the customer selects a specific supplier to deliver the products. Customer gain that they are seeking from this phase is cheap prices, while customer pain is expensive prices. The 'Gain Creator' that the case company wants to offer is overall lower pricing of the products when the commissioning and installation costs are included. 'Pain Reliever' is cost reductions when other costs related to

products are considered. The commissioning tool provided by case company can save the customer time and money during the commissioning phase.

Executing project on time: The customer's main responsibility here is to complete the project on time. Customer appreciation is short lead times, and the customer pain is delayed shipments. The 'Gain Creator' what the case company can give is storage of the products and accordingly the 'Pain Reliever' is better availability.

Selecting products: The customer is selecting products for a particular project in this job. The 'Customer Gain' what they try to target is effortless selection of products and the pain they experience is that the products don't meet the design specifications. The case company's 'Gain Creator' for this job is a simple product selection tool, while the 'Pain Reliever' is a simple price list of products that complies with all common specifications in a building segment.

Installing products: The customer is installing the products that it recently purchased. The 'Customer Gain' what they want to attain is as easy as possible installation. 'Gain Creator' is the most compact product on the market, especially when compared to key competitors. The customer pain what they encounter is time consuming installation. As a result of the product itself being smaller and having enough space for power cables, the case company's products are easing the customer's pain.

Commissioning of the products: The customer commissions the products it has previously installed. Gain what they want is effortless commissioning and pain what they face is time consuming commissioning of the products. Case Company's commissioning tool creates gains for its customers and also relieves pains, since it reduces significantly product commissioning time.

Increasing energy efficiency of buildings: Lastly, the customer in this job wants to increase the energy efficiency of buildings by implementing their solutions. The gain that they desire is a reduction in energy consumption in buildings, but the pain is that they are not always aware of the best possible products to be used to

reduce energy consumption. The Case company's ultra-low harmonic drives are the product which can increase customer gains, and the pain reliever is a 16-20% reduction in energy consumption compared to traditional variable speed drives.

With the detailed discussion on how to link the identified 'Customer Profile' with co-creatively defined value proposition in the workshop, the last step was to build a 'Value Proposition Canvas' as detailed in the literature review in Section 4.4. Table 18 shows that the 'Gain Creators' and 'Pain Relievers' elements were selected for the CVP when they were either at a higher level against the key competitor or when the future target level was high for the case company. The co-created value proposition canvas is illustrated in Figure 17 below.

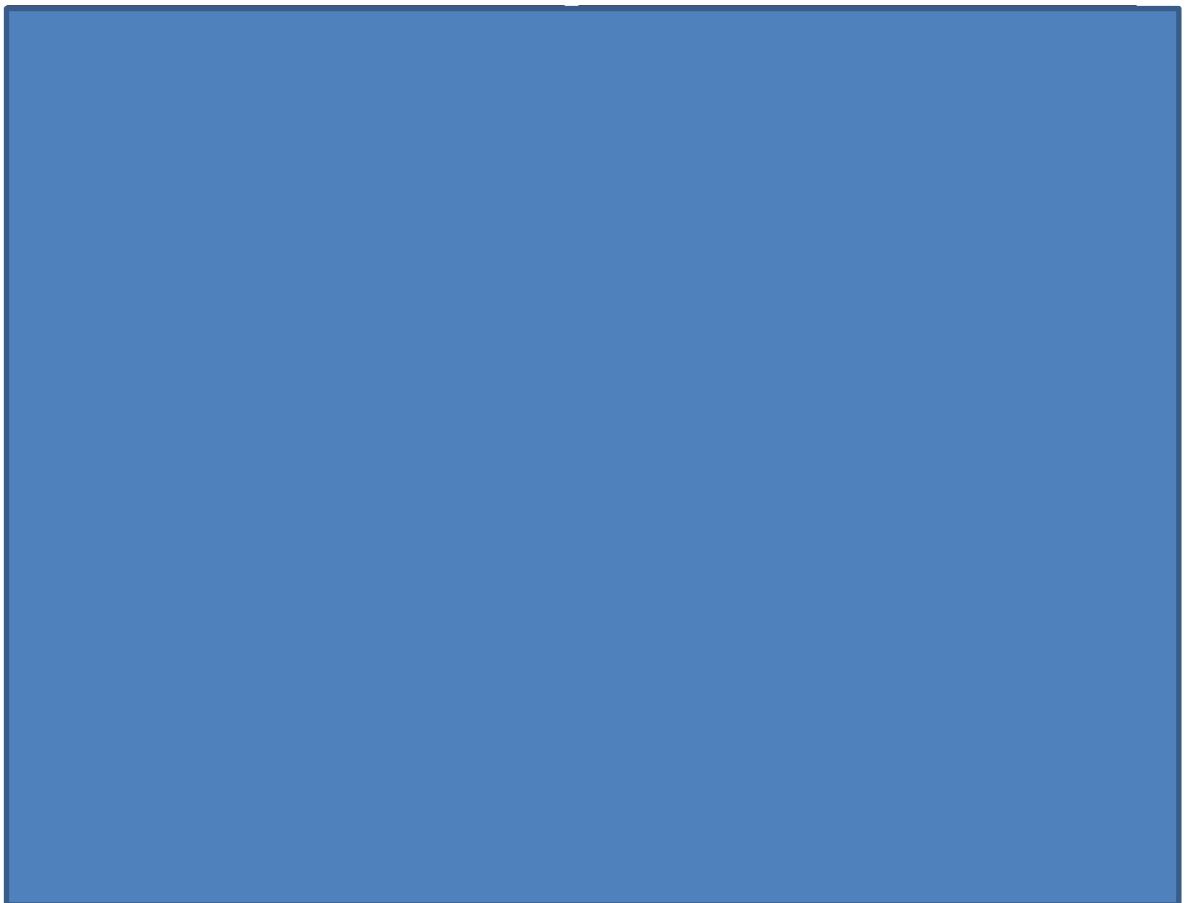


Figure 17. Value Proposition Canvas for a building segment key customer.

In the next section, the customer value proposition will be positioned against a key competitor. It will be a continuation of the literature review in Section 4.2 and an analysis of key competitor offerings in Section 5.3.

6.4 Positioning the CVP Against Key Competitor

In accordance with the literature review in Section 4.2 and the analysis of the key competitor offering in Section 5.3, findings from the key competitor analysis were used to position the co-created customer value proposition against the key competitor CVP. Each of the selected CVP elements in Figure 17 can be compared against a key competitor. In Figure 18 below, the value elements of the co-created CVP are positioned in relation to the key competitor's offering.



Figure 18. The strategy canvas of a co-created CVP for a building segment customer.

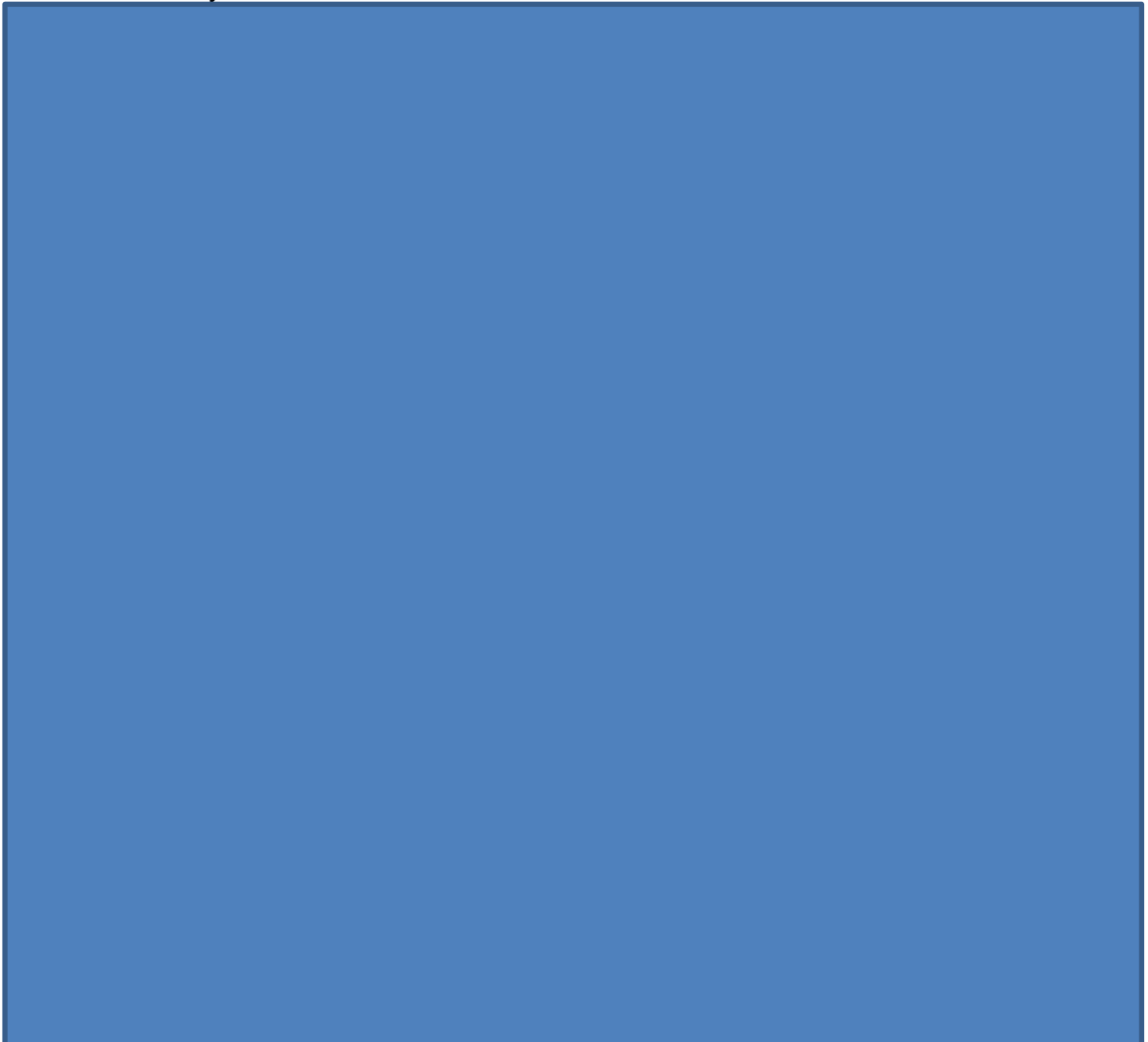
The figure 18 shows that five out of nine competence elements, such as ULH drives, product size, availability, total pricing, and easy installation are outperforming the key competitor relative to how much value they offer. Competence elements such as the commissioning tool, technical support, parameter lists, and application development are on the same level with the key competitor's similar offering. As a result, the case company's co-created customer value proposition provides a clear competitive advantage over the key competitor's offering. In order to determine whether the co-created customer value proposition can improve the case company's market share in a building

segment, it has to be analysed. Analysing the co-created CVP will be the subject of the next section.

6.5 Analysis of the co-created CVP

Last but not least, this subsection utilizes the literature review in Section 4.4 and the analysis stage in Section 5.4 to examine whether the co-created value proposition canvas is adequate to improve the case company's market position in a building segment. Table 20 below illustrates the co-created value proposition canvas of the case company in relation to customer needs and key competitor CVP.

Table 20. Analysis of the co-created CVP.

The content of Table 20 is redacted with a solid blue rectangle. The table is intended to illustrate the co-created value proposition canvas of the case company in relation to customer needs and key competitor CVP.

According to Table 20, 'Gain Creators' and 'Pain Relievers' such as ultra-low harmonic drives, product size, availability, total pricing, and easy installation were considered as favourable points of differentiation. Commissioning tool, technical support, pre-made parameter lists, and application development were considered as points of parity. Although the co-created CVP has both points of difference and points of parity when compared with key competitor offerings, the co-created CVP indicates a distinct preference for the all-benefits customer value proposition type, which was discussed in Section 4.1.

Because the co-created CVP includes both CVP types, the co-created customer value proposition cannot be described as an all-benefits customer value proposition or a favourable points of difference customer value proposition. Also, although the co-created CVP includes both favourable points of differentiation and all benefits CVP elements, it does not also correspond to the resonating focus CVP category. As a result, this co-created CVP can be described as a combination of favourable points of difference and all benefits CVP.

6.6 Summary of the Value Proposition Canvas

Even though a clear competitive advantage was identified when positioning the co-created CVP against a key competitor offering in Section 6.4, the analysis of the co-created CVP in Section 6.5 demonstrated a potential deficiency. Four of the nine key value elements of the CVP are points of parity, indicating bias towards the all-benefit CVP type. As a solution to this potential deficiency, participants in the CVP co-creation workshop discussed this topic (Data 3). When it was discussed that whether the CVP should include only favourable points of difference value elements or can it include also points of parity value elements, one workshop participant responded as follows:

All of these points of parity value elements are areas what we want to develop in the future, and the target is to transfer these value elements into favourable points of differences in the coming years.

Therefore, the observation above strongly supports analysis of the competence development needs in Table 18. This conclusion led to the decision that the initial co-created CVP for a building segment customer does not require adjustments. An overview of the CVP is shown in Figure 19 below.

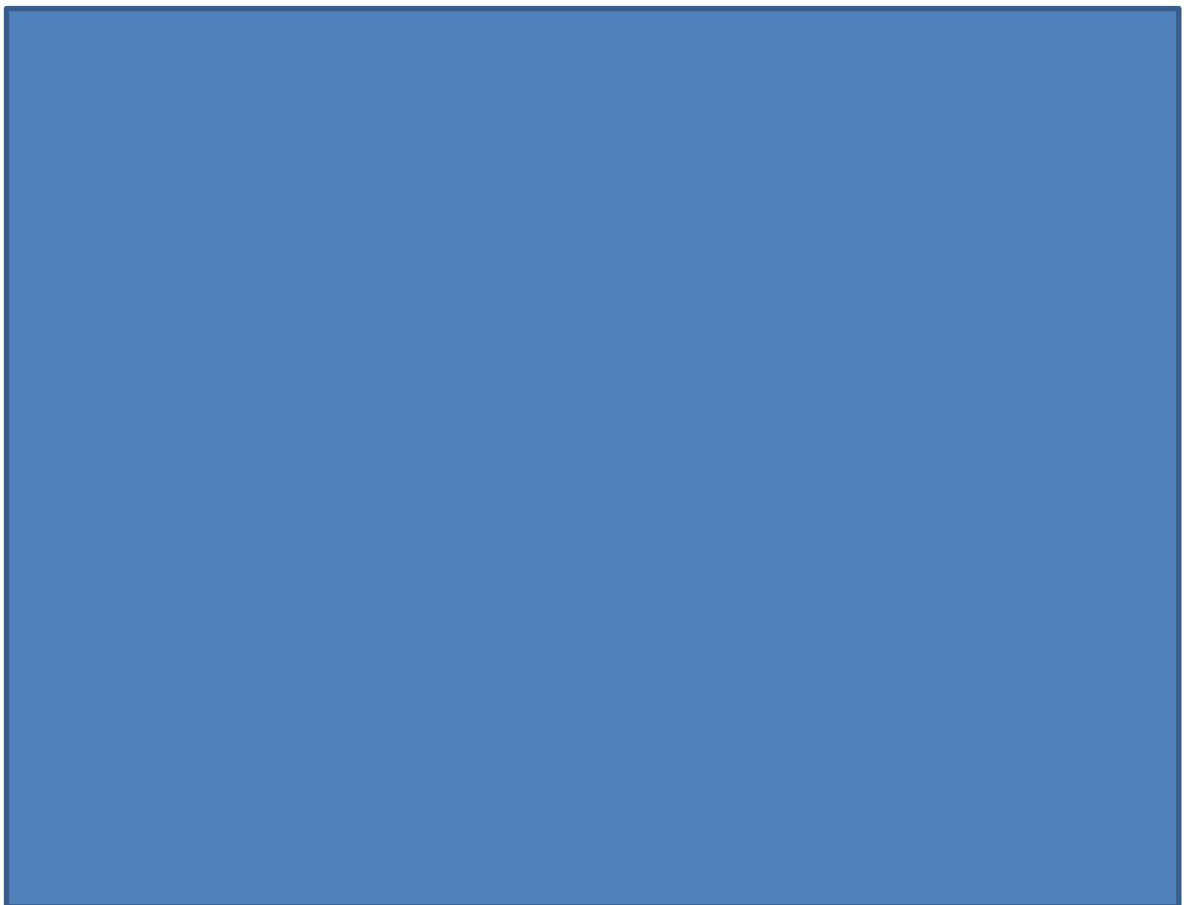


Figure 19. CVP for a building segment key customer.

During this section, the CVP was co-created with the case company's key stakeholders. The co-created CVP will be validated with the case company's key stakeholders in the next section.

7 Validation of the co-created CVP

The following section explains how the outcome of the study is validated and what kind of feedback the case company's top management gave on the CVP proposal. Based on the feedback in Data 4, new revised customer value proposition was established. The revised CVP will be also evaluated in comparison with key competitor offering. The outcome of this section is final CVP for a building segment key customer.

7.1 Overview of the validation process and feedback

During the validation process, two key stakeholders of the case company was interviewed about the initial co-created customer value proposition. The current initial CVP relies on the literature review which was discussed in Section 4 and conceptual framework in Section 5. Consequently, the initial co-created CVP was sent to two key stakeholders for approval before the validation meeting was arranged. The CVP validation meeting was held remotely in Microsoft Teams and the meeting notes were captured using audio recordings (Data 4). In the CVP validation meeting each value element in 'Gain Creators' and 'Pain Relievers' were evaluated one by one. Table 21 below contains the feedback comments related to these CVP value elements.



Table 21 shows that the majority of feedback was concerned with how competitive each value element is in comparison to the key competitor offering. During the CVP validation meeting, there was discussion about whether or not the value proposition should include value elements that are not currently favourable points of differentiation from the key competitor. The commissioning tool, technical support, pre-made parameter lists, and customer application development are more points of parity than unique competitive advantages for the case company. A participant in the CVP validation meeting shared the following opinion:

The CVP value elements that are not unique competitive advantages for us should be combined into a single value element. Having many value elements in our CVP that are not real competitive advantages for us is not a positive thing.

Respectively, ultra-low harmonic drives product portfolio, availability, product size, cheap price if installation and commissioning costs are included, and easiest installation with the most compact product on the market were discussed as real competitive advantages for the case company.

The next section discusses how the initial co-created CVP will be developed based on the key stakeholder feedback and how it is positioned against key competitor offering.

7.2 CVP Development Needs

As shown in Table 21, the key stakeholders reviewed and discussed all the value elements in the customer value proposition during the validation meeting. After the feedback was received, it was evaluated for relevance before any changes were made. Table 21 in Section 7.1 summarizes all validation feedback, and Table 22 shows how it affects the final CVP.

After considering the feedback and discussing the results of Data 4, the modifications for the initial co-created CVP were set. In conjunction with the key stakeholders, it was decided to combine points of parity value elements into a single value element. Table 22 below presents a summary of the removed value elements, and it presents the entirely newly created value element.

Table 22. Summary of the value proposition modifications.



Table 22 outlines how the first four value elements, such as commissioning tool, technical support, pre-made parameter lists, and customer application development, were removed from the initial customer value proposition. The commissioning tool was removed from the CVP because the key competitor has a similar tool. Therefore, it does not enhance a company's competitiveness in the building segment.

The technical support currently offered to the building segment customer doesn't differ greatly from the support provided by key competitors. One interviewee (Data 4) stated that since the key competitor is more experienced and has a larger presence in the building segment, it is hard to create competitive advantage by providing outstanding technical support. Pre-made parameter lists, according to one interviewee (Data 4), can be easily copied by competitors, so it will be taken out of the current CVP. The knowledge of customer applications would require many years to gather, and that is why this value element will be eliminated from the CVP. Nevertheless, one interviewee stated in the CVP validation meeting:

The elements we will remove will still be important elements in coming years, even if they are currently points of parity. Therefore, these removed value elements could be combined into a single value element called "Technology partnership".

Considering that the removed value elements are still critical components that the company wants to develop in the coming years, it was decided to combine these elements into a single value element called 'Technology partnership'. A technology partnership aims to establish deep relationships with customers in the building segment and develop tailor-made solutions based on their needs. Figure 20 below illustrates the refined CVP against a key competitor's offering.



Figure 20. Refined CVP against a key competitor's offering.

Based on the feedback received in the CVP validation meeting, the refined CVP (Figure 20) contains five out of six favourable points of difference and one point of parity value element compared to key competitor offerings. The improved CVP offers favourable prospects for increasing market share and footprint in the building segment. The following section summarizes the final CVP proposal.

7.3 Final proposal

According to the feedback of the initial co-created CVP proposal from the case company's key stakeholders, some value elements were modified to better reflect the actual favourable points of difference the customer will receive. Additionally, four value elements which had no unique competitive advantages and were

points of parity in comparison with key competitor offerings were removed from the customer value proposition. The revised final proposal for the CVP will take these modifications into account. The idea is, as mentioned in the thesis outcome target, that the final CVP proposal can be scaled into other segments. In Figure 21, the final customer value proposition for the building segment key customer is shown.

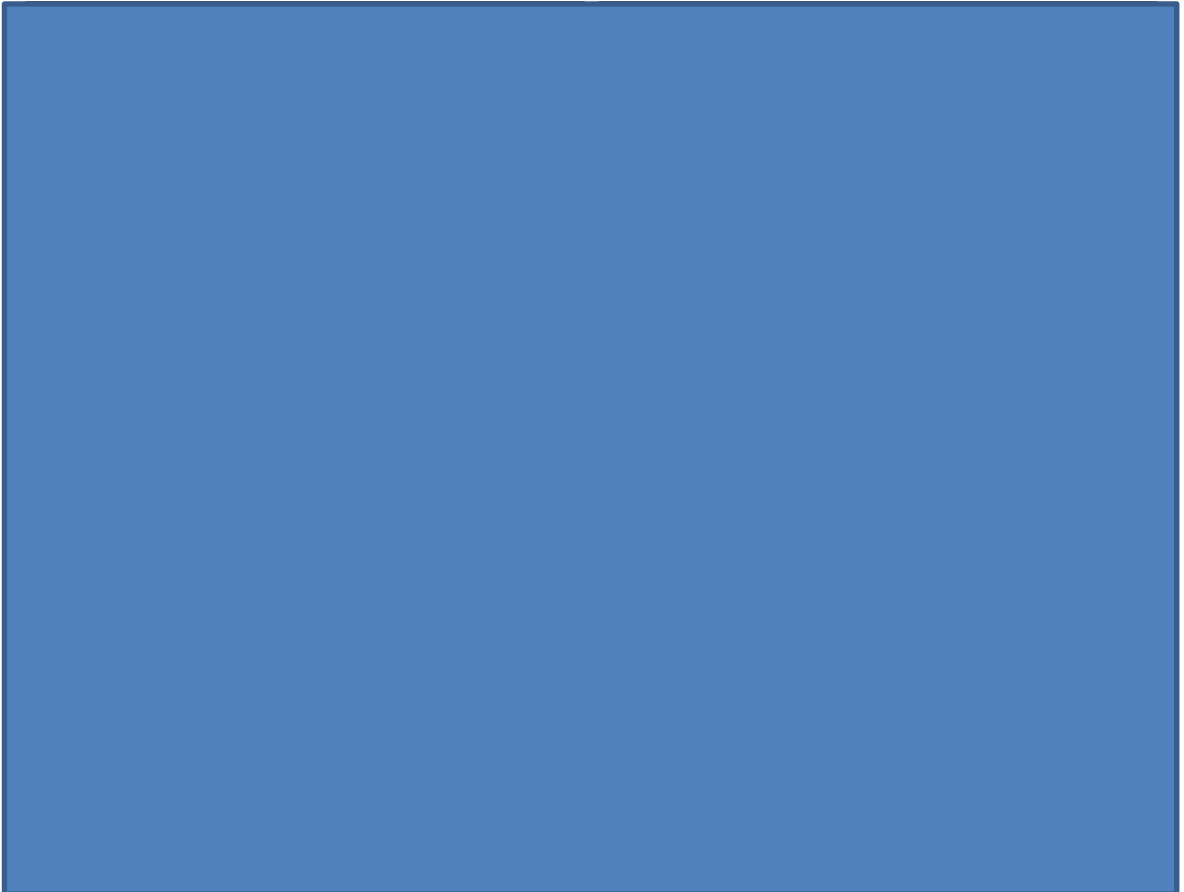


Figure 21. The final CVP proposal.

According to Figure 21, the left-hand side of the final proposal consists of the final value proposition which includes the product, gain creators, and pain relievers as discussed in literature review in Section 4.4. The right-hand side of the final proposal includes the customer profile, which outlines customer jobs, customer gains, and customer pains. When addressing customer jobs, alleviating pains, and creating essential gains that the customer values, a value proposition becomes fit for its target customer (Osterwalder et. al 2014: 40).

In revised final CVP, the 'Gain Creators' are ULH drives product portfolio, availability, and product size. All of these value elements are clear favourable points of differences as illustrated in Figure 21. The 'Pain Relievers' are cheap price if installation and commissioning costs are included, easiest installation, and technology partnership. The price and easy installation are explicitly favourable points of difference value elements, and the technology partnership is point of parity value element.

To sum up, the final CVP proposal includes both favourable points of difference and points of parity value elements. This means that the final CVP does not fit into the CVP category of resonating focus. Consequently, the final CVP is a combination of favourable points of differences and all benefits CVP types. Further competence development is needed related to the technology partnership value element if the CVP is wanted to be entirely favourable points of difference CVP type.

In the next section, the thesis is outlined, and recommendations are made for future research. Additionally, it assesses the validity of the data and research methods used in the thesis, as well as comparing the results with the initial objective.

8 Conclusions

In this section, the thesis is summarized and concluded. This section includes recommendations about how the revised CVP building concept can be applied to the segment sales process. Furthermore, the logic and credibility of the thesis are evaluated. At the end of this section, the thesis is concluded with a few closing remarks.

8.1 Executive Summary

The purpose of this study was to improve the current segment sales process from the perspective of building a customer value proposition as identified in the current state analysis. The case organization is not competent enough to identify customer challenges, and CVPs for existing and growth customers are unclear. For this reason, the case organization sought to create a customer value proposition for its key customer in the building segment. Along with developing the CVP, the main competitors, customer needs, and the case company's competencies and gaps in competencies were all examined.

This study began by analysing the existing knowledge related to the segment sales process. The segment sales process consists of three sub-processes, which are the sales plan process, existing customers' sales process, and growth customers' sales process. Taking into account the strengths and weaknesses of the segment sales process, it was decided that the literature review would focus on building customer value proposition.

The conceptual framework for this study was developed based on a literature review of best practices for building customer value propositions. As a result, the conceptual framework is divided into four blocks. The first block describes the tools for identifying customer needs. The second block defines tools for analysing key competitor offerings. The third block demonstrated tools for analysing company core competences. The fourth and last block combined all three above-mentioned blocks and created a tool for building a CVP.

After conceptual framework, analysis of customer needs, competitor CVP, and case company CVP and capabilities was conducted as discussed in conceptual framework. After the analysis of customer needs, a 'Customer Profile' was created, in which key customer jobs, pains, and gains were identified. Competitor analysis consists of strategic value curve analysis which assess competitor's products, services, and delivery in relation to the case organization's core offering for a building segment. During the last phase, the case company's current CVP, core competencies, and gaps in competencies were analysed.

By using the identified customer needs, competitor analysis, and case company core competencies, the initial customer value proposition was co-created in a workshop involving key stakeholders of the case company. Accordingly, the CVP was built following the same systematic steps as the conceptual framework derived from the literature review. Accordingly, the initial CVP contained two interconnected blocks, which are the 'Value Proposition' and the 'Customer Profile'. The 'Value Proposition' includes products, gain creators, and pain relievers. The 'Customer Profile' incorporates customer jobs, customer gains, and customer pains. Lastly, the initial co-created CVP was positioned against a key competitor's CVP.

The validation workshop for the CVP was set up based on the original co-created CVP. The validation workshop was held with top management of the case company, with the goal of receiving feedback on the co-created CVP. The validation proposal showcased the conceptual framework, the initial CVP, and the positioning of the CVP compared to the key competitor. The final customer value proposition proposal was built based on the recommendations and feedback (Data 4). The final CVP has the same blocks as the original version, but the value elements have been modified. The final CVP proposal includes only favourable points of difference value elements and one point of parity value element as compared to the key competitor offering.

The next section focuses on practical recommendations regarding final CVP implementation.

8.2 Practical Next Step Recommendations

In this study, the objective was to improve the current segment sales process from the perspective of building a customer value proposition as identified in the current state analysis. The study outcome fits the above objective and consequently indicates that the CVP can be scaled to other case company's segments. The implications for management are bi-directional. There are two implications: one relates to the implementation of the final CVP for a key customer and the other to scaling the CVP in other segments.

Taking forward the final CVP and implementing it for a key customer in the building segment comprises the first set of recommendations. The recommendations are as follows:

1. Add steps into existing customer sales process for identifying 'Customer Profile' of existing customers
2. Add steps into growth customer sales process for identifying 'Customer Profile' of growth customers
3. Regularly evaluate the final CVP against key competitor offering by conducting strategic value curves
4. Communicate regularly with all key stakeholders about the implementation progress
5. Improve the implementation based on the feedback collected

The second set of recommendations pertains to scaling the final CVP into other segments. The recommended actions are:

1. Determine customers who has same kind of 'Customer Jobs' to do
2. Determine customers who has same kind of 'Customer Pains' what they are experiencing
3. Determine customers who has same kind of 'Customer Gains' what they want to achieve

4. The final value proposition should be scaled to customer who have an identical 'Customer Profile' and adjusted as necessary
5. Build value propositions for each segment of customers after defining the 'Customer Profile' and position the CVP against key competitors

The next sub-section comprises a self-evaluation of the thesis' validity and credibility.

8.3 Self-evaluation of Thesis Credibility

In subsection 2.1, it was described that the research method for this study was Design Research (Kananen 2013). Sections 2.2 and 2.3 include information on the research design plan as well as data collection and analysis. The purpose of this subsection is to examine the research quality of the study.

It is recommended by Myers (2013: 21) that the basic research in business and management be rigorous, valid, reliable, and hold up in peer review. According to Myers, applied research is research with immediate business significance in the absence of substantial theoretical contributions. As a result, both validity and credibility were considered in the evaluation of this thesis.

8.3.1 Validity

In order to verify the validity of this thesis, all the data gathered during the study was documented. Tape recordings were made during each interview, and field notes were taken. Because interviews were conducted in Finnish and audio recordings were translated into English, the validity of the study may be affected. To ensure the accuracy of the field notes, the translated field notes were sent to the interviewees. In the CSA phase, the case company's internal documents were also reviewed, and there might be some risk that the data in documents has changed later. The competitor data was also derived from public sources, so there is some scepticism about its accuracy.

Multiple data sources were used to verify the validity of this thesis. The interviewees and workshop participants were selected to have a real understanding of the segment sales process. Moreover, the case company's top management reviewed the final study results, verifying the validity of the research process as well as the results.

8.3.2 Credibility

Natural science is characterized by reliability and validity as concepts of credibility. A reliable study is one that produces consistent results, while a valid study guarantees that the correct objectives are searched for. Assessment of the credibility of qualitative research studies can be linked to documentation of the study. Selecting data collection, analysis, and interpretation methods and documenting all research activities will help ensure credible documentation. In addition to verifying the consistency of the study, another researcher can use the data to draw conclusions or involve related individuals in reading and validating the text. This will add credibility to the research. Saturation refers to when a sufficient number of observation units or persons are interviewed to be considered sufficient. (Kananen 2013: 186-193).

By using a properly designed data collection procedure and data analysis methods, credibility is verified in this thesis. These methods include detailed interviews, workshops, and process maps which are audio recorded and later documented in the field notes. Each of the interviewed participants verified and validated the collected data and observations. Furthermore, the researcher was familiar with the segment sales process and case company business practices.

8.4 Closing words

Companies are changing how they do business and serve their customers because of a continuous and increasing level of tough competition in the markets. Digitalization, however, allows companies to provide better customer service through new innovative technologies. As a result, the case company must

continuously develop its customer value proposition in response to continuously changing customer needs.

This context calls for a more customer-centric approach as well as a continuous monitoring of customer habits in the market. The thesis outlines a design approach to effectively create customer value propositions for a key customer with the idea that the approach can be scaled to other segments. With the research outcome of this study and the recommended actions, the case company will be able to satisfy customer needs based on favourable point of difference value elements. This will enable the case company to increase its market share in the building segment.

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Appendix 1. Email interview questions during the current state analysis.

1. Who or whom are the 'owner' and participants of the Segment Sales Process?

2. What is the intention of the segment sales process in your opinion?

3. Is there standard operating model or process description available to describe the segment sales process?

4. What is your responsibility in the Segment Sales Process?

5. How you receive outcome (output) from the Segment Sales Process?

5. How the segment sales process is currently working? Free word.

Appendix 2. One-to-one interview questions during the current state analysis.

1. How sub-segments are chosen?
2. How customers are allocated to sub-segments?
3. How resources are allocated to sub-segments?
4. What kind of current state analysis you have conducted in your sub-segment?
5. What kind of target setting you have in your segment?
6. Is there determined action plan list for each sub-segment (what is needed to be done to achieve the targets)?
7. How new customers/leads are hunted?
8. How segment sales process is developed currently?
9. How customer issues are inspected currently?
10. What are the strengths of Segment Sales Process in your perception?
11. What are weaknesses of the Segment Sales Process in your perception?
12. How is the Segment Sales Process currently working? Free word.

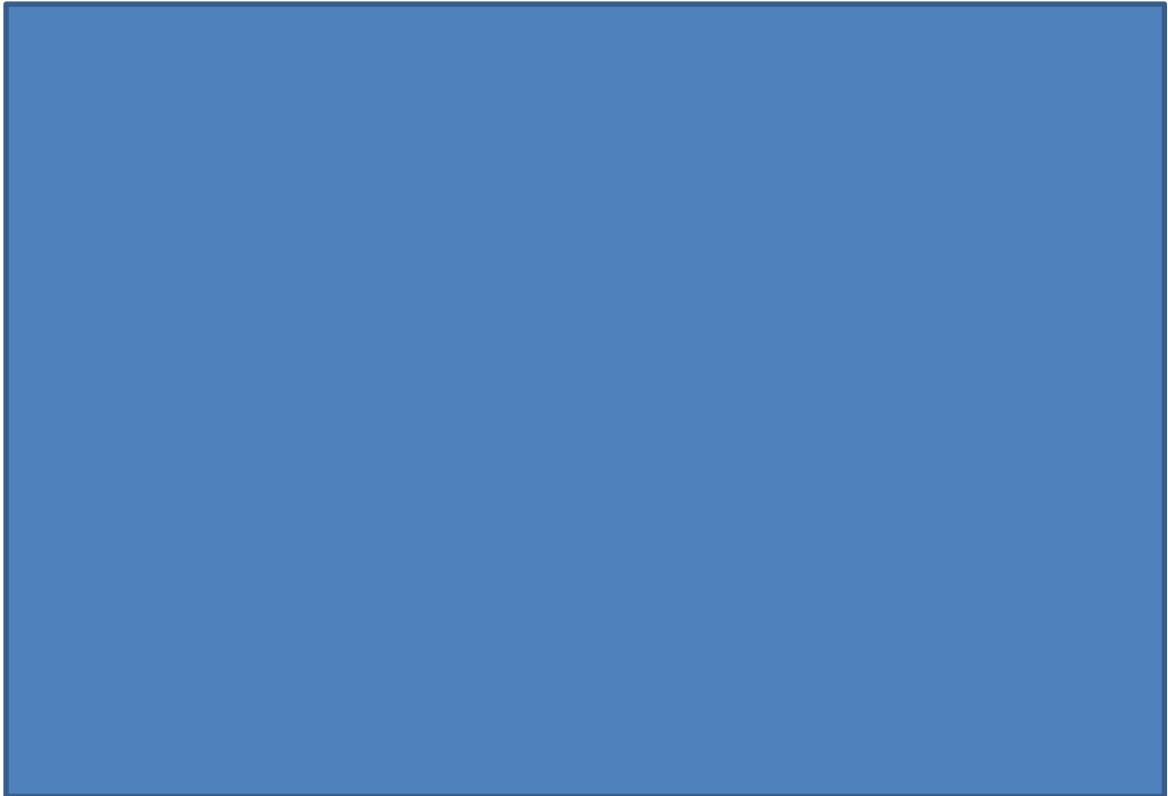
Appendix 3. Analysing key customer needs in a one-on-one interview

Customer Profile Details	
Customer Gains	<p>Outcomes and benefits the customer wants:</p> <ul style="list-style-type: none"> • Which savings would make your customer happy? • What quality levels customers are expecting? • What would make your customer jobs easier? • How do your customers measure success and fails? • How do your current value propositions delight your customers? • What would increase your customers' probability of adopting a value proposition?
Customer Pains	<p>What annoys the customer before, during, or after the job:</p> <ul style="list-style-type: none"> • How do your customers define too costly? • How are current value propositions underperforming for your customers? • What are the main challenges your customers encounter? • What's keeping your customers awake at night? • What barriers are keeping your customer from adopting a value proposition? • What common mistakes do your customers make?
Customer Jobs	<p>Things the customer is trying to get done:</p> <ul style="list-style-type: none"> • Functional jobs: customer tries to do specific task • Social jobs: The customer wants to improve their status • Personal/Emotional jobs: A customer seeks a specific emotional state • Supporting jobs

Appendix 4. Analysing key competitor offerings in the building sector in a one-on-one interview

1. Is the price of our product offering competitive with a competitor's?
2. Are we able to deliver value through our product's package compared to other competitor's?
3. How does the size of the product offering compare to the offerings of competitor's?
4. What is our availability compared to our competitor's?
5. Are we better than our competitors when it comes to installation?
6. How easy is it to commission our product compared to our competitor's?
7. What are the differences between our product portfolio and our competitor's?
8. What are the differences between our training methods and those of our competitor's?
9. What is the level of connectivity of our products in comparison with our competitors?

Appendix 5. Analysing case company core competences



Appendix 6. The initial CVP for a key customer



Appendix 7. The final CVP for a key customer

