Sales strategy development in growth companies

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Abstract

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This research is a qualitative case study which focuses on the journey and development that companies must make to adopt their sales strategy to their growing business all the way from the initial startup phase and through a more rapid growth period towards an established company. The research aimed to identify the challenges as well as requirements for change the companies face in their sales strategy processes during different phases of the company lifecycle and what are some of the key observations and takeaways for developing the strategy. For this research, three companies and their representatives, were interviewed. The constructive output of this study are practical implications and recommendations for startup entrepreneurs and business leaders who are seeking to renew their sales strategies effectively as well as an interesting look on companies that have been able to tackle these changes successfully.

The theoretical framework of this thesis was created by studying relevant literature in the field of startups and scalable businesses, challenges and opportunities of growth including growth strategies as well as sales and marketing strategy development. The theoretical part investigates startup business journey to established company from the perspective of sales strategy evolution and high-level concept of strategic steering which includes aspects also from growth strategy and brand strategy as well as sales strategy.

The empirical part of this research was done during March-April 2024. The interviews were conducted using semi-structured and unstructured methods with narration and thematic questions as an approach. The approach for the data analysis was thematic, which aimed at identifying patterns and themes that could be identified from the interview data.

The findings of this study shows that sales strategy is mostly embedded within the company level strategy documentation or that sales strategy is some kind of a plan that the sales organization and/or the founders of the business had unofficially set in motion when the time seemed right. For this reason, understanding the respective journeys of each company became the most important information that the analysis was based on. Overall, the finding was that the need for continuous market adaptation in sales approaches is the biggest driver behind the changes that these organizations have to do in sales strategy development. Developing effective strategies has especially required close follow-up of market trends and customer feedback. Additionally, these startup companies have had to be prepared to invest resources in sales development, new technology, and market research to stay ahead in the business dynamics. Concrete challenges that these startups faced in sales strategy development have included the need for investments in sales and marketing resources, the dependency on external stakeholders such as vendors and resellers, and the need to minimize the time-to-market period for the new business.

Keywords

Startup, scalable business, sales strategy, growth strategy, marketing strategy, established company

Contents

Terms and Abbreviations

B2B	Business-to-business model, is a transaction or business conducted between one business to another, such as a wholesaler and retailer.
B2C	Business-to-consumer refers to the process of businesses selling products and services directly to consumers, with no middle person, such as online retailers.
Established company	A mature company that has been operating for a number of years and is well-known in its industry or market and has a secure financial status.
MVP	Minimum Viable Product, a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development.
Pivoting	In business context, completely change the way in which one does something.
Startup	A startup is a newly established business designed to create a new product or service under conditions of extreme uncertainty focusing on growing and scaling its operations.
Sales Strategy	A sales strategy is an organization’s detailed plan to drive sales performance, innovation and growth by better penetrating existing markets and growing share of current customer base.

1 Introduction

The transition from startup to established phase is a crucial process in a company's lifecycle, with significant impacts to sales strategy. This progress leaves many companies struggling to keep up with the growth journey effectively and leads to missed opportunities and potential setbacks. Due to this, it is a presumption that successful companies most likely must have paid better attention to their sales strategies and adjusted them along the way throughout the growth journey.

The startup phase is focusing on rapid growth and product and/or service development, with limited funds and a need to quickly respond to customer feedback. Many companies might also find themselves struggling with the challenge of aligning their sales strategy with the broader corporate strategy and/or marketing strategy during this process. Missed opportunities and potential setbacks become real threats. As a startup grows the focus starts to shift into stabilizing operations, securing market position, and managing increasing complexity of the business. An when a startup moves further into the phase of an established company, it is an even bigger shift in the lifecycle of the organization. Unlike the dynamic and often chaotic startup phase, an established company has achieved a certain level of stability, operational maturity, and a more predictable revenue stream with profitable margins. In the context of this thesis, an established company is therefore characterized with the following attributes: it has successfully navigated the challenges of the early stages of a startup and has established a somewhat loyal customer base. The company has likely developed a reliable and recognized brand identity, gaining credibility and trust within its target market, and has reached a level of profitability and financial stability.

This described journey has impacts to multiple areas of the business, including the sales strategy. The sales strategy most likely requires a shift from a rapid-growth approach to a more scalable approach and obviously the sales strategy needs to be in line with the overall corporate strategy. This is the key consideration that this study focuses on.

1.1 Background

In the contemporary business landscape, characterized by fast changing technological advancements, globalization, and a very vibrant startup environment, the significance of understanding how sales strategies need to evolve is important. So, the purpose of this thesis is to research this growth journey by examining the changes that have been needed to a company's sales strategy when growing from startup phase to established company. This thesis will provide an inside look of the challenges and opportunities which the selected companies have faced during this process and identifies practicalities for addressing these challenges.

My personal motivation behind undertaking this thesis topic comes from the curiosity of having been an employee in firms from almost the first entrepreneurial steps and following the journey up to successful company before exiting. For this reason, I also have a personal interest in understanding the strategies that have made the journey possible. One focus point also for myself is that the existing literature and studies very often focuses on either the startup phase or the strategies of well-established organizations, neglecting the process where these two almost opposing point-of-views transform. This study aims to contribute to that problem by providing insight to the strategic transformations in sales approaches companies must take and by offering ideas that can support the development in practice. In that way this study also holds practical implications for entrepreneurs, business leaders, and practitioners and might even serve as a practical guide when navigating the complexities of a growing business.

This thesis is part of a broader spectrum of studies related to business growth and strategy. And it will provide useful information for practitioners who are interested in the field of sales strategy and strategic steering in organizations. This thesis will also provide valuable insights about the needs that startup business representatives should consider in their strategic planning process. It also brings insight to companies establishing startup like business ventures in new markets and will give an overview how companies can expect their sales strategies to change and where they should pay attention within the sales process when the business grows.

1.2 Objectives and demarcation

The objective of this thesis is to study how startup businesses must renew their sales strategies throughout their growth journey and how they must evolve from the initial startup phase into a more established organization from sales perspective. The thesis aims to provide an in-depth analysis of the challenges and opportunities that companies face during this growth journey and to give practical recommendations for addressing these challenges.

Concrete output of this thesis is an analysis of sales strategy implementation that takes into account the challenges and opportunities of growing from startup to established business as well as practical recommendations for addressing these challenges and taking note of the possible growth opportunities. The thesis will not include a detailed analysis of the financial aspects (e.g., costs or required investments) or human resource aspects (e.g., employee and SHRM requirements) of transitioning from startup to established phase. The focus will be on the sales strategy aspect of the transition.

Research questions to which I am answering with this thesis are:

- Why sales strategy needs to be changed and/or modified?

- What are the challenges with sales strategy in companies transitioning from startup to established phase and how can those challenges be solved?
- What are the key success factors for implementing a new sales strategy?

1.3 Research strategy and methods

This research uses a qualitative case study approach. I base this selection on the fact that this is a very specific topic which I want to investigate and understand in a very specific business demographic – only companies that have been able to grow from startup phase to an established organization are eligible for the study. The target is also mainly to research key information on actual operational business environments, and study organizations that fit this criterion and that can provide insight on the topic from different industry segments (e.g. ICT, online media service, consumer goods). This study provides in-depth knowledge on a specific topic, where case study would be the best fit. The research approach for my thesis is therefore Case study with development ideas.

In general, the data collected will be analysed using thematic analysis, which involves identifying and analysing patterns and themes that can be found from the data. The Applied Thematic Analysis approach borrows useful techniques from each theoretical and methodological camp and adapts them to an applied research context. In such a context, the assumption is that ensuring the credibility of findings to an external audience is paramount, and achieving this goal is facilitated by systematicity and visibility of methods and procedures. (Guest, MacQueen & Namey 2012, 16.)

Applied thematic analysis is chosen as the method of data analysis for this study because, it is a flexible and allows detailed exploration of the data. It also enables identifying patterns and themes that can be derived from the data, and which can be used to develop an understanding about the subject. Most importantly the method is especially suitable for applied sciences and qualitative research thesis. (Guest, MacQueen & Namey 2012, 3-20.)

So as my methods of data gathering are qualitative, therefore data analysis is mainly concerned with data reduction and interpretation. The purpose of the data reduction is to carve up the mass of unwieldly data into manageable chunks by coding, memoing and summarizing the data into simplified patterns and configurations. And the purpose of interpretation is to bring meaning and insight to the words and acts of participants in the study by generating concepts and theories (or theory-based generalizations) which explain the findings. (Daymon & Holloway 2010, chapter 16.)

There are also two main methods for data acquisition in document analysis: content analysis and content specification (Moilanen, Ojasalo & Ritalahti, 2022, Chapter 4.5). For document analysis, the plan is to analyse sales strategy material and perhaps sales reports using content specification in order to understand the figures behind different organization's sales performances over time and how they have changed as the organizations have grown. This method can possibly provide valuable insights into the changes that have been made to the sales strategy, as well as the factors that have influenced these changes. Marketing material and strategy documentation might give additional content information to support the figures.

1.4 Theoretical framework

The theory of this thesis is based on literature in the selected field, which means focusing on literature about transforming businesses in their growth journey and developing startup businesses as well as more established companies and analysing the differences between these phases. Also, business models, such as business-to-business and business-to-consumer will have some focus as well as industry impact towards developing an organization. The theory will therefore give an overview of the topic and/or will act as a steppingstone for the rest of the study (University of North Carolina at Chapel Hill 2023).

As a presumption, the literature within this field will demonstrate that the sales strategy for startups is different from established companies. It also most likely shows that companies which grow from startups and scale during a vast growth phase have different challenges and opportunities that arise, than those companies that have remained stable and profitable for a longer period. It will also show that there are different approaches and methodologies to sales strategies that companies can adopt, and which can be effective in different stages of growth.

I have used the following topics and key words as a basis for the theory:

Figure 1. Mind map of key words for theoretical framework

The theory based on these key words will give an understanding of the topic and later on, selected data collection methods will form the core of the analysis giving a good overall picture of the companies and their growth journeys and will give answers to the research questions.

1.5 Data collection

In this study, interviews are the primary data collection method and the backbone of the thesis. Complementing the insights derived from the theory, interviews serve as the cornerstone of this study, providing a real-life perspective on the subject matter and answers to the research questions. The research will include data collected through interviews with 5-6 C-level executives that represent different businesses and industry segments (e.g., ICT services, online media services, consumer goods) and who have successfully led their businesses from startup to established phase.

It is stated in an Interview structure article from "Conducting Research Interviews for Business and Management Students" (Cassell 2015) that the more unstructured the interview becomes, the more active thinking the interviewer has to do throughout the interview in relation to questioning. Therefore, a high level of skills is required in order to manage the interview which means the unstructured version may not be a suitable choice for a Master’s dissertation. From this perspective, I do not consider unstructured interview as a good option for this thesis, in order to gain best results from the interviews. Structured interviews on the other hand are too formal and stiff for the purposes and topic of this thesis, as I need to allow the interviewees to at least tell some parts of the growth story from sales strategy perspective themselves.

For the above-mentioned reasons, a semi-structured interview is the best choice of method. It gives possibilities for both structure and flexibility and suits well for qualitative re-search, which this thesis aims for. Semi-structured interview means that a set of pre-determined questions can be followed, but also allows to ask follow-up questions and dive deeper into specific topics when needed unlike for example structured interviews. The goal is to interview a narrow group of business representatives, which also supports in-depth interview methods used together with other semi-structured ones.

From these other semi-structured interview methods, I would use the approaches of narrative and comparative interview methods. Narrative method allows the interviewees to refer to stories about the organizations that have gone through a growth journey. The intention is to focus on the business representatives’ stories of the sales strategies and how it has developed during the transition from startup to established phase. Also, comparative interview elements might be used, as we want the interviewees to make distinction between the sales strategy in the early stages of the company as well as the latter. (Moilanen, Ojasalo & Ritalahti, 2022, chapter 4.2.)

Additionally, the purpose of the interviews would be also to get development ideas for startup sales strategies. Based on their experience, it would be interesting to know, what would the participating companies do differently within their journey, if they would do it all over again. Or on the other hand, what could easily go wrong in the growth journey for other companies. The interviews will also show whether a common nominator or idea for development could be found between these organizations or is the journey of a startup as individual as it might seem.

Different data collection methods that in general can also be used are for example observations, surveys/questionnaires and document analysis. All material, that has been written, spoken, or described visually can be included in documentary evidence. (Moilanen, Ojasalo & Ritalahti 2022, chapter 4.5.) So to add to the depth of understanding in this study, I also aim to use document analysis as an additional means of data collection in case documents are available from the organizations that will be interviewed. Document analysis will be relevant for my topic if the organizations have at least some data or presentations of the sales strategy development. These might include for example sales reports, marketing materials, and/or strategy documentation. I will use the documentation to understand the how organization's sales performance has changed over time and how the marketing has shifted throughout the growth journey. Of course, the document analysis is very dependent on whether the organizations are willing and/or are able to provide any relevant material.

1.6 Validity and reliability

The evaluation approach for this thesis will be based on the research objectives and questions so that the identified results will be evaluated against these objectives and questions and analysed whether they have been achieved. The qualitative nature of this thesis will mostly dictate the evaluation method and so that it is mostly done through a thorough analysis of the gathered data and the findings from that data.

The data collection techniques and analytic procedures are used so that if this study is re-produced on another occasion or if replicated by another researcher, at least some consistent findings could be found. However, it should be noted, that as the study is based on specific companies operating in different industries, the findings most likely could not be generalized in many other companies operating in various industries. Also, each company’s growth journey is unique.

There are several ways to pay attention and improve validity and reliability of the research work. These include for example by reducing participant and researcher errors by selecting good time and location for the interviews, maintaining an objective mindset as well as justifying the research method from top down – e.g., what was the starting point of the study and what was the level of concretion that you ended up with. (MeanThat & Authentic Data Science 2016.)

Credibility of the study can be improved by for example prolonging the engagement by spending a lot of time with the subjects in varied context or for example by persistent observation which includes more interactions with the subjects in varied contexts (Self 2016.) The points of views that I will be also considering for credibility on my thesis are e.g. usage of several data sources, taking into consideration also data that argues against the interpretation of the collected data and for example give the interviewees the possibility to check the results prior to publication. I have illustrated the reliability and validity methods in the below mind map.

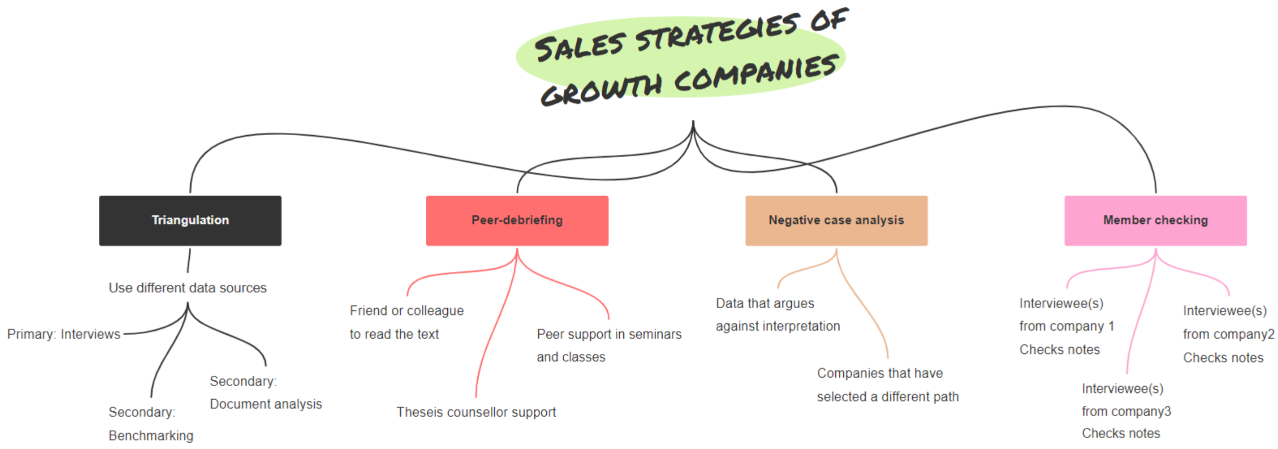

Figure 2. Reliability and validity mind map

1.7 Structure of the thesis

The structure of the thesis includes an introductory chapter followed by Chapter 2, where the theoretical part and literature analysis related to the study's topic are presented. The literature used as the basis of the theory includes various topics, including sales strategy and strategy development, marketing strategy, growth strategy, and the relevant highlights of theory from the topic growing the startup business.

Following the literature review in Chapter 3, the methods for conducting the research and performing the interviews are presented in detail. Chapter 4 introduces the actual findings of the data collection and overall study and includes analysis of the results, and Chapter 5 provides a discussion of those findings in the form of conclusions and recommendations. The document also includes a list of references and appendices.

The structure of conducting the thesis research is illustrated in the following picture. The work plan will guide the research and keeps focus on the task at hand.

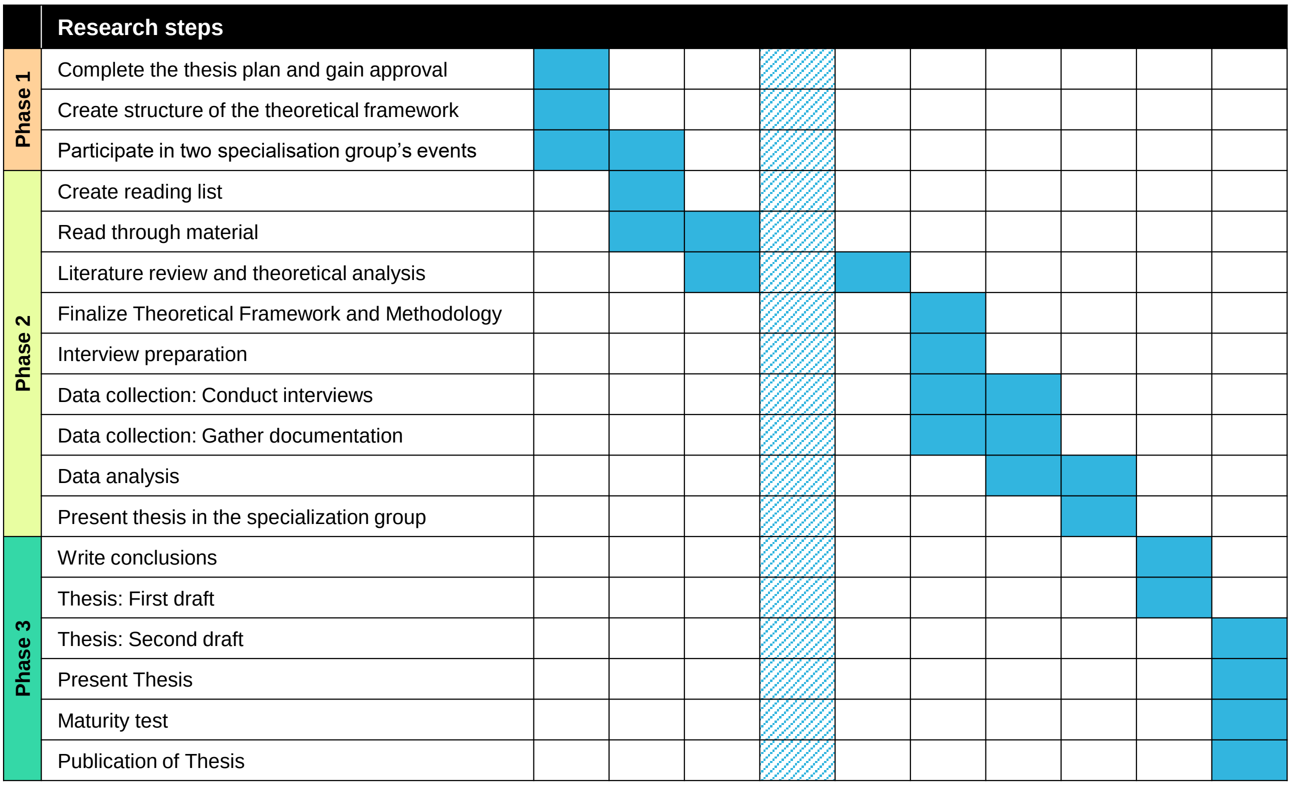

Figure 3. Steps of the Thesis work

2 Strategy development in organizations

This chapter explores the theory behind strategic development in organizations through different growth phases while acknowledging the need to discuss what is considered when talking about sales strategy development. The different points of views are analysed all the way from the experimental and agile environment of the startup phase to the transitional challenges of supporting growth and scaleup, and finally, to the established phase focusing on optimizing sales effectiveness. The analysis also considers different business models and the impact of industry dynamics within the strategic journey.

2.1 Journey from startups to established companies

A startup is a human institution designed to create a new product or service under conditions of extreme uncertainty (Ries 2011, 22). Eric Ries emphasizes that even established companies can have elements of starting a new business venture within the organization, but what makes startups successful are the activities that they are fully invested in; hiring creative employees, coordinating their activities, and creating a company culture that delivers results. When trying to understand the path from startup to established company, it is most important to focus the attention on these successful activities. The startups that are not successful, will never make it to the established phase, and therefore the successes are more interesting to study under this thesis theme. Launching a new enterprise, whether it’s tech-startup, a small business, or an initiative within a large corporation – has always been a hit-or-miss proposition. 75% of all startups fail, but there’s one concept that can make the process of stating a company less risky. It's a methodology called the "lean startup," and it favours experimentation over-elaborate planning, customer feedback over intuition, and iterative design over traditional "big design up front" development. (Blank 2013, 66.) Even though, I will not dive in this thesis into the lean startup concept too deeply, terminology that can be derived from the methodology as a concept when talking about startups is for example “minimum viable product". According to Gartner glossary (Gartner 2023a), the definition of a minimum viable product (MVP) is the release of a new product (or a major new feature) that is used to validate customer needs and demands prior to developing a more fully featured product. To reduce development time and effort, an MVP includes only the minimum capabilities required to be a viable customer solution. The presumption is, that all modern startups use this MVP method into some extent. The lean startup method also uses “pivoting” as a guiding principle, when talking about successful startups. This means, that if customer feedback reveals that the original business hypothesis is wrong, the business either revises it or "pivots" to new hypotheses. Once a model is proven, the startup starts executing, building a formal organization. (Blank 2013, 68.) In the journey of growing a business from a startup to a larger enterprise, the “pivoting” method is also presumed to be used by all successful companies at least to some extent.

When a startup is successful and starts to grow, it will move gradually into the established company phase, and a more mature way of being. Eric Ries calls this transitioning the second founding (Ries 2017, Chapter 8). According to him, this is the period in a company’s growth journey when it goes from being just another organization to an institution that’s here to stay. It’s the moment when the company grows up and adopts a managerial culture. This is also the phase where organizations transform their internal processes. Joseph C. Picken describes this journey as a four staged process which are the essential steps in the transition from a startup to an organization capable of sustained and profitable growth (Picken 2017).

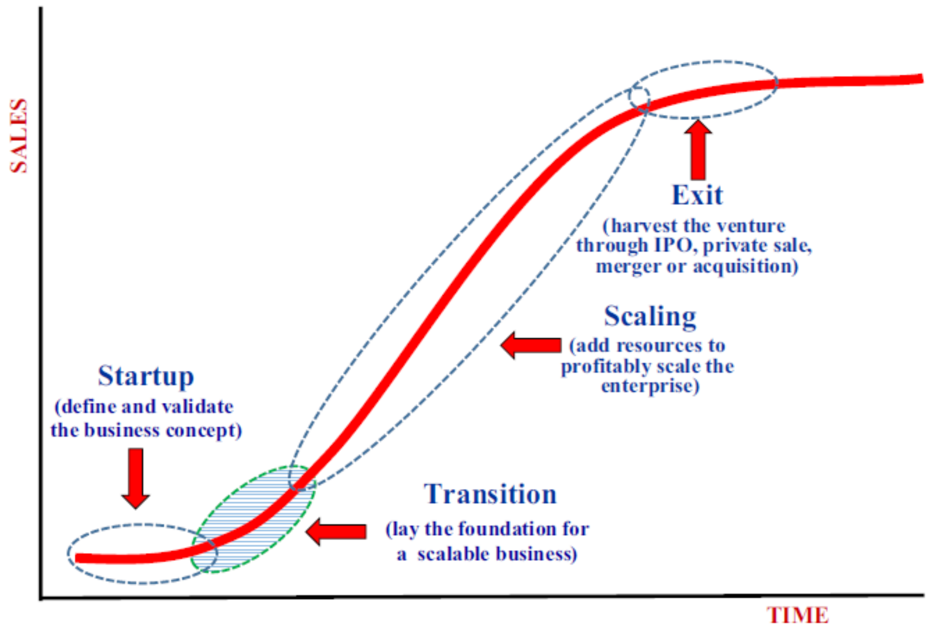

Figure 4. Four stages in the life cycle of an entrepreneurial firm (Picken 2017).

Picken describes the stages as startup phase, transition phase, scaling phase and exit. In the startup phase the focus is to define and validate the business concept such as the market opportunity, the offering, the business model, and the go-to-market strategy. The organization of a startup is typically informal, loosely structured, and fluid. Then, according to Picken, the transition phase is all about gaining traction in the marketplace as it represents an essential bridge between the loosely structured informality of the startup and the structured and disciplined form required for rapid scaling. In the scaling phase, the company must add significant resources and leverage processes and partnerships to grow the business within the framework of the validated business concept and a sustainable business model. The objective becomes rapid growth in order to achieve competitive scale and establish sustainable market leadership. Scaling requires a very different kind of organization – one with structure, process, and discipline. As the final stage, Picken talks about an exit phase, where an IPO, private sale, merger, or acquisition is usually required to harvest the value accumulated by the venture. (Picken, 2017.) Now, in this study we will focus more on organizations within their established phase, without considering if the organizations have done any type of “exit” from venture capital perspective, as this phase is not relevant from the perspective of this study and strategic steering practices.

Picken emphasizes in his article the transition phase and the obstacles and hurdles that need to be tackled during that growth phase (Picken 2017). Ranjay Gulati also talks about the same point of view and mentions that startups do tend to fail if they don’t instil discipline and order as they grow (Gulati 2019). He argues that companies need to add formal systems and processes and hire professional managers, but that there is also a danger that added bureaucracy and “new blood” will cause workers to feel stifled, customers to feel disconnected, and an organization’s entrepreneurial flair to disappear. In order to keep the “startup soul” alive, when transitioning and even as companies institute processes, discipline, and professionalization, they should strive to retain the spiritual trinity of business intent, customer connection, and employee experience (Gulati 2019).

The distinction between startups and established companies lies in their approach to business opportunities. Established companies aim to exploit identified opportunities, whereas startups focus on innovation, seeking to differentiate which opportunities are worth pursuing and how to do so (Butler & Hansen 1991). According to Butler and Hansen, the entrepreneurial process comprises of three stages: Entrepreneurial, Business Startup, and Ongoing Business. During the entrepreneurial stage, the primary activity revolves around exploring opportunities. In the business startup phase, the business undergoes formalization, involving activities like capital raising and the selection of business partners. Ultimately, the ongoing business stage shifts the focus to growth and profitability, marking the point at which the company can be deemed established (Butler & Hansen 1991).

As there are several theories, expert opinions and discussions what the stages of growth within organizational development are, in this thesis I will adapt them into one concept. In this thesis the startup phase consists of the entrepreneurial and business startup phase by Butler and Hansen (Butler & Hansen 1991) as well as the startup phase by Picken (Picken 2017). The transition phase includes the transition phase and scaling phase by Picken and the established phase is a combination of the exit phase by Picken and the ongoing business by Butler and Hansen. So based on these theories, I will discuss the growth journey in my thesis based on the following three stages of the organizational growth development:

- Startup phase

- Transition phase
- Established phase

2.2 Strategic steering and development

Sales strategy development when companies grow from a startup phase to established phase is more than just “plain” sales. As organizations evolve from the agility of a startup to the complexities of an established company, the need for a structured and adaptive approach to a more generic concept of strategic steering becomes a necessity to analyse. According to management consulting company BearingPoint’s Sales Excellence framework (BearingPoint 2023), strategic development is one of the 6 elements that can be developed as part of a company’s sales management. The framework has been divided into the following sections: strategic steering, customer targeting, sales practices, sales support tools, organization & people and offering & pricing.

The decision to utilize the BearingPoint Sales Excellence framework in this thesis is due to its comprehensive, 360° and strategic perspective on sales development. In the process of transitioning from a startup to an established company, the sales strategy must be closely connected into the broader context of organizational sales development. But in the context of this thesis, the subject of sales strategy development also needs limiting so that the context does not expand too much and focus on too broad picture of organizational development. BearingPoint's framework does just that. It gives the structure and limits the focus. The intention is not to use the framework as an exhaustive tool with a prescribed methodology and interview templates. Instead, the framework serves as a conceptual guide, providing a structured framework for the basis of theoretical analysis and discussion. This approach enhances the theoretical depth of the analysis while allowing some flexibility with the term sales strategy in each phase of the organizational evolution.

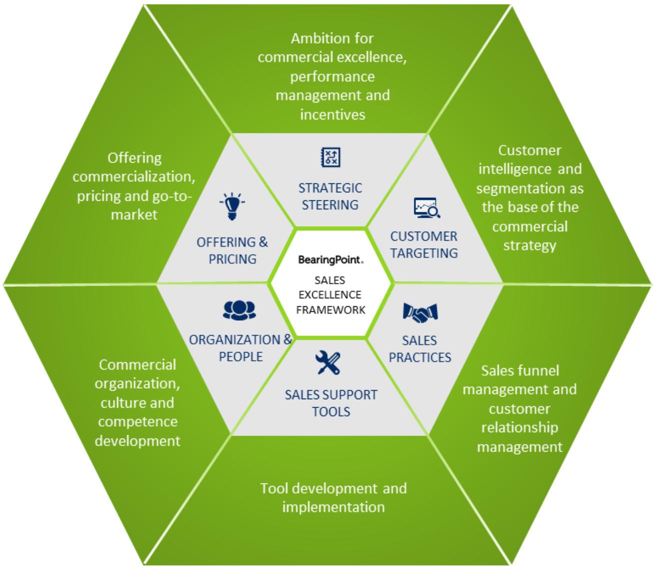

Figure 5. BearingPoint Sales Excellence Framework

So before studying the three different stages of the growth journey companies face, the first step is to align what elements should be studied as a part of the sales strategy and its development. This chapter will talk about the different topics that the sales strategy development should consider. These are referred to, in the Sales Excellence Framework by BearingPoint, as an overall concept, strategic steering. Also, what should be noted is, that even if some other areas under the sales development must be certainly discussed, such as e.g. customer segmentation and sales resources, the main objective is to keep the discussion within the strategic level within this thesis.

Strategic steering is the backbone of the sales development process making it a spearhead for a more comprehensive sales development or even transformation. In simpler terms, Strategic Steering is the compass guiding the organization towards the desired target state in sales management when moving from startup phase to established phase. It allows for a coordinated effort across different aspects of the business, ensuring each element works towards the overall strategic business goals. The dimensions that fall under strategic steering, in the Sales Excellence Framework (BearingPoint 2023) are as follows:

Figure 6. Topics under Strategic Steering

Thomas W. Leigh and Greg W. Marshall also discuss about different aspects of sales strategy and performance that should be considered as a priority in research (Leigh and Marshall, 2001). The list of best practices in research includes the below mentioned topics:

- Establishing a customer-centric culture (growth)
- Market segmentation (sales)
- Market adaptability (sales)
- Information technology (N/A – out of scope)
- Sales, service, and technical support systems (N/A – out of scope)
- Customer feedback and satisfaction (marketing)
- Selecting and developing sales personnel (sales)

For the sake of clarity, the research aspects mentioned by Thomas W. Leigh and Greg W. Marshall have been mapped (in brackets) to the three topics under the strategic steering. However, in order to limit the topics within this thesis, the detailed look on IT tools and software will be out of scope of this study and will only be addressed, in case there is a real case of differentiation with IT for sales strategic level. The discussion and analysis will be otherwise had on a more strategic level, and why the IT solution development will be left out of deeper analysis.

2.2.1 Growth strategy

According to Gartner research, 61% of executives feel their organization struggles to bridge the gap between strategy formulation and day-to-day implementation. This is because key stakeholders often struggle to understand and build a connection to strategies when they are not communicated effectively. (Gartner 2023b.) So, considering the overall growth strategy with strategic sales steering, the organization's mission, vision, and core values should be aligned throughout the journey when considering any development possibilities. There is no sales strategy without an overall business strategy – that should have growth embedded in its very core when considering the journey, a startup is facing.

Gaining more market share can fuel an organization's growth, according to Forbes Magazine article “13 Effective Strategies for Increasing Market Share” (Forbes 2022a). So, when moving further into growth strategy discussion, there is a need to assess what makes the customers buying more services as well as what are the market shares within the services or products a company wants to sell in case there are existing ones currently in the market. When developing a growth strategy, it should be evaluated if there are parts of the business services or products where there is already a proven track record in the early stages of the growth journey that show some success and a company should then consider expanding those areas further by developing new ideas based on the existing ones. According to Forbes, identifying new market channels to gain market share for existing services is key to fuelling an organization's growth. Market channels are therefore important to understand when developing new ideas and growth opportunities. (Forbes 2022a.)

The evolution and diversification of services and products is also very important for staying ahead in competitive markets and building growth. A distinctive value proposition sets an organization apart in a crowded marketplace as described in the book Sales and Marketing channels (Dent & White 2018, 21). For this reason, there is a need to identify unique strengths that the competitors cannot match and then find ways to turn these into value propositions for the offered services and products. These unique value propositions should be identified in the beginning of the growth journey, in order to build a solid foundation and eliminate competition as much as possible.

Developing a customer-centric organization is the backbone of modern growth strategies. Over the past years, companies reporting a “very mature” level of customer-centricity experienced 2.5X revenue growth compared with those reporting their company was “very immature” (Hughes et al. 2021). Al Ramish also talks about successful customer-centric business development in his article “What Is Customer Centricity?” (Ramich 2022). Being customer-centric means for a company that its anticipating customer’s wants, needs and communication preferences and that the customer should be at the heart of everything that the company does – meaning the customer is at the centre and a driving force behind all decision-making. This means that when developing products, services, processes, and strategies all should focus on delivering exceptional value and satisfaction to customers. However, according to a survey directed to over 250 individuals at 180 B2B companies, only about 9% of companies operate in a truly customer-centric manner, with manufacturers (5%) at the low end and high-tech companies (19%) at the high end, on average (Hughes et al. 2021). Customer-centricity should therefore be in the centre of any organization, that enforces a strong ambition to grow. Especially startups, should have this mindset in their core.

2.2.2 Sales strategy

In the process of developing company's strategic steering, one of the three key topics is of course the enhancement of the sales strategy. According to the article "The evolution of the seven steps of selling" (Moncrief & Marshall 2005, 21) for nearly a century, traditional selling processes dominated the foundation of sales discipline. Now, in the 21st century the selling approach has evolved and relies on the premise that the organization as a whole will be focused on securing, developing, and maintaining long-term relationships with profitable customers. A change that has occurred primarily because of a shift from a selling orientation to a customer orientation by many firms.

Taking insights to this topic from the principles outlined in the book Selling and sales management (Jobber, Lancaster & Le Meunier-FitzHugh 2019, chapter 2.5), sales strategy and its goals need to be clearly defined in terms of sales volume, market share, profitability, and sales-force costs. All of these aspects should be aligned and analysed with customer accounts as a part of the first steps of the strategic steering journey. As a requirement, this needs that the customer base and overall (target) market is segmented on customer size, profitability, and other easily measurable metrics. So, when moving into the development in this area with new ideas and actions, it's essential to thoroughly understand the market segmentation. This insight will help also identify the key development areas and innovation focus areas. Developing personalized or targeted communication strategies for each customer and/or market segment is most probably needed, or even individual key customer contact strategies might be developed throughout the growth journey.

In general, the sales (strategy) development goes in startups so that the sales journey begins with founder-led sales, when it's just "us out in the world trying to spread the word". After that, some of the first hires are made for sales roles. Once the company starts to build some success, there is a need to start defining the sales cycles more clearly. Then there will probably be a need to implement a Customer Relationship Management (CRM) tool and hire a sales leader or promote someone from within the organization to do the job. When the business grows further, the crucial step is to be able to predict performance of the sales organization. In the more stable phase of the business growth, the sales organization will be further developed, and buyer personas are created to map leads in the CRM and have more required settings in the CRM to move sales along different stages and start to see different sellers focus on different parts of the sales process. After this stage, there already should be a more stable sales methodology in place, so that the sales organization can be further developed to be more international and build the ability to meet more customers where they are located. A sales organization, that has developed to the last stage is already a full functioning machine, and the business very established. (Edge, Pearson & Pearson 2023, chapter 10.)

One further point-of-view to sales development is that old-fashioned and traditional approaches to strategy assume that the world is relatively stable and predictable. However, globalization, new technologies, and greater transparency have transformed the business environment also in this perspective. In this era of risk and uncertainty, more and more businesses are finding competitive advantage in organizational capabilities that foster rapid market adaptation (Reeves & Deimler, 2011). In successful businesses, the strategic process of experimenting rapidly and frequently not only with products and services but also with business models and processes have supported in forming successful sales strategies. This is an area, that should be considered when developing sales strategies in modern organizations and whether they have been able to adapt to a more rapid business environment.

An effective sales strategy requires also efficient salesforce to support the sales efforts. The considerations and metrics to review for salesforce strategy that should be noted in the development are for example call rates, the percentage of resources devoted to sales, discount policies aligned with customer profitability and customer relationship activities to name a few. These salesforce strategy considerations have been noted in the Selling and sales management context (Jobber, Lancaster & Le Meunier-FitzHugh 2019, Chapter 2.5) and should also be one of the key points that are analysed when proceeding with development possibilities throughout the growth journey. This helps in comprehending the content and challenges associated with salesforce.

2.2.3 Marketing strategy

In the article Ending the war between sales and marketing (Kotler, Rackham & Krishnaswamy 2006, 70) it is noted that the lack of alignment between sales and marketing ends up hurting corporate performance and organizations suffer if these two are not in sync. The Sales and Marketing Integration is also one of the top trends for B2B organizations mentioned in the Mercuri International research report (Mercuri International 2021). In the research 55 percent of the respondents rated this trend as critical to stay competitive in the future. This same principle is also discussed in the article “Is sales the new marketing?” (Piercy & Lane 2008).The complexity of modern business strategies in the current marketplace, and the role of major customers as critical assets for the selling organization, have both impacted to the evolution of the conventional sales organization. This is why brand and marketing strategy development must be one of the three topics when considering the development of strategic steering and sales development.

There’s a conventional view that Marketing should take responsibility for the first four steps of the typical buying funnel – customer awareness, brand awareness, brand consideration, and brand preference (Kotler, Rackham & Krishnaswamy 2006, 77) which will be utilized as a guideline when developing this topic. While the purpose is not to separate marketing from sales development, rather integrate it, brand and marketing strategy development should be analysed based on the conventional steps just to cover all the necessary topics under this strategic development item.

When considering development under this topic, it is important to take a look at brand perception. This involves analysing how the brand is perceived by customers, stakeholders, and the overall market and how it makes them feel (Kirsch 2023). This should support strategic development needs for the brand to ensure alignment with customer expectations and organizational objectives that fall under sales strategy and strategic steering as a whole. Also, when developing this topic, organizations might need some analysis about how consistent the brand messaging is across all sales channels, from marketing materials, company web pages to sales presentations.

A common claim is that the cost of identifying and closing new customers is “five to seven” times more expensive than retaining and expanding business with existing customers. Therefore, the goal should be that customers are selected wisely, and time and resources is invested into customer relationship marketing. This means also that systematic and timely customer feedback and satisfaction is measured, and customer satisfaction process is developed as a best practice (Leigh & Marshall 2001, 90). Successful companies are the ones that take customer feedback as a part of their brand and marketing strategy and incorporate the feedback to all aspects of the strategic steering topics.

2.3 Strategic development through growth phases

Development of strategic sales driven steering, including growth, sales, and marketing strategies, is not only a response to growth; it is a proactive approach to driving and sustaining that growth. According to Gartner’s Strategic Planning Essentials, surprisingly few executives know how to get what they need out of strategic planning. Unclear objectives, poor processes and disengaged business leaders are just a few of the reasons that strategy turns too slowly into action (Gartner

2023c). The aim of strategic planning is to shape the company's businesses and products, so they yield target profits and growth (Kotler & Keller 2016, 79).

But as the strategic development of an organization plays, or should play, an important role in determining its success and longevity and as organizations progress through various growth phases in the lifecycle from startup to established company, there are different dynamics and focus areas in development in each of the growth phases. In order to gain a comprehensive understanding of strategic development, this chapter explores these sales driven development needs through the growth phases. The journey and focus on necessary strategic development perspectives are described in the Figure 7. Adapted illustration of strategic development topics, which is drawn out and adapted from various theories and expert references in the earlier chapters in this document.

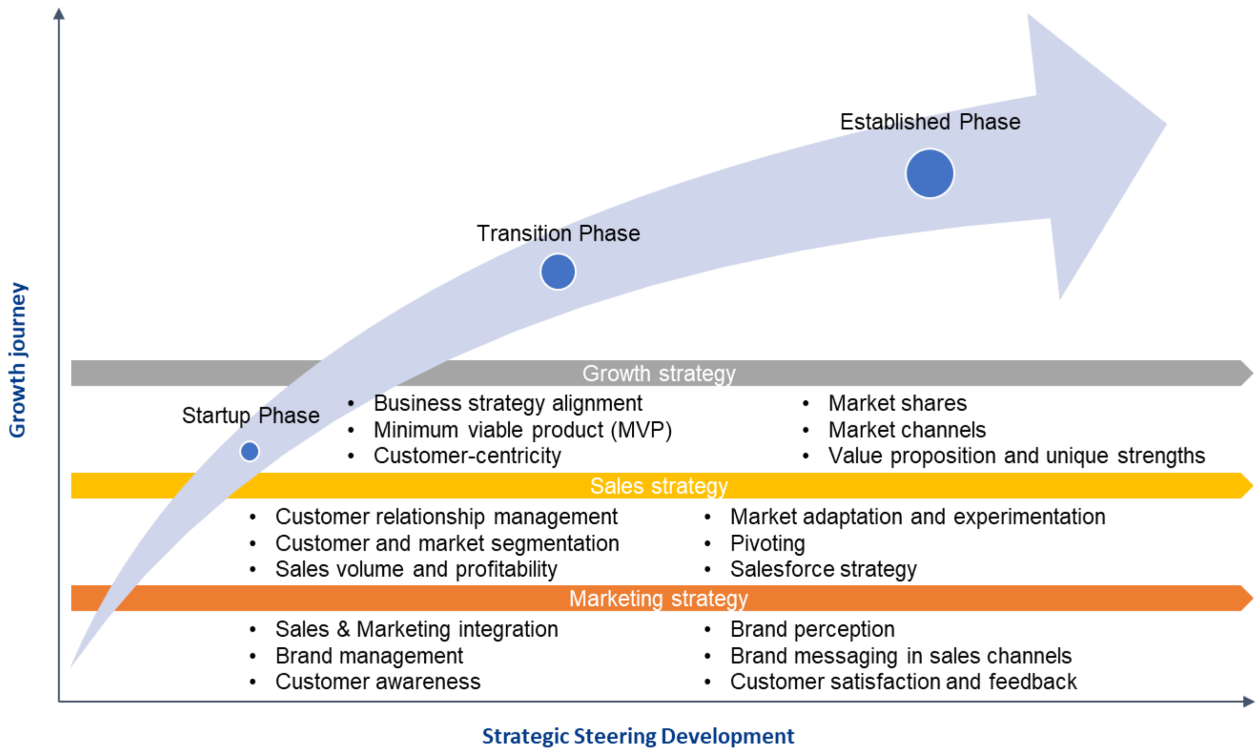

Figure 7. Adapted illustration of strategic development topics

2.3.1 Startup phase – experimenting and growing

According to a study, half of entrepreneurs, or startups if you will, experience some kind of obstacles, delays or problems when starting a company (Lahtinen et al. 2016, 31). The generic problems and slowdowns are primarily related to other than the entrepreneur's or other founding team's own skills and competence. The most significant named factor is regulation and legislation. It was reported as the most important problem area in the study about growth factors and bottlenecks for business startups (Lahtinen et al. 2016, 31). According to the study, lack of marketing and sales skills was named as the most important problem related to own or other founding team's skills; 5% of companies that started in 2015 had deficiencies related to these. This indicates that strategic steering can be a bottleneck for startups already in the early stages of the growth journey. The problem, as described in the book “Ready, Launch, Brand: The Lean Marketing Guide for Startups” (Zeewy 2021, Chapter 2), can be that a lot of effort and resources is put early on to e.g. creating a logo and developing marketing material, but not enough is invested in market research to identify the target market which would guide the sales efforts to the real focus customers – not just the ones who loves the product or service in the first place. Here we come to the startup dilemma, if you don’t have a value proposition and identified unique strengths, it’s hard to identify marketing and sales opportunities at the start of the business; marketing’s status is the easily downgraded to either “do nothing until we can afford it” or “put a little money in traditional advertising and see what happens.” Each is a recipe for failure. (Zeewy 2021, Chapter 2.)

The biggest obstacle with startups is that they are seen as small, risky, and unreliable business partners. Startups are young, have a high mortality rate, have low legitimacy, have no track record, and are associated with inconsistent commitments. The lack of credibility and reputation might have more of an impact on supplier relationships, but this impacts on sales and gaining new customers as well (Tessaro, Harms & Schiele 2023, 101). To make matters even more difficult for startups, the diversification strategy based on the Igor Ansoff matrix, is about entering new markets with new products (Loredana 2016, 144). This has the highest risk of growth strategies. The strength of this strategy is that the potential for increased revenue flow is very high, if the new market and product entry will succeed. Weakness on the other hand is that it includes a high risk of overflowing costs due to product development and marketing efforts – yet this is a risk that all startups need to accept.

The starting point of developing a sales strategy is all about position. So, creating a successful sales strategy begins with positioning the company in the market effectively. Developing a strategy involves taking necessary steps to place the company in the best possible position to achieve specific goals. In practical terms, this includes addressing various aspects of the sales – such as physical, psychological, and economic factors – related to a particular customer account or prospect and a specific sales objective. To truly understand the current position, company needs to identify key players, understand their perceptions of the company and proposal, address any questions customers may have, and assess how customers view the company’s proposal compared to other options available to them (Miller, Heiman & Tuleja 2011, 61). So, in order to break into a market and establish a successful business, a startup company needs to build a successful sales strategy. To build a successful sales strategy, the company needs to know where and how to compete, and how to effectively price and sell the product or service (Lambing and Kuehl, 2007).

Growth hacking is a term used to describe a specific approach to growing a business or product quickly – everything startups usually want to do. It's a method of finding and implementing creative and cost-effective ways to acquire new customers, increased sales, and grow the business. The typical way is to create a Minimum Viable Product (MVP). Marketers are enlisted during this initial product development phase to help put the MVP in front of potential customers to gain feedback. This is done by running surveys, testing, and iterating to improve the product (Chaffey, Hemphill & Edmundson-Bird 2019, 309). Startups might use a growth hacking approach as their sales strategy. It’s a process of always looking for new and creative ways to acquire new customers and grow the business. Instead of relying on traditional marketing methods, growth hackers use data and technology to identify and test different growth strategies. Another way to describe this would be “going viral”. Some digital businesses have grown exponentially because of viral growth, also known as ‘word-of-mouth’ marketing. This is because user data analysis is difficult with a low customer base, so gaining more customers after launching an MVP is an extremely important part of growth hacking (Chaffey, Hemphill & Edmundson-Bird 2019, 318). So, growth hacking is all about finding creative and cost-effective ways to acquire new customers and grow a business quickly – all which startups might want out of their strategy.

So as described, in the first phase of the growth journey, the startup business strategy is all about experimentation and learning and exploring the world and understanding the options. It is the part of the lifecycle where a first product is built, that hopefully many people want, and it’s tested whether the business model is repeatable, profitable, and scalable (Appelo 2019, 14). Strategic development in the startup phase should focus on effective market positioning, overcoming challenges, and adopting growth hacking strategies to acquire customers and pave the way for transitioning into the subsequent growth phases. So all in all, a startup is a temporary organization in search of a scalable, repeatable, and profitable business model. When the business model is validated, the startup turns into a scaleup (Appelo 2019, 9), or as I refer to it in this thesis, enters into the transition phase.

2.3.2 Transition phase – supporting scaleup

The challenges for older businesses are different from those the younger ones are facing. Moreover, the dos and don’ts for startups change significantly once they turn into scaleups, meaning entering the transition phase of the business - then the game of business evolves with the growth journey. The problem is that startup founders often try to scale up their business without having validated most aspects of their business model. Other entrepreneurs simply have not prepared for the next stage and then experience significant problems when the environment shoves them into it. This causes many startups fail because they scale up too early (Appelo 2019, 9-13). However, when a startup is able to successfully move into the transition phase, the experimentation and learning are then transformed to be more thoughtful on how to be successful in the future and prevent how not to be outcompeted in the market. Focus shifts to growth in revenue and market share. The challenge in this phase for the business is to reach more and more customers with a product that works while not overreaching, or overselling, what the business is capable of handling. (Appelo 2019, 15.) The key challenge in this phase is therefore to manage growth while avoiding overreach and overselling.

A scalable business model is one that is still quite flexible and where the addition of new resources brings growth in sales (Bingham et al. 2018, Chapter 1.1). There are several business models, that could be implemented in order to boost the growth of a company in the transition period. The most important are adding new and additional distribution channels on top of the existing ones as well as leveraging the work of strategic partners, that can support through sharing activities or resources. Adding new distribution channels can allow a company to spread the costs of overhead and reap benefits from increased sales. The boost in sales and minimizing needed funds are also what partnering aims at. Potential strategic partners could perform activities in the business model — or provide resources to it — in ways that would help improve the value proposition to our customers. (Bingham et al. 2018, Chapter 1.2).

As the firm keeps growing, the extremely fluid and flexible environment of the startup organization becomes unwieldy. Informal communication and decision-making processes are no longer effective, and a more formal organization is needed to support the growing business. So as the startup matures into a disciplined business, is arguably the most critical period in the life of an emerging firm (Picken 2017, 2). What this means from a strategic point of view is that the business must be clear about its goals, view the situation realistically, and establish and communicate a clear direction (target customer, offering, value proposition, business model and key milestones) to keep the organization focused on the proper objectives. (Picken 2017, 3).

One of the elements of success for a growing company is to build a successful sales organisation. When building a sales organisation, a company should determine how many salespeople and what different roles are needed to achieve the sales targets. A sales organisation should have an appointed sales executive, who manages the sales organisation. Sales executives also monitor and control activities of the sales organisation, forecast overall sales, create budgets, set sales quotas (minimum number of sales in units), develop plans to achieve the set sales targets and strive to create an ethical and customer-oriented culture within a sales organisation. (Castleberry & Tanner, 2022, 442-444.)

To summarize, the transition phase demands a delicate balance between maintaining the startup's innovative spirit and adopting a more structured approach to accommodate growth. The development of a scalable business model, strategic partnerships, and a well-defined sales organization emerges as critical strategic steering elements in navigating the complexities of this transformative journey.

2.3.3 Established phase – optimizing sales effectiveness

In the established phase of the growth journey, there is increased competition which means that the company has to spend more time improving business processes to further increase productivity and efficiency (Appelo 2019, 16). Strong companies develop superior capabilities in managing core business processes such as new-product realization, inventory management, and customer acquisition and retention. In today’s marketing environment, managing these core processes effectively means also creating a marketing network in which the company works closely with all parties in the production and distribution chain, from suppliers of raw materials to retail distributors. (Kotler & Keller 2016, Chapter 2.)

The position of the company and thorough analysis on the position in the market has an important role in developing and improving strategic processes. Otherwise, established companies will fail to observe shifts in their external competitive environment and they continue to compete in ways that may previously have offered potential for competitive differentiation but now no longer provide the basis for competitive advantage. This might be because companies simply fail to protect their assets, sustain their competitive edge through neglect of their strategically relevant resources and capabilities or lose touch with their customers. (Tovstiga 2013, 116.) The aim of strategic planning is to shape the company’s businesses and products, so they yield target profits and growth (Kotler & Keller 2016, 79).

The traditional seven steps of selling is perhaps the oldest formula in the sales discipline. The seven steps model has served as a basic framework in sales training, personal selling textbooks, and teaching personal selling classes for a long time. The traditional seven steps of selling are; Prospecting, Preapproach, Approach, Presentation, Overcoming objections, Close and Follow-up. Many of today’s sales organizations are in various stages of an evolution toward a more modern selling process, as the traditional steps represent more of a sales orientation rather than an orientation toward or building customer relationships. (Moncrief and Marshall 2005, 13-15.) The evolved steps, that focus more on building customer-centricity, are described below:

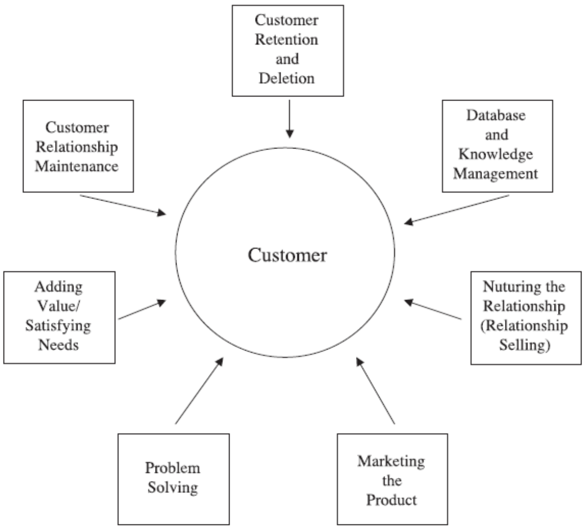

Figure 8. Evolved selling process (Moncrief and Marshall 2005, 19).

When a company has already grown and formed a more established role and gained a certain level of stability, the rule 80:20 becomes more and more reality. This means, that eighty percent of the business is coming from 20% of the customers. So, in the established phase, rather than focusing mainly on the traditional process and prospecting new customers, sales organizations should be spending more resources to retain existing profitable, high potential customers. When a customer is strategically important to the welfare of the whole selling organization, it deserves more resources from that organization. Time spent with successful established clients has a positive impact on sales, often more so than calling on potential new customers. (Moncrief and Marshall 2005, 18.) Therefore, the relationship with major customers is no longer simply a route to implementing strategy, it has become a key platform upon which the seller's business strategy is and should be built. (Piercy and Lane 2008.) According to the book "The Challenger Sale" (Dixon and Adamson 2013, Chapter 1), 53% of customer loyalty is driven by the sales experience - not brand, price, service, or even the product. This means, that in the established phase, sales organizations need to manage a more in-depth customer relationship management, than in the earlier phases of the growth journey, which focus more on growing the base of the customer accounts, at least in the B2B market. This means, that sales representatives need to have skills, that foster relationship builder style. This means that sales personnel must be able to offer unique perspective to the customer, have strong 2-way communication skills, knows the individual customer's value drivers and for example is comfortable discussing money and putting pressure on the customer. (Dixon and Adamson 2013, Chapter 3.) To summarize, established companies can benefit from adopting a sales strategy, which focuses on challenging the status quo and providing unique value to customers.

From growth strategy perspective, and based on the Igor Ansoff matrix, companies in the established phase might shift their growth strategy more towards “Market Penetration” -strategy. That is strategy is for increasing a company’s market share for its existing products in the existing markets. Strengths of this strategy is that it has the lowest risk and benefits from utilizing existing resources which are known well. Weakness is that it includes only a limited potential for growth (same customers can only buy a limited number of products or services) and it also suffers from high levels of competition (other companies wanting to take more market share). This strategy is probably best for businesses that have a been able to gain a strong market presence and is looking to maintain or increase their market share. (Loredana 2016, 145.) The other possible growth strategy could be the “Product Development” -strategy which involves introducing new products to existing markets. Strengths of this strategy is that the customer sales channels already exist which means there is a high potential for increased revenue as well as the easiness of meeting known customer needs. The weakness is that there might be high costs of new product development. (Loredana 2016, 144.)

As a summary, the established phase demands a refined and customer-centric approach to strategic steering development. Businesses must not only enhance internal processes but also prioritize customer relationship management and choose growth strategies that align with their market position and objectives.

2.4 Business models in strategic development

Understanding the impact of different business models on strategic development is very essential for the development of the business strategy. In this thesis I will focus on B2B (Business-to-Business) and B2C (Business-to-Consumer) business models. C2C (Consumer-to-Consumer) business is a completely different way of operating, so I have scoped that out from this study.

First of all, B2B refers to companies that sell their products or services to other companies (legal entities). This type of business usually has a smaller customer base, but each customer typically spends more money and has a longer lifespan as a customer. B2C refers to companies that sell their products or services to consumers. This type of business typically has a larger customer base. There are several key characteristics that set B2B startups apart from B2C startups, which are presented in the below table:

Table 1. Key characteristics of startup business models (AIContentfy 2024).

Key characteristic	**B2B**	**B2C**
Customer base	Small to medium	Large

Sales cycle	Long and complex	Quick and easy
Sales size	Medium to large	Small
Customer mgt. focus	Relationship management	Needs & desires of consumers
Marketing focus	Face-to-face	Direct (online) marketing and sales
Sales & marketing content	Thought leadership	Design and branding
Core business driver	Niche expertise	Data-driven decision making

Neil Baron and Rod Griffith argue (Baron & Griffith 2023) that even if the typical key characteristics are important KPI's for business-to-business analysis, often a crucial characteristic for analysing the customer base, urgency of need, is ignored. According to them, a company that offers software-as-a-service (SaaS) IT-solutions for mid-sized companies for example, may focus on classic demographics such as size of the customer, age of the customer (older customers may have outdated systems) or the amount of revenue the company makes annually. And even if these variables are useful in helping to produce a list of sales prospects, they don't determine which of the companies the sales team should contact first. From sales strategy perspective, business-to-business operations should therefore consider segmenting their customers carefully by focusing on the urgency of the need. The segments for urgency can be for example: Urgent needs, Non-urgent needs, Currently needs are met and No needs (Baron & Griffith 2023). This element should drive the customer management focus when considering the relationship aspect of managing the customer base.

For business-to-consumer there are also points of views, which are specifically important for B2C operations. For example, Young Entrepreneur Council gives in their advice, for developing an effective sales strategy, tips that addresses consumer businesses especially (Forbes 2022b). Most importantly, the sales strategy needs to be rooted in a deep understanding of the customer's needs and desires. Content marketing strategy should be balanced between sales, marketing and branding yet so that multiple platforms should be used. Building brand consistency is especially important for B2C operations as customers like predictability and want to be confident that the brand will deliver on its promises every time. Knowing the client and focusing on clear communication and messaging is vital when operating with consumers. Authenticity and personalization together with sales campaigns, should form the basis for the marketing strategy in B2C operations. (Forbes 2022b.)

The benefits of B2B operations, compared to B2C, is that the revenue streams are often more stable as customers are committed to more long-term agreements, especially if there is a subscription-based revenue model. Also profit margins can be higher than in consumer business and therefore scaling and growing the business is possible to achieve more quickly. However, B2C operations can get a real benefit from “going viral” which can boost the growth and scales the business very quickly. B2B do have also some disadvantages compared to B2C development, as the sales cycles are often much longer and complex and the sales and marketing costs are often much higher, and the target market is more difficult to reach. The B2B companies are more dependent on a small number of customers although they show more loyalty than B2C customers, who tend to make smaller, less frequent decisions. B2C startups can be more vulnerable to fluctuations in demand if the product or service they offer is very seasonal or trend based. (AIContentfy 2024.)

The biggest challenges B2B businesses might face when starting up the business and developing their business, is to build and gain trust with new and potential customers. B2B transactions often involve larger amounts of money and longer sales cycles based on relationships compared to B2C transactions, so building trust with potential customers can be challenging, especially for new and untested startups (AIContentfy 2024). The biggest hurdle on the B2C side, might be that as the B2C market is highly competitive, it can be very difficult for new startups to stand out and differentiate themselves from the competition. In the B2C market, consumers do not necessarily choose a brand based on long-term relationship consideration or they also often do not have the same level of motivation or expertise to assess or to pay attention to the nuances of the differences among the multiple product variations, as do industrial customers in the B2B market. With so many options available to consumers, it can be difficult to get them to choose a new product or service over all the possibilities that are out in the market. (Liu et al. 2018, 151.)

2.5 Industry impact to strategic journey

The industry in which the companies operate in, has also a significant impact on the strategic development. For example, when comparing private and social sectors, and the latter meaning a business created to benefit society, the main distinction lies in their motivations tied to money. Private businesses aim to convert their value into monetary gain as fast as possible so that the business will start producing financial savings for shareholders and/or personal gain for the owners. On the other hand, those companies operating in the social sector, the benefits are provided to a much wider range of stakeholders. In the social sector, financial benefits are distributed, with a focus on broad-reaching impacts rather than direct financial returns. The companies might be motivated by specific benefits like reducing air pollution or decreasing the level of waste. So, in both sectors the businesses aim to create change, but in the social sector, impact is the primary measure of success, whereas in private business, impact must quickly lead to financial gains. (Gelobter, Blank & George 2015, chapter 3.)

The high-tech industry has its own unique model for sales strategy and business development. According to Geoffrey Moore (Moore 2014, 20), the way to develop a high-tech market is to work the so-called technology adoption cycle curve from left to right. This means, that tech companies must first focus their sales and marketing efforts on the innovators, growing that market segment, then moving on to the early adopters, growing that segment, then to early majority and so on. The idea is to keep the business development process moving smoothly, progressing something like the passing of a baton in a relay race and also to keep ahead of the next emerging technology innovation.

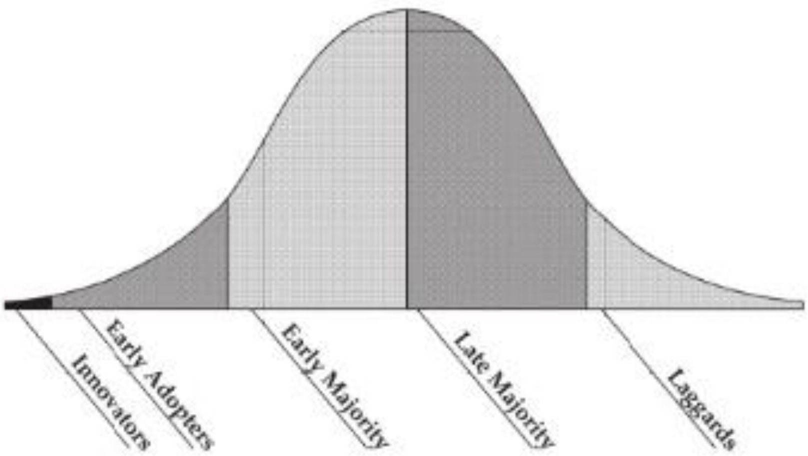

Figure 9. The technology adoption life cycle (Moore 2014, 18.)

Software companies that have simpler, consumer-focused products often use a freemium type of business model in go-to-market activities, meaning they take on a strategy by which a basic product or service is provided free of charge. This means advertising, marketing, and maybe public relations take a front seat to pure sales. In companies, operating in the software business directed to other companies, especially SaaS driven, have different type of characteristics that should be considered. As the company grows and brings in new leaders to manage teams, early hires can easily get left behind and cause people to get unengaged from the business. Also, the larger an organization becomes, the more bureaucratic it becomes, so the more likely the bureaucracy will slow down new innovations. But the organization should want to build a pool of talent who are committed. This means, that teams should be given nearly unlimited bandwidth to allow them to innovate. (Edge, Pearson & Pearson 2023, chapter 14.) This should form the core of the organizational and strategic steering practices.

Another industry sector, consumer directed e-commerce is a sector where organization/business shares and exchanges information, maintains relationships and conducts business transactions using technologies. The business can offer goods or services to end customers from the business organization without any intermediaries. The number of customers is higher in this type of business, so therefore it is easier to reach people through marketing and advertisement, especially through social media. So, with a lower initial investment, high profit is possible to gain through especially retail and wholesale business (Saha, Islam & Hasan 2018, 169).

As a conclusion, different organizations in different industries scale and develop their business and sales strategies in different ways. Some focus on distributed innovation or inspiring teams to make what they do better. Others scale more rigidly and take a more top-down and structured approach. All scale in a hybrid model across these spectrums. (Edge, Pearson & Pearson 2023, chapter 14.)

3 Conducting the research

In this chapter, the purpose is to describe the methods of research used in this study. This section outlines the research approach that was taken when exploring the topic, as well as explain in detail the main research type of conducting interviews when gathering qualitative data.

3.1 Research approach

The research approach used in this study is qualitative, based on the case study method. The strategy and approach for conducting the research has been described in more detail in Chapter 1.

The idea in this study was to investigate and understand sales strategy development in a very specific business demographic – only companies that have been able to grow from startup phase to a more established organization with profitable financial results. The target therefore was mainly to research key information on actual operational business environments, and study 3-4 organizations that fit this criterion and that can provide insight on the topic from different industry segments. The 3 companies which were finally selected and agreed to take part in this study, represented different industries. The companies represented the following industries: wholesale and production of consumer goods (B2C and B2B), consulting and software services to businesses (B2B) as well as online media service (B2B with B2C flavour).

The initial plan was to also utilize document analysis as one way of exploring the company data. The idea was to analyse sales strategy material and perhaps sales reports using content specification in order to understand the figures behind different organization's sales performances over time and how they had changed as the organizations have grown. However, this data was not available for most of the organizations, so therefore was not usable as a method in this study. One of the biggest reasons for this was that sales strategies tends not to be officially documented at any point of the growth journey. If it's documented, it might be visible in the applications companies have done to get funding form e.g. Business Finland as the process requires it. However, 1/3 of the companies had never applied for funding, meaning also that even this data was not available for all of the studied businesses. Also, what seems to be typical, is that sales strategy is mostly embedded within the company level strategy documentation and/or sales strategy is some kind of a plan that the sales organization and/or the founders of the business had unofficially set when the time is right. Added to this, the difficulty was that when studying a lot of historical data, the journey the company has gone through to get to this point since the beginning is long. This means, the documentation that might have existed, was deleted, or lost in huge amounts of documentation throughout approximately 10+ years' time. For this reason, document analysis was not utilized as a way to explore the company sales strategies.

3.2 Interviews

Interviews come in various forms and styles, typically involving verbal interaction between the interviewer and one or more interviewees. Interviews can also be categorized into structured, semi-structured, or unstructured formats. There are four primary types of interviews: fully structured, semi-structured, thematic, and open-ended interviews. In a fully structured interview, questions are predetermined and presented in a specific sequence. In semi-structured interviews, questions are prepared beforehand, but their wording and order may vary during the interview process. Thematic interviews involve carefully prepared themes, but the interview structure remains flexible, allowing for adjustments based on new insights gained from previous interviews. Open-ended interviews involve a discussion between the interviewer and interviewee on a topic or issue provided by the interviewer. (Moilanen, Ojasalo and Ritalahti, 2022, chapter 4.2.)

The plan was to use the semi-structured method in this study. At the end, the method used in this study for interviews was more unstructured, as the interview had a very informal narrative start, where the representatives of the businesses could tell freely in their own words the story behind the business and the journey it has been on until now. As stated in the Book Methods for Development Work (Moilanen, Ojasalo and Ritalahti, 2022, chapter 4.2) as a data collection method, the interview is a good choice for focusing on the individual as the subject of the research. The individual has the opportunity to bring up matters of interest freely. This is also the reason why a more free, unstructured, and thematic interviews was done at the end. The interviews took place in the form of a narration and discussion according to themes and questions around the themes that were planned beforehand. The interview type was selected to allow the interviewees to bring up openly points of views they consider most important and also allow the interviewer to ask more specific questions to matters which were not clear in the narrative which the interviewee was explaining.

All of the interviews were conducted in face-to-face meetings in the client offices or other familiar location, and they held as pair interviews except one interview, where the other participant could not join at the end. The interviews were all recorded using the author’s mobile phone. Additionally, some notes were taken during the interview manually by the author, to help with the understanding and focus during the interview while it happened as well as a support the research process in general. The audio recording was done, so that it is easy for the researcher to observe and listen to the interviewees. Also, listening the interviews several times afterwards, allows the researcher to find new viewpoints or take the interviewees tone of voice better into account (Moilanen, Ojasalo and Ritalahti, 2022, chapter 4.2). The interviews recordings were transcribed and documented into text format after the interviews as well as translated into English as the interview language was Finnish. The length of all the interviews was approximately one hour.

The interviewees were found through the author's personal network and who she knew personally. The participants were mostly positive about participating, even if they have tights schedules in their daily lives with time-constraining roles such as CEO. The only concern some of the participants had, was the visibility of their company name in the study as the topic discusses very detailed information about the business background and strategy development which is company internal information. For this reason, all the companies and the interviewees have been anonymised in this research study. From the three companies that were the target of this study, five people were interviewed in total. The target was to interview two persons from each company, to support the narrative that the founder had more insight from the early stages of the organizational development, while the other one knew the more recent history while the founders had taken on other roles than sales focus. From one company, the founder was not able to participate to the interview. Considering that the employee who was interviewed joined the company one year after its founding, it was seen as reasonable and that she had all the understanding about the business background and why the interview was done as an individual interview.

Table 2. List of interviewees

No.	**Company A "Consumer goods"**	**Company B "Business services"**	**Company C "Online media"**
1	Founder and owner	Founder, and ¼ owner	-
2	CEO, spouse of the founder	Commercial Director, 9 years with the firm	Editor-in-chief, 2nd employee after founding

Even if the interviews were quite unstructured, the themes and questions what were utilized in the interviews acted as a guide in the interview. The theoretical framework and the summarized figure 7. Adapted illustration of strategic development topics in Chapter 2.3, was presented to the interviewees to help them understand the concept of the research and to support the narrative start and focus areas when describing the journey of the company. The interview template used can be found from Appendix 1 Interview template.

4 Analysing the results

In this chapter, the analysis of the data gathered through interviews with representatives from three diverse startup companies is presented. The stories behind these three companies are presented, on their journey from the startup phase towards a more established business model. Based on the theoretical framework described in the earlier chapters, this section aims to find key insights, patterns, and themes from the qualitative data. Statements presented in the following chapters are based on my analysis.

4.1 Overview of the companies

This section provides a comprehensive overview of the three companies whose representatives were interviewed as part of this research study. Each company is in some way characterized by its industry, and some of these characteristics can be found from the key performance indicators (KPIs), and other details within the journey of the company. Below you can find a more detailed information about the company background.

Table 3. Summary of the company information

Key characteristics and KPI's	**Company A “consumer goods”**	**Company B “business services”**	**Company C “online media”**
Founding year	2014	2008	2007
Business model	B2C and B2B	B2B	B2B
Core business / industry	Wholesale for animal feed	IT consultancy and IT management services	Software development for leisure, travel & tourism
Turnover (EUR)	0,9 mEUR	27,5 mEUR	1,3 mEUR
Personnel (pcs)	4	210	8
Turnover per employee (EUR)	240 tEUR	131 tEUR	162 tEUR
Equity ratio (%)	40 % (Good)	9 % (Poor)	89 % (Excellent)
EBIT (%)	1 % (Poor)	5 % (Satisfactory)	40 % (Good)
Business loans taken	One	Several	None

Funding gotten from Business Finland	Explorer and Tempo	NIY	None
Growth-% in transition phase (4 years' time)	128 %	133 %	102 %

Company A operates within the wholesale and consumer goods sector, importing and manufacturing animal feed products focused on equestrian and canine genre. It also acts as the distributor and marketer of a wide range of products. The product portfolio today is approximately 100 products. Their focus is on selling high-quality goods to resellers and consumers. Company A operates in an industry which has to tackle with the complexities of supply chain management and market demand. Company A has achieved a level of maturity within its industry and has a solid customer base and a well-established market presence in a very niche area of the market. As a small enterprise, it has been able to adapt to market trends well while maintaining steady operational efficiency and customer satisfaction.

Company B operates in the consulting and software management services segment, offering innovative solutions tailored to the needs of businesses across all industries. They help large and medium-sized companies streamline their businesses with enterprise resource planning (ERP), financial management and intelligent automation solutions. They specialize in leveraging technology to optimize operations and drive growth, and they hold quite a strategic position in the digital transformation landscape. As a mid-sized and rapidly growing firm, Company B has possessed an entrepreneurial spirit and agility which many startup businesses are characterized with. With a focus on innovation and client-centricity, it navigates the competitive ICT sector by continuously developing its service portfolio.

Company C operates as an online media platform, providing content and services to a Finnish audience through digital channels. With a focus on delivering engaging and relevant content across various domains, Company C has had an important role in shaping online media in the travel and leisure industry as well as being a frontrunner of the digital transformation within the entire industry. As an established player in the online media landscape, Company C has utilized digital technology since the beginning and helped shaping traditional media consumption patterns. With a diverse portfolio of offerings and a solid user base, it remains at the forefront of innovation in content delivery and audience engagement still today.

In the next chapters, we dive deeper into the strategic evolution within each of these companies, exploring the unique challenges, opportunities, and strategic goals that have characterized their respective journeys from startup phase and into organizational maturity. In the further chapters in the study, a comparative analysis of these cases is performed with the aim to gain insights into the sales strategy evolution within startup enterprises.

4.1.1 Company A – "consumer goods"

In 2013 the idea was born, and the first setup of the trade name was done, but the company was officially established in 2014. The trend for superfood was happening among people (humans) at the time, especially goods such as chia-seeds was in high demand. The startup founder had a background as a competitive athlete, so nutrition had been an interest for a long time. Additionally, the founder also had purchased their first horse and was looking for natural products for horses which were not available at that time in Finland.

The encouragement to setting up the business came from home when the owner's spouse suggested and asked why she wouldn't setup this type of company. In the beginning the idea of entrepreneurship felt strange, but after 6 months of considering the idea, the idea fell into real action. The first purchase was 100 kg of chia seed with the thought that "if no-one buys the product, all relatives and friends will get chia seed as presents for the next 10 years".

Ideas for the products came from studying brands in the horse feed sector and how the products were sold at that time. All the competitive products were very rational and practical, large sacks that did not appear to be very unique, and the look and feel was not tempting (especially for an outsider not coming from the equestrian field, says the spouse). Almost all of the brands were weak and did not have the same brand power as other consumer goods in general. So, there was a gap in the market and the other similar products were not strong and/or non-existing in Finland, the opportunity presented itself well.

At first the business was a hobby, and the goal was set low – e.g. 5000 EUR turnover for the first year seemed like reasonable target. But even if the start was very small business mindset, the ambition level was still there in the background to build something more out of the business and the idea was always not to be a "one product wonder" (e.g. only chia seeds in the product portfolio), as this was seen as very risky if the current trend would vanish. Quickly other products were launched – 6 products were in the portfolio from early on; original chia seed, rose berry, nettle, ginger, MSM (methylsulfonylmethane) and devil's claw. All directed for equestrians as horse feed and supplements.

The brand image was very important right from the beginning. One other competitor for example sold chia seeds in Finland, but they sold the goods in clear plastic bags with printed out how-to-use -instructions. And this was a good example for the founder how they did NOT want to do their own business. The startup owner was working in a marketing agency at the time, which made it easy to prepare the marketing material content by themselves. AD (e.g. Art Director) was always outsourced since the beginning, but the startup owner could use their contacts from the marketing agency environment. The AD was in charge of layouts and pictures. So, differentiation with the brand was always important. Imagery and photography used was professionally taken since the beginning. Visual imagery was a way to differentiate from competition and create an image and a brand of quality. The logo was also created in support with the AD. The logo, which is still in use, looked almost as it could be a high-end chocolate brand, so it was selected. At that time no-one used so called stand-up pouches in horse feed, which was a way to differentiate as well.

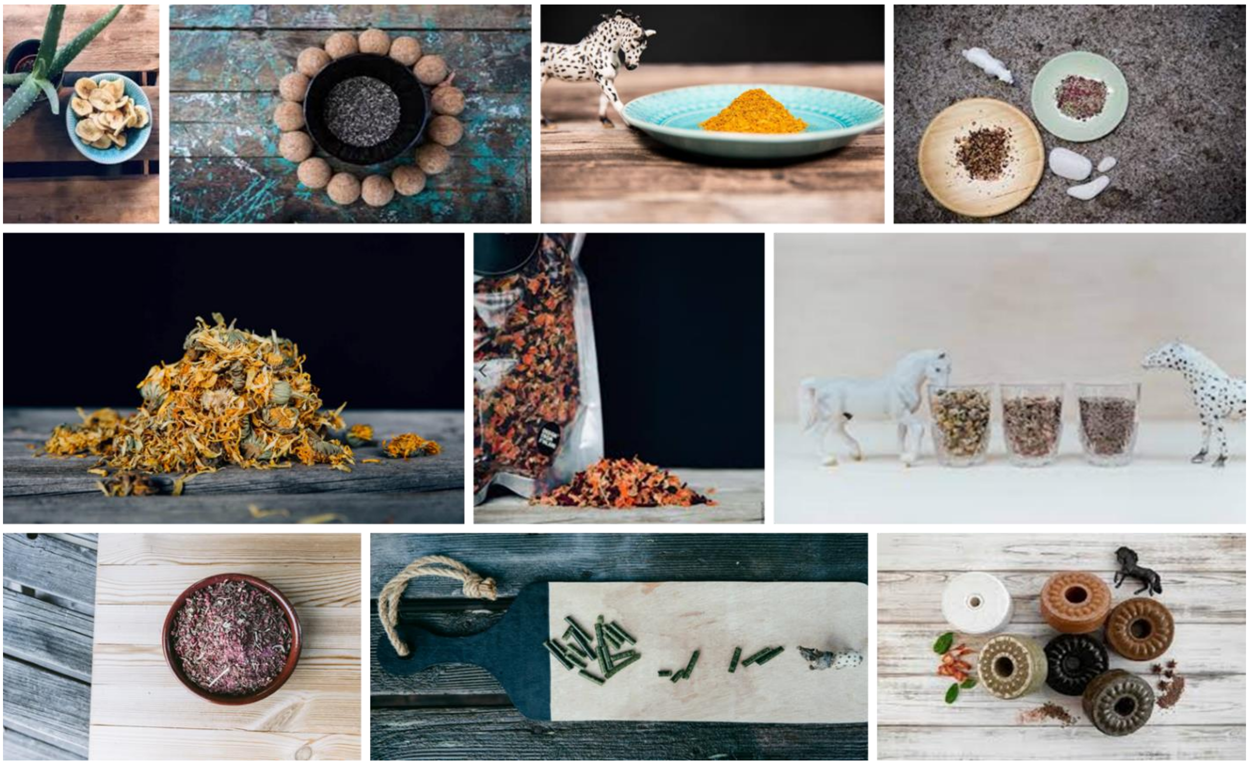

Figure 10. Brand images of Company A

Multichannel strategy for marketing and sales were both used right from the beginning as the target group and target market is quite a niche segment, this was the way to gain best coverage as rapidly as possible. The first sales channel was self-made web shop (“kotisivukone”). This was in use for approx. two years. The next web shop was a lot more professional and also larger project to get into use. It was used approx. four years. Social media such as Facebook was used as a marketing channel right from the start, as many equestrians connect in social media for example through the stables’ sites in which they keep their horses. The founder also called through several potential resellers (equestrian retailers) directly and delivered the first goods personally to e.g.

Horse & Riders in Kerava, Hippodome in Tuusula. Also from the start, the sales strategy was to direct the goods to consumers (B2C) and businesses (B2C) as other businesses (retailers) were seen as an effective way to distribute and increase the brand recognition. Some new, competitive, products in the scene have in the beginning only focused on reseller sales channels, which has caused difficulties later on when those companies have setup their own web shop directly aimed to consumers and therefore seen as competition and threat to resellers. This company has not had this issue, as the web shop was there from the beginning. Events and fairs were utilized in marketing (e.g. Horse Fair in Tampere), first through resellers and later as the brands own individual stand. Support from resellers was valuable in the beginning, as the owner did not have the experience the other retailers had, and it was a huge learning experience.

Feedback has always been an important method when developing the products and product portfolio. Test groups have been used, how the products are welcomed by equestrians and the end consumers, e.g. horses. Market research in Finland and in the early days was based a lot on sales testing.

In general, the growth has always been very risk free. Support has been gained from Centre for Economic Development (ELY-keskus) for business coaching, e.g. meeting with Markku Kuutschin when the company was 1,5 years into the business and the feedback was very encouraging. Small Explorer funding was gotten from Business Finland to support the business in the early stage.

The business in general started from home guest room (2014-2015). Parental leave on 2016-2018 by the founder affected the business so that first employee was hired and also because the business had grown so that it was not possible to operate the business fully as a “side hobby”. The first employee was hired with the help of granted pay subsidy which was paid by the Ministry of Economic Affairs and Employment when employing an unemployed person. An official limited company was registered at that time and also a new office space was rented, first only 10 m2 of space, but which grew up to 100 m2 by 2018. The founder also used the parental leave to support the company especially in marketing, but the first employee mostly took over the business operations.

A bigger risk was taken when after the parental leave in 2018, the owner resigned from their day job at the marketing agency and started full time entrepreneurship. From 2018 forward the company supported two full-time employees (the owner and the first employee). In the fall of 2018, the company was going to the biggest B2B fair in Germany (Spoga Horse) and the spouse of the owner joined that trip with the idea if it would bring the spouse something they could also concentrate in and see if there would be possibilities to employ one additional person in the family startup. The fair went well, a lot of interest was raised in Germany and contacts were created for that market. The founder’s spouse had a background in marketing, so the natural transition was to join the startup from 2019. The growth needed a new person to join the team, but it would have been difficult to hire someone with specific set of skills as the role was broader, so it was natural to take on board the person that was well-known. During that time also bigger office spaces were needed, and the company was moved to new and bigger office facilities.

This marked a new stage in the growth journey of the company, as due to the extra person and new, bigger office space rent, a loan was taken for the first (and last) time to support the growth. An application was also done to Business Finland for Tempo, which was approved and supported international growth financially. Target markets for growth were set at this stage, and focus was put on Nordics and Germany, including German speaking Europe. Finland is a small market for this type of niche products, so it was very clear that growth meant going international. Sweden is approximately 3-4 times larger market in this segment. Germany is the biggest market in the animal feed business. This meant also developing the digital sales channels, e.g. renewing the web shop to support international growth.

The roles were divided so that finance and digitalization were on the spouse shoulders, who also took on the CEO role. The founder could focus on marketing, content creation and product development. Some equipment investments were also made to support growth which were possible due to the new office spaces, with larger warehouse capabilities to ability to increase production volumes.

In 2020 a lot of effort was put on brand and marketing development and best possible digital channels. Digital agency was taken on as a partner to support growth hacking. This meant e.g. visibility testing in social media channels, Google search engine optimization in weekly sprints. External services, especially the digital services, were changed when seemed appropriate for the stage of growth. E.g. partner specialized in growth hacking and/or when the sales is not growing, it's time to change the partner to get fresh ideas.

At this stage the web shop was opened in Sweden. Where in general the business has been focused mainly on the web shop. This is somewhat a cultural thing, as in Sweden the animal feed brands do not sell directly from their own web shops. In Finland the reseller network was also grown to include larger operators, like Puuilo, which took on chia seed to be sold in two selected stores (Vantaa and Lahti). In general, the product portfolio was grown a lot at that time. Currently, the reseller network includes both Puuilo and Hankkija with a large offering of the product portfolio in all stores (e.g. Puuilo network includes 40 stores) as well as their national level web shops.

Market testing and market study also done in the German markets at this stage. It was found that the German market is very different – there's a lot more competition and therefore more saturated, and it’s much more based on traditional sales channels. For example, traditional operators have very strong and established distribution channels and they use wholesalers more than in the Nordics. The German market is also quite difficult to enter as a foreign business, domestic and local products a more appealing.

Sales strategy has been in a nutshell that all sales and marketing channels needs to be adopted in the best way possible, strong presence withing the reseller network and some prioritization among them to acknowledge importance as a revenue source and one strategy point has always been to operate as much as possible without intermediaries and more direct sales. But even a small portion from the German market, would increase revenue significantly. One strategic point of view has also been loyalty and long customer relationships. Currently 60-70% of the customer base are returning customers (based on web shop information).

In the future, there still some room to grow the business as it is, but a bigger burst in growth would require using subcontractor networks better, re-planning the production methods and maybe using interim storages, as the current self-made production methods and warehousing in their own office are a bottleneck. Product portfolio growth is one way to grow the business further as it brings credibility and serves more customers and keeps it interesting when new products are launched. This might require older and smaller products to be run down. Future growth potential is especially seen in the canine (e.g. dog) feed part of the portfolio. Also, non-feed products present a possibility, such as sprays and oil products, but this requires joining forces with a manufacturer. Strategy for now is to grow the existing markets, channels, and products. In Sweden, the focus is to build reseller network. In Norway, the focus is to keep growing the existing wholesale channel. Non-EU web shop is not possible. In the Baltics the market is small, and mainly focused on B2B operations through wholesale and reseller channels.

The challenges and/or obstacles that Company A has faced in its growth journey have been the following:

- Small organization where absences make a huge impact (e.g. sick leaves are always a strain on the business operations)
- Large events that are “Force Majeure”, such as corona pandemic and war in the Ukraine have had an impact to raw material availability and pricing. Some raw materials have doubled in price.
- Growth has been very conservative and slow, but on the other hand it has been profitable since the beginning.

The growth strategy was never to grow the business fast and sell it to investors. It has been more to make a business that supports living hood, but selling the business is an option that could be a possibility somewhere in the future. Not yet though.

4.1.2 Company B – "business services"

The company was established in 2008 by four friends/colleagues, when the SaaS (Software as a Service) trend started to pick up more and more. Right from the start, the SaaS environment for the core IT solution (an ERP solution) was the key business idea, meaning the company wanted to offer IT solutions as a cloud model to the business world (B2B) at a time when technology houses were still developing on-premise type ERP solutions. The SaaS infrastructure was being built right after establishment, even when there were no customers yet.

Prior to even establishing the firm officially, some initial discussions was had with potential customers that when the company was eventually formed, there already were a few consulting projects waiting to be done. Those projects and customers acted as the first reference customers. However, it should be noted, that it was morally important that when the company was established, the existing customer base was not taken from their ex-employer. The customers were gained from external network. But all-in-all, the early strategy was only that "we have to get some chargeable work from somewhere". The first year 2008-2009 was only operated with the four founders of the firm. The first consulting projects were very varied, and the founders were not particularly picky on doing them. The strategy from the start was to gain own customer base and not act as a subcontractor to a larger firms. Although this would have been a possibility if own customer base wouldn't have been gained.

As a marketing campaign, the first customer golfing event was held as early as autumn 2009. To enforce reputation and recognition in the market, friends from the business life were invited to join, even if they were not customers. They supported by delivering key messages of the well-established business for the actual customers and target customers. The customer base was also built mainly by calling and connecting with already known acquaintances through work or studies. All the consulting projects were about finance processes or finance development in one way or the other at that point.

Approximately one year after the establishment of the company, the first software customers were gained. The first ERP customer was obtained from another company also recently established by friends and ex-colleagues. It provided HR services to firms. The lead was gotten from the other company's cold call campaign. Right from the beginning, the two firms supported each other, as there was a real benefit between them through the connection of finance and HR processes. When moving into new and bigger office in 2012, the two companies operated a few years within the same office space, the HR firm being the sublessee.

The first office was a room in a startup centre, during 2008-2009. A bigger office was rented from an office hotel for the duration of 2010-2012, where it was possible to rent new space or room when needed due to new employees joining the firm. After 2012 the company moved to their current location. The current office has been expanded several times after 2012, even if the location has stayed the same. During 2009 in the startup centre, one of the founders, the CEO, met the future Chief Marketing Officer in a startup event. The future CMO had their own firm and was looking for new customers, and the CEO was interested in developing a marketing strategy. As the CEO, the responsibility of sales and marketing rested on his hands at that time, but investing in marketing was a clear strategic decision very early on. Marketing material always portrayed a “bigger” image than the company was in reality. After the CMO joined, first as a contractor in 2011 and later in 2014 as full-time employee, the visual image was an important way to differentiate in the marketplace.

Vision and strategy of the firm has been very clear from early on – ERP from the cloud, strong process focus and understanding, recurring revenue to support the business growth. Maybe new product development at that time was more of a dream than a true strategic goal. It took years to start the actual planning of an own, self-made software product. Growth was taking all of the resources financially and operatively prior to that. The product development of the new, self-made software was launched during 2015-2016, when the company was accepted to the Business Finland’s Young Innovative Companies (NIY) funding program. The differentiation through visual imagery was truly realized when the self-developed product was launched in the US software fair somewhere around 2017. The booth was completely different looking that any other vendor that was present. Classy, simplified, Nordic style clean look that has only few colour schemes have been the driving force in the company appearance and all marketing material.

Figure 11. Early brand imagery of Company B

Growth has always been organic but in the beginning, it was very moderate. When more credibility was gained in the ERP market as an independent operator, growth was accelerated. The biggest case (surprisingly early) was a global ERP solution implementation project for an international software company specialising in telecommunications. This case was sold through existing relationship with the customer CEO and after an initial support project that was done for finance operations. At the time of the ERP implementation, the company employed seven people. The success of the project was seen critical for the future.

When the company only had seven customers, each of them were used to create case stories to be utilized as marketing material. The target was that “every customer is a reference” and this was achieved already at that point.

Even though the service portfolio has not dramatically changed throughout the years, what changed at the time the commercial director joined was the launch of a new version of the ERP. It was aimed at much larger companies than the previous version (due to the development of the software itself) and it was a native cloud solution, which the previous version was not. So, there was a leap forward towards larger customers, that was dictated by the IT SaaS software. The current target market was not a fit anymore, and top 500 largest organizations in Finland was the new target market. The new rivals in the market were bigger players, such as ERP market leader SAP.

A new challenge in the larger / mid-sized companies was also that project sizes were bigger, a certain flexibility and growth company-like throwing oneself into new situations was not really possible anymore. Or was not a reality that hero-like individual performances is something that cannot or should not be relied upon.

In 2017 a second, smaller ERP was taken into the SaaS ERP portfolio, as there was a need to still keep providing services to the existing customer base for which the new version of the older ERP was too big. Also, intelligent automation was introduced as a service, providing robotic process automation (RPA), machine learning and artificial intelligence consulting and implementations for customers.

Trial and error has always been a constant process when developing the product and service portfolio. Customer driven portfolio development has been one of the key elements in sales strategy, but even more so based on selected technologies which have come from inside the company. The principal partner and vendor, Microsoft, has also suggested directly different possibilities to increase the technology portfolio, but these decisions have been always done based on market understanding and/or level of investment they would need (and whether it would be reasonable). It has been a strategic choice since the beginning, not to be labelled as a “Microsoft House”, meaning, an operator only focused on Microsoft tools. This has also impacted to choices in the technology product portfolio. One strategic choice was also to always name the service and products uniquely, not by the technology, but clearly stating an individual name, preferably having the company name in the product. Target market evolution impacted to the naming however, as larger companies did not see “Company B finance solution” that appealing. The product name and technology behind needed to be more present to get more credibility from large organizations.

Product portfolio development has been somewhat organic, yet in many ways dictated by external factors in technology development. Some service products have remained small, which have caused the company to give them up. For example, BI reporting was a business, that would have needed investments to grow it, but it was decided not to take on this route and the business was sold. The self-made IT solution took on a major part of the investments, why other investments were shut down. This limited new efforts for new services and products.

The structure in the organization has been increased a lot since 2017. Not all good things, there are also negative side effects. For example, certain bureaucracy has increased stiffness and ownership of issues can sometimes get lost as structures are more complex. But the positive side is consistency in the service portfolio.

Outsourcing and SaaS business were the strategic choice to support growing recurring revenue since the beginning. No one was selling cloud solutions in 2008, but the big transformation happened after 2016 and onwards when almost all ERP's took on the cloud route. At this point the company was already quite established, so the change to native cloud solutions was simple. The revenue was never based on selling one-time licences compared to the shock and a huge transition it presented and required in some other technology companies. A big transition in sales enhancement happened later also through the principal partner Microsoft, when their own strategy moved towards "cloud-first, mobile-first" direction with recurring revenue from SaaS. As this had been Company B's strategy since the beginning, they were suddenly the best partner and frontrunner also from Microsoft's point of view. This has caused Microsoft to increase their intensity in contacting from 1 /month a few years ago to almost every day and therefore can be seen as a boost in sales as well.

One element in developing the sales and/or marketing strategy has been dictated by the size of the sales as well as the size of the market in general. For example, a company cannot be industry specialist without having a quite large service and product portfolio for that particular segment. The principal partner's, Microsoft's, pricing, and incentives toward the integrators is also a fact that impacts the sales planning.

In the early stages of the company, Sales Director position was held by one of the four founders. But in 2015 a well-known and established sales director and personal contact of one of the founders had left another IT firm. This way the opportunity presented itself and a call was made to hire the first sales director. The hire was very opportunistic, and not truly planned beforehand. Prior to hiring the first sales director, any planned sales strategy did not exist. It was more trial and error -style of selling. After having a sales director, the sales efforts became much more structured. When the current sales director, now commercial director, joined in 2017, the firm had under 80 employees and less than 10 mEUR annual revenue. The firm was known to him through working in joint projects as a customer. The basic idea of the company "good customer service – good place to work for" seemed good to him. At that time, there were already good and well-known logos as reference customer organizations. And therefore, the company appeared to be bigger than its true size was. The development in the sales organization after that, has mainly focused on building more structure and processes around the sales cycle. The 4 founders' role in sales roles and customer facing roles, such as Key Account Managers, have intentionally been diminished. A CRM tool for customer relationship management to enhance visibility was established. Instead of relying on a single founder in all sales cases the culture has changed more into relying on the sales organization and respecting the set sales processes. In 2018 the first ERP implementation sales was closed without a founder being involved in the case, even though approval and decision-making authority is still somewhat relying on the founders, however supported by an established governance model.

Sales channels that have been used are external fairs and events (e.g Management Events), outsourced cold-calling services since 2013, self-organized events since 2017, procurement consultants who support customers in ICT acquisitions and most importantly in this line of business, relationship, and connection management. Long relationship with a customer means usually more inbound sales and leads. Also, external trainings have been a good channel for leads, e.g. Alma Media training where Company B representative is the trainer. Social media has never been seen an important channel for sales, even if targeting is easy.

Funding that has been raised has always been moderate, yet compared to the other organizations in this research, much more than the other two. The business started with the founder’s personal loans and them investing in the company personally. After the company was so established, that it was possible to have loan from the banks, they were taken to support the growth. Also, Business Finland funding (NIY) was received for the own product development. The product development has always taken a lot of investing and debt, and the profit of that business has not reached a positive level. This was one of the reasons to incorporate that business as its own company, separate from the 2008 founded organization. IPO e.g. Initial Public Offering was planned for 2022 but was a failed attempt, mainly due to the war that started in the Ukraine. The IPO was cancelled right after its launch and did not bring any additional funding to the company.

In the future, sales strategy development includes increase recognition within the larger organizations segment, especially with the larger product portfolio such as data automation tools. Internationalization might be a further aspect to develop but also one possibility is to put some focus on the smaller customer segment. In that segment the number of companies is larger, but it would require other technology choices and further sales development as in smaller cases the sales cases should not be as unique and individual as the larger ones. The market has also changed due to tough financial times. Sales periods are longer, customers buy more smaller scoped projects, results should be shown fast, and ERPs should be delivered as “MVP”. Delivery needs more planning so that it can be sold in smaller pieces and that right size packages are delivered to show results fast.

The challenges and/or obstacles that Company B has faced in its growth journey have been the following:

- Building the initial recognition was a struggle.

- Market study was done at some point quite late after the start, and still the recognition in the market and outside of own customer base was poor (which came as a little bit of a surprise).
- Building a more structured sales organization, that does not only rely on the founders’ shoulders or that the founders are not so invested in everything.
- International sales cases are still a challenge and require more credibility as the company utilizes subcontractors in these types of cases. This is not always a good fit for larger companies that are buying. The culture of buying in large organizations usually depends on single, large international integrators rather than consortiums.

The strategy has never been to grow the company fast and sell it to investors or larger organizations, even if there have been some interest along the way. Entrepreneurship has more been the driving force.

4.1.3 Company C – “online media”

1 person founded the company in 2007 as a trade name. Officially it was registered in 2009. The business idea of the company was to provide online service for consumers and act as a media platform for service providers within the travel industry. Consumers could find price comparison information and travel information from the site through blogs and articles and then on the other hand service providers could market and advertise their services and products through the media. Consumers would not generate revenue as the site was free of charge for consumers. The consumers enabled the media through targeted marketing. This was a strategic decision from the start. The industry in itself was transforming at the time, digital services for travel business were non-existing so there was real novelty value in the business idea. The owner had found a niche, where other operators were not present yet. The owner and founder had technical knowledge and skills, through which he could do most of the web service development himself. Also, industry expertise was already in his background.

During Company C’s lifecycle, there have been a major transitions that have happened in the travel industry. The biggest one being the shift from physical stores to web services. Also printed media in this industry have almost completely disappeared since then. During the time of the startup and founding the company, printed media was a large marketing channel in the travel industry. This has really impacted the growth journey, as the industry in general has change so much. And to Company C’s advantage.

In the beginning, sales was done meeting potential contacts at travel fairs. The strategy was always to get the service providers and potential partners to come to the media, rather than the media going after them. This was succeeded after gaining more and more recognition in the market.

Multiple sources for revenue existed right from the start such as, different types advertising income, campaigns, banners, paid articles, and commissions from price comparisons. Individual amount of a sales case was small, but through the multiple ways of selling and wide user base (consumers) that was reached early on created a lot of revenue streams.

Right from the beginning the company tried and wanted to appear larger than it was. Content was pushed large quantities to have a lot of activity and attention towards the media. First customers were companies purchasing advertising from the media site. The customers were gotten based on the founder’s personal network in the beginning. And later on, by contacting potential businesses at travel fairs. Once the company grew and was getting more recognition, invitations to take part to certain industry awards as judges was seen as a good opportunity to be seen as an industry key player.

After the initial startup phase and launch of the business in 2010, second person (the person being interviewed) joined the company. At that point the business was already bringing in some revenue and was profitable. The founder focused more on the development behind the scenes, the newly recruited Editor-in-Chief was more the face and representation for the firm. This was a conscious choice, but also marketing was something that needed the additional support. Personal brand was something that the founder did not want the company to concentrate on.

From company C’s perspective its own brand has not been the most important factor in the strategy development, it being a media platform for other brands. Brand campaigns have never been done for example or market studies or brand analysis, other than the company employees following the market very closely. In general, however, the strategic decision was always to use imagery where the sun always shines. Also, the direction for employees was to have a tone of voice that should be friendly but knowledgeable. In the beginning, investments done in marketing were only done if there were funds that supported the investment. When the growth enabled recruitment of journalists, the rules, and guidelines what and how the content creators should operate were thorough and written manuals. This was a part of building the brand, when there are several content creators present with various backgrounds. A strategic decision from the start was to be a media company, that was easy and fun to work with. A positive company within the industry. This brought a lot of business and build credibility.

Strategically it was always a decision to keep the company very small, non-hierarchical, and un-bureaucratic. A lot of services were outsourced, such as graphic design and art director services rather than employing people. Also freelance journalists were used, even if journalists were also employed. But the mix created a profitable balance. In its peak, the company employed 8 persons, plus the freelance journalists working with content creation. The right kind of people have enabled growth. The personnel turnover has also been low. If any of the employees were not functioning well, it would have caused an impact in a negative way.

Social media influencers were brought in early on as partners. This was something new but was already seen as an important way of building recognition since 2010. The influencers could utilize the media platform for their own needs independently, which was an easy way to get a lot of visibility for the platform without much effort.

External funding has never been taken in the form of loans or even support from Business Finland. The growth was built mostly on marketing and growth hacking methods. Majority of the marketing efforts and growth hacking efforts was put on search engine optimization throughout the journey right from the start. This was done by the employees, not by an external service provider for example. Outsourced sales partners were used for media sales. When the company grew, also the sales partners were changed periodically, and they always brought something new and fresh with them. Sales was outsourced from the beginning, up until the company was established and it was possible the recruit a sales director (commercial director) for that role specifically. The decision to hire the sales director was more due to the evaluation of how much it costs to outsource the work and how much are the salary costs for an employee, rather than there is a need to build structure to the sales organization.

Sales channels were right from the beginning focused on social media tools, even if social media marketing was not a big trend at the start of the company. For example, Facebook groups and pages were very well operated and functioning right from the start, which was very new operating model for businesses. Multichannel sales and marketing was always a strategic decision supported by trial-and-error culture – what didn't work and bring clicks, was cut out. Printed media was never a focus area but rather came into the picture as a way of branding the company later on in the growth journey (in the established phase). This was a strategic decision from the founder, not to focus at all on printed media. This was a very controversial and bold choice at a time when the internet sales and marketing was only developing in general. Sales and revenue streams focused basically in three categories; recurring revenue (commissions), single campaigns (advertisements) and large media agency sales (bulk of various products, sold through technical tools).

One type of sales strategy development was to compare print media advertising and how much a service provider has paid for that visibility versus the number of clicks can be gotten from an online advert that costs less. This created credibility in the market. In the early stages the credibility of the internet as a marketing and sales channel was something that needed a lot of convincing towards businesses. What made online marketing easier to sell, however, was that service providers could calculate themselves directly how many clicks brings in how much revenue, meaning the data supported the advertising costs spent on the media. Also, what was easy in the field was that ad-blockers were not really developed at that point. What has change along the way, is that currently sales is mostly based on clicks (pay-per-click) rather than views in the beginning. Views were measured in the early stages of the business when online marketing was still developing.

Important part of sales strategy was also targeted pricing. In traditional print media, an ad in the newspaper or magazine costs a certain amount, depending on the size of the ad. But the strategic pricing principle was based on the fact how valuable the company and/or brand buying the ad is for Company C. Meaning, if a big, established, and well-known service provider buys an ad, it is priced differently than for a smaller, not so well-known partner. Pricing was very customer specific in the beginning, but it had to be simplified due to the growth of the company and was unified to some extent. However, it could not be unified completely, as it was not a good strategic move. As said, it was important to sell with a good price to very influential people in the market, not only to good brands. Also, competitors were seen as potential clicks, so co-operation was enforced.

Also, productization has been important part of sales strategy – e.g. developing different categories such as banner, blog or other content, link in text, theme page, newsletter content, social media etc. and pricing related to these and whether they are based on clicks, views, or time and in which order these are done. Measuring sales and salespersons is not measured by how many people they meet or how many calls they make, but rather give salespersons more freedom to study the industry, develop product pricing and product categories.

Sales have shifted currently even more from selling ads to a specific business to service providers utilizing technical advertising platforms buying in bulks. This means that technical platforms offer various features, such as targeted advertising, analytics and tracking tools, budget management, automation, and optimization. They can cover multiple advertising channels such as online advertising, social media advertising, search engine marketing and mobile advertising. And listing the media (Company C) to such advertising platform, enables businesses to advertise on the media even without ever being in contact with Company C directly. This makes sales easier, and therefore makes recognition and visibility the most important factor for enabling sales and growth. Google and search engine optimization has always been a very important source of clicks towards the media. So overall, technical development has enabled growth, e.g. advertising platforms as well as the increase in general in online marketing and advertising. In the future, target audiences will become even more important to focus on because it is the clicks which are mostly bringing in the revenue. This puts more focus also in the content that is created in the media.

The challenges and/or obstacles that Company C has faced in its growth journey have been the following:

- The whole industry has changed dramatically and will continue to transform as media field is changing.
- The travel industry in general is still going through a major transition.
- Especially small local operators are disappearing, and large, international organizations have bought them and therefore grown though polarization. This has played and will play a role in who advertises on the site.
- Sales channels require more investigation nowadays, due to changes in the social media usage and content (e.g. Twitter has been transformed after Elon Musk bought the service and companies are reluctant to pay for ads in the platform anymore).

The goal was never to sell the business to investors. However, Company C was purchased by a larger organization later on. Due to the nature of this study, this transcript and company history only covers the portion prior to the sale.

4.2 Evolution of the companies

The evolution of sales strategies among the participating companies highlights the dynamic nature of startup growth and the importance of adaptability, innovation, and strategic alignment with market trends and changes. All of these companies have gone through various phases of development and demonstrated resilience and agility in responding to market changes while maintaining a focus on customer satisfaction and sustainable growth.

Even though there are several aspects, in which the industry and business model plays an important part of the sales strategy development and in general differentiates the companies through different paths of the evolution and growth and profitability, there are elements which can be found that are similar to all of them. Themes that are present in all of these companies' evolution is that all of them have prioritized customer feedback and "trial-and-error" methods to drive product or service development and sales strategies. Also, collaborations with external partners and outsourcing services, such as digital agencies and technology partners, have played an important role in enhancing market reach and competitiveness for all of these businesses. On top of that, diverse sales channels are common to all. These companies have utilized a mix of direct sales, reseller networks, and digital channels to optimize market entry, building recognition and generating sales. Flexibility in adapting to market trends and embracing technological advancements have enabled all of these companies to stay ahead and sustain growth, due to mostly that business models in all of these three are based on a trend that has immensely grown after the initial hunch or weak signal. This is either the result of visionary founders or luck, maybe a little bit of both. Investments in brand development and reputation management have also been important to establishing credibility and fostering long-term customer relationships, even though brand can be seen much more important to consumer facing products, rather than business-to-business operations.

4.3 Startup phase analysis

In their early stages, each company took on a journey marked by ambition and innovation, and which was based on the founders already known field of expertise. It is somewhat clear that, when the industry is familiar and connections in the business world already established at least to some extent, founding a company from scratch is easier. The successes for the initial startup phase can be identified in each business. Company A, recognizing the trend for superfoods, quickly diversified its product portfolio, while having identified the niche market of equestrians. Meanwhile, Company B capitalized on emerging SaaS trends, establishing itself as a pioneer in cloud-based ERP solutions. Similarly, Company C disrupted the travel industry with its online media platform, leveraging niche positioning and targeted marketing.

Especially Company A used experimentation and “MVP” thinking with minimum, yet still feasible product portfolio by mitigating risks associated with a single-product focus but not taking on too big product portfolio in the beginning. For Company B, experimentation presented itself more through creating a business model which reflected a proactive approach to enable market disruption and innovation. Experimentation was strong also in Company C, by disrupting the traditional travel industry and even challenging the way sales was done.

In early stages all three companies used quite similar approaches to customer acquisition, especially by selling and/or building recognition through personal networks, industry relationships, and strategic marketing initiatives to establish initial traction. Company A approached directly potential resellers by delivering products personally to equestrian retailers and using social media platforms for marketing and sales. Company C is similar in the way, that direct personal contact combined with social media visibility brought the initial customers for the business. Even if still somewhat similar, the most diverse from the latter was Company B, where social media did not play a big role in the sales but focused especially on personal relationships and industry connections of the founders to secure early adopters.

Early sales tactics were somewhat different for these companies, which is expected as the industries and the target markets are different. Company A utilized self-made web shop and direct engagement with resellers to reach end consumers. The emphasis on feedback-driven product development and market testing formed the early sales tactics, ensuring alignment with customer preferences and market demand. Company B deployed strategic networking and marketing initiatives, such as customer golfing events, to establish credibility and attract initial clients for its consulting services. The focus on personalized engagement and reputation-building efforts formed the early sales efforts and market entry. Company C on the other hand used targeted marketing and strategic partnerships to drive advertising revenue and platform growth. The adoption of influencer partnerships and content-driven marketing enabled customer acquisition and user engagement for the media.

4.4 Transition phase analysis

As the companies progressed and grew, strategic shifts became necessary even if the business model and logic has not changed from the original idea almost at all. Company A's owners transitioned to full-time entrepreneurship which marked a pivotal commitment to growth, leading to investments in brand development, equipment, and office facilities as well as international expansion. Company B underwent a transformational phase with the launch of new version of the SaaS based ERP, and with the self-made software expansion into larger markets. This transition was supported by new strategic technology alliances and company internal structural enhancements. In parallel, Company C embraced the transformation of social media platforms, disappearing print media and influencer partnerships, enhancing its sales approach to adapt to the completely evolving travel industry dynamics. In general, the transition phase can be characterized so that it needed dynamic changes in the organization’s sales processes, team structures, and market expansion strategies during which all three companies experienced rapid growth and undertook scaling efforts and needed to overcome challenges.

Rapid growth was enforced by different accelerators for these firms, coming both from external and internal development. Company A grew especially by growing the product portfolio and launching business efforts towards the Nordics and to Germany. Company B grew by attracting larger enterprise clients due to the shift in technology tools, building more credibility and recognition in the ERP market and expanding its business internationally. Company C on the other hand utilized its niche positioning in the online media landscape, experiencing exponential growth in user engagement and advertising revenue by being one of the first online media platforms in the industry.

As demand grew, each company implemented scaling efforts to enhance operational efficiency and accommodate increased workload. Company A invested in digital channels such as better web shop and building strategic partnerships to enhance the sales channels effectiveness and broaden the customer base, while Company B focused on structural improvements and the recruitment of dedicated sales personnel and building of sales organization, to support its expanding client and service portfolio. Company C adopted a lean and agile approach through outsourcing a lot of the processes (including sales) and prioritizing technology-driven solutions to accommodate a boost in sales while maintaining operational flexibility through innovative pricing models.

The transition phase also saw some changes in sales processes as companies adapted to evolving market dynamics and customer preferences. Company A prioritized direct web shop sales and customer loyalty, but by also expanding its reseller network and leveraging market testing to refine its product offerings. Company B shifted towards a more structured sales approach, establishing clear sales processes and tools, such as CRM implementation. Meanwhile, Company C did not have to transform their sales all that much, but rather employed the outsourced salesperson to make the process more cost effective. The sales process in itself was working well and did not need changes.

4.5 Established phase analysis

In their current state as established organizations, the companies have been able to secure their positions. This has been possible through strategic partnerships, diversified sales channels, and a focus on customer satisfaction without taking unnecessary risks for the sake of growing further. Company A's vast reseller network with the biggest retail operators in the industry and emphasis on direct sales through web shop have cemented a loyal customer base. Company B's strategic alliances with technology partners and diversification of service offering have kept their growth ratio stable in the cloud-based market. Meanwhile, Company C's adoption of technical advertising platforms and targeted audience engagement has optimized sales performance, while the content creation has been able to sustain the competitive advantage in the online media landscape.

Central to the success of the established phase has been the focus on long-term customer relationships for all companies, regardless of the industry. Company A prioritized customer loyalty and retention, investing in personalized marketing campaigns and proactive customer support initiatives and loyalty programs. Similarly, Company B focused on delivering exceptional customer service and tailored solutions to meet the needs of its enterprise clientele. Company C also maintained a customer-centric approach, leveraging its online media platform to provide value-added content, while fostering a sense of community and loyalty among its user base, the consumers.

In a competitive market landscape, sustaining growth is essential for future success. Company A has built on its strong brand reputation and diverse product portfolio to expand into new markets and target demographics, driving revenue growth. Company B has maintained its position as a market innovator in cloud-based ERP solutions through strategic alliances and product innovation, continually adapting to technological trends and customer preferences. Company C has sustained its growth by leveraging data-driven tools and utilizing emerging technologies to enhance its online media platform, staying ahead of competitors, and remaining agile in response to changing market dynamics.

4.6 Summary of the analysis

In examining the evolution of strategic development among the companies – Company A, Company B, and Company C – commonalities can be found but also several differences, and comprehensive trends that have shaped their individual journeys. Below you can find a summarized analysis of the growth journey and the key focus areas in each phase of development.

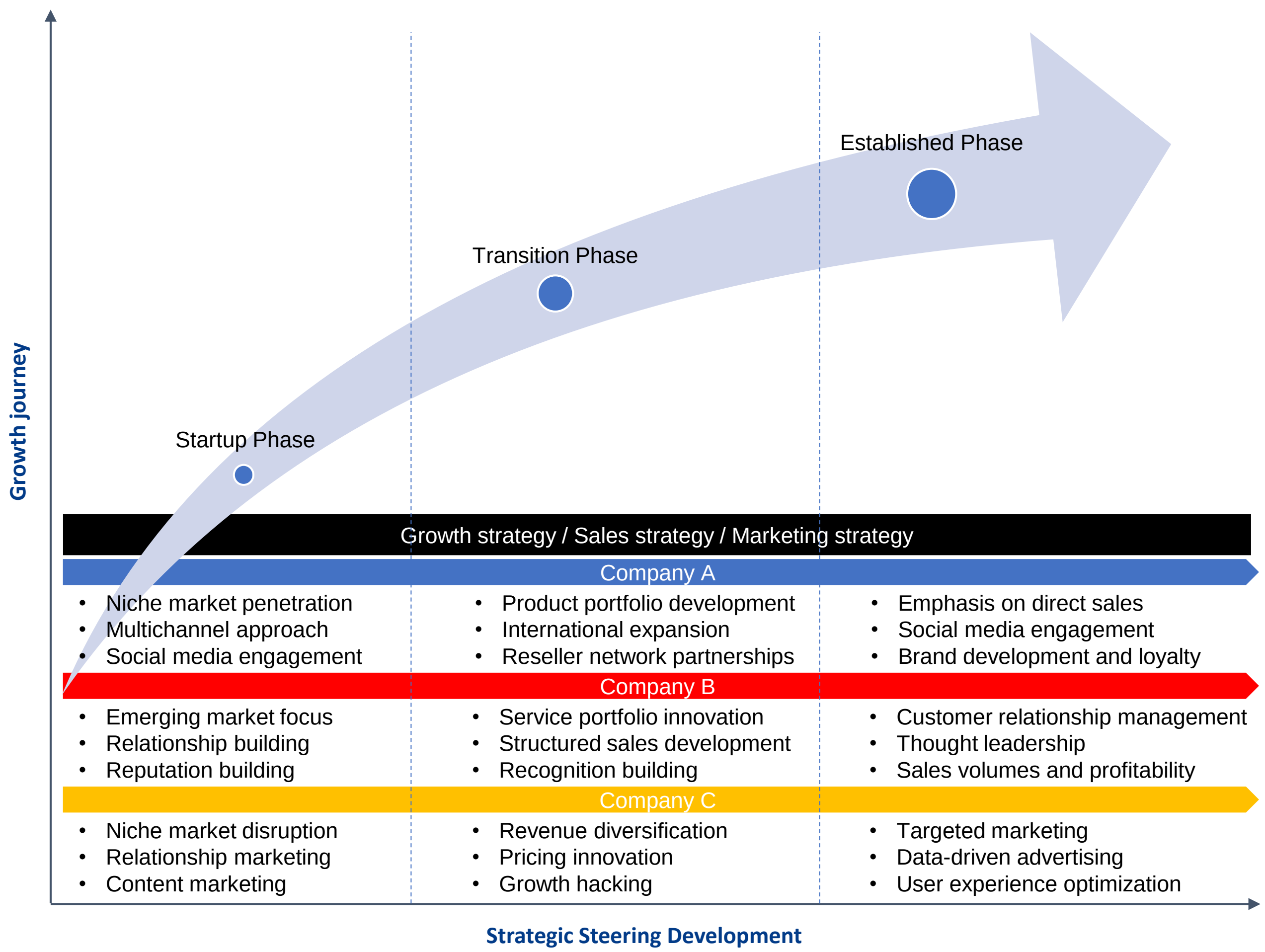

Figure 12. Summarized strategic development topics

In general, all three companies have prioritized customer satisfaction and loyalty, utilizing feedback as a tool to develop their sales strategies and product offerings. Each company also recognized the value of strategic alliances with external partners, whether it be technology providers, resellers, or influencers, to enhance market reach and competitiveness. Utilizing a mix of direct sales, digital channels, and reseller networks, the companies have been able to optimize growth and expansion in a sustainable way, adapting their strategies to grasp on emerging opportunities. Flexibility in responding to market trends and technological enhancements is also evident across all companies, with a focus on continuous innovation to maintain growth and competitiveness edge. Investing in brand development and reputation management has been foundational in establishing credibility and managing long-term customer relationships, enabling the success of each company in their respective industries.

Differences that can be seen between the companies are mainly solely due to the industry in which they operate in. As Company A operates in the consumer goods sector, focusing on niche markets and product diversification, Company B in business services and Company C operates in online media, they all have very distinct approaches to market positioning and revenue generation. In sales strategy development, Company A has emphasized direct sales and reseller networks, enforcing a strong brand recognition and customer loyalty, while Company B and Company C have adopted a mix of strategic partnerships and digital marketing strategies to drive sales growth in their respective industries. Market expansion has been enabled for Company A through international expansion, Company B and Company C have prioritized market leadership and innovation within their respective sectors locally, leveraging technology and strategic alliances to maintain competitive advantage.

Despite their diverse industries and business models, as mentioned, these companies have shared the vision in their customer-centric approach, strategic partnerships, and commitment to innovation. Which seem to be the cornerstones of their success, in addition to working hard towards set goals.

5 Conclusions and recommendations

In this chapter, research questions and the identified key challenges around them are studied.

5.1 Key findings

As presented in the chapter 1.2, the three research questions of this thesis were:

1. Why sales strategy needs to be changed and/or modified?
2. What are the challenges with sales strategy in companies transitioning from startup to established phase and how can those challenges be solved?
3. What are the key success factors for implementing a new sales strategy?

The analysis underscored several reasons necessitating changes or modifications in sales strategy during the growth journey of a company. One of the most obvious reasons is, that in the early stages of the company evolution sales plays a completely different role than in the later stages, due to reputation and customer base build-up. According to Tessaro, Harms and Schiele, in the beginning lack of credibility and reputation has an impact on supplier and customers relationships (Tessaro, Harms & Schiele 2023, 101). This played a big roles especially with Company B operating in the consulting business, but all other startups had the mindset also to “appear bigger and more reputable than they actually are". This was the driving force in the sales strategy in the beginning. Company A and Company C also used growth hacking as their primary sales strategy in the somewhat early stages of the growth journey, as growth hacking was needed for finding creative and cost-effective ways to acquire new customers and grow the businesses quickly (Chaffey, Hemphill & Edmundson-Bird 2019, 318). Later on, the challenges for more mature businesses were different from the younger ones, when simply growing the customer base was not a good strategy anymore. As the companies progressed through different phases, their sales strategies needed scaling accordingly. For example, all three companies emphasized the significance of internationalization at least to some extent, reflecting a strategic shift towards broader market reach.

The other point of view for the need of modifying the sales strategy is the dynamic nature of markets and industries which demands adaptability. And for this reason, companies, especially startups, must evolve their sales strategies to align with that demand. Ever changing customer preferences, technological advancements, and competitive markets are mandatory guiding principles in the modern world, where entrepreneurs cannot create a business and wait for it to run as it has always been for the next 20 years. The way businesses used to do in history. A scalable business model is one that is still quite flexible and where the addition of new resources brings growth in sales (Bingham et al. 2018, Chapter 1.1). This was the strategy of Company A, that recognized the need to diversify and increase its product portfolio early on to mitigate risks associated with shifting consumer trends. Similarly, Company B's idea to focus on cloud-based solutions and increasing the service portfolio in that area reflected its responsiveness to evolving technological architectures.

Sales strategies in this type of dynamic businesses require adjustment also to capitalize on emerging new opportunities. As presented by Bingham et al, adding new distribution channels can allow a company to spread the costs of overhead and reap benefits from increased sales (Bingham et al. 2018, Chapter 1.2). Especially Company A and Company C were able to add new sales channels through increasing the number and quality of retailers or influencers into their network of co-operatives. So, to summarize, the need to adjust their sales strategy was demanded by the desire to grow the company.

To the second research question, transitioning from startup to established phase presents various challenges for sales strategy or strategy development in general. One recurring challenge is maintaining agility amidst growth, while for example building a sales organization and structured sales processes becomes a necessity. As described by Picken (Picken 2017, 3), informal communication and decision-making processes are no longer effective when the company grows, and a more formal organization is needed to support the growing business. This presents a challenge when companies scaleup, as the bureaucratic structures and increased complexity can prevent the needed agility as evidenced by Company B's experience with organizational growth. It is however mandatory to some extent to build more structures, but as was shown from Company C’s intended yet failed attempt to harmonize the pricing models, it is not easy to do. Balancing scalability with flexibility becomes crucial when tackling this challenge effectively.

Furthermore, sustaining momentum while entering new markets creates challenges, particularly in terms of market understanding and resource allocation. The problem, as described in the book “Ready, Launch, Brand: The Lean Marketing Guide for Startups” (Zeewy 2021, Chapter 2), can be that a lot of effort and resources is put early on to e.g. creating a logo and developing marketing material, but not enough is invested in market research to identify the target market which would guide the sales efforts to the real focus customers. For example, Company A have faced cultural differences in the Swedish and the German market, emphasizing the importance. Similarly, Company B's expansion efforts to the US have required careful management of resources and strategic partnerships to overcome market entry barriers and cultural differences.

Effective talent management emerges as another critical challenge. As companies grow, maintaining a skilled and motivated sales force becomes very important. As described by Castleberry and Tanner, when building a sales organisation, a company should determine how many salespeople and what different roles are needed to achieve the sales targets (Castleberry and Tanner 2022, 442). Company B's decision to hire a sales director and later shifting towards structured sales processes highlights the importance of talent acquisition and development to support sales strategy evolution. Also, Company C decided to employ the outsourced salesforce at a critical point of their growth journey, as the sales talent began to present itself as a strategic advantage (even though the decision to hire salesforce was mainly measured in costs).

According to Tovstiga the position of the company and thorough analysis on the position in the market has an important role in developing and improving strategic processes. And that otherwise, established companies will fail to observe shifts in their external competitive environment and they continue to compete in ways that may previously have offered potential for competitive differentiation but now no longer provide the basis for competitive advantage. (Tovstiga 2013, 116.) What is interesting in this study, is that any of these companies did not raise this as an important factor after the initial startup and/or transition phase. Is it because companies become complacent due to their unique niche segment or that they have a blind spot in this area due to focusing too much on internal development? Unfortunately, this study does not answer to this question, but might be an important aspect to cover before these companies face possible future challenges.

Answering to the third research question, what are the key success factors for implementing a new sales strategy, is not as clear as to the other two questions, due to the fact that companies do not intentionally implement a planned sales strategy. In a way this is surprising as according to Jobber et. al (Jobber, Lancaster & Le Meunier-FitzHugh 2019) sales strategy and its goals need to be clearly defined in terms of sales volume, market share, profitability, and sales-force costs. But it appears that rather than clear definitions and planning of sales strategy, startups tend to hold on to founder-led sales, or as described in the Startup Players Handbook (Edge, Pearson & Pearson 2023, chapter 10), when it’s just “us out in the world trying to spread the word”. This mindset seems to stick quite a long time throughout the growth journey of a startup company and seems even a bit difficult to let go. Due to this, the sales strategy is evolved organically, through necessity when the organizations grow. Obviously, this requires a clear vision and strategic direction from the founders in order to facilitate seamless organizational level strategy execution, but sales strategy as such, is not really concretely documented nor implemented.

In the Mercuri International research report (Mercuri International 2021) 55 percent of the respondents rated the trend “integrating sales and marketing” as critical to stay competitive in the future. This trend seems to be very much true for these companies in this research. Maybe one reason sales strategy is not planned or implemented on its own is because the companies have integrated sales tactics so closely with marketing efforts. Customer-centricity is one of the cornerstones of all of these companies, and as presented by Katrina Kirsch, marketing plays a role in forming how the brand is perceived by customers, stakeholders, and the overall market and how it makes them feel (Kirsch 2023). According to Leigh & Marshall (Leigh & Marshall 2001, 90) successful companies are the ones that take customer feedback as a part of their brand and marketing strategy and incorporate the feedback to all aspects of the strategic steering topics. This just might also be the success factor behind a successful sales strategy implementation.

For being successful, companies should prioritize customer needs and market dynamics when making sales strategies. Maybe a market study with a futures study -type outlook on the business would help concretize what kind of sales strategies are needed to which phase and how to implement them. And in any case, fostering a culture of innovation and continuous improvement enforces adaptability and resilience in the changing market. This way the implementation of the sales strategy comes naturally when everyone are onboard with very quick changes in the organizational development. Companies that embrace experimentation and learning are better equipped to navigate market uncertainties and grasp emerging opportunities. What should be carefully considered in this journey though, is that the larger an organization becomes, the more bureaucratic it becomes, and the more likely the bureaucracy slows down new innovations (Edge, Pearson & Pearson 2023, chapter 14).

In conclusion, the analysis reveals the complex nature of strategy development and evolution, and the challenges are natural in transitioning from startup to established phase. By addressing the challenges and leveraging key success factors, companies can effectively adapt their sales strategies to drive sustainable growth and competitiveness in dynamic market environments.

As a final note. It is obvious that the global pandemic due to Covid-19 as well as the war in Ukraine that began in 2014 and was commenced fully in 2022 has had an impact to all of these organizations. The impact of these events has obviously been significant to all of these businesses, but in order to keep the research as neutral as possible, these events have mostly been summarized under the umbrella of changes in the market and they have not been handled as their own topics under strategic development.

5.2 Implications for practice

Based on the analysis conducted, there are practical implications and recommendations for startup entrepreneurs and business leaders seeking to renew their sales strategies effectively:

1. **Embrace adaptability and agility:** Recognize that sales strategies need to evolve alongside market dynamics, technological advancements, and competitive markets. Stay agile and adaptable to changing circumstances and be prepared to adjust strategies as needed

to remain relevant and competitive. Strategy should not be set in stone, not necessarily even for the next 5 years.

2. **Prioritize customer-centricity:** Place a strong emphasis on understanding customer needs, preferences, and pain points. Incorporate customer feedback into product development and sales strategies to ensure alignment with market demands. Regularly engage with customers to gather insights and refine sales approaches accordingly.
3. **Invest in talent acquisition and development:** Build a skilled and motivated sales team capable of driving strategy execution and achieving sales targets. Prioritize talent acquisition and invest in ongoing training and development initiatives to equip sales professionals with the necessary skills and knowledge to succeed in the industry and market environments.
4. **Maintain strategic clarity and focus:** Establish a clear vision and strategic direction for the sales function, ensuring alignment with overall organizational goals and objectives. Define key priorities and focus areas and allocate resources to support the strategy execution effectively.
5. **Foster a culture of innovation and continuous Improvement:** Encourage experimentation and learning within the organization to drive innovation and adaptability. Create a supportive environment where team members feel empowered to explore new ideas and approaches, and where failures are viewed as learning opportunities rather than setbacks.
6. **Utilize data and analytics:** Leverage data and analytics to support decision-making and optimizing sales strategies. Monitor key performance indicators (KPIs) regularly to track progress against objectives, identify areas for improvement, and make data-driven adjustments to sales approaches as needed.
7. **Strategically manage growth:** Be mindful of the challenges associated with scaling sales operations and entering new markets. Take a strategic approach to growth, carefully assessing market opportunities and risks, and allocating resources effectively to support expansion efforts. Market study on the new environment should be required.
8. **Build strong partnerships:** Cultivate strategic partnerships with complementary businesses and industry stakeholders to enhance market reach and access new opportunities. Collaborate with partners in order to co-create value and utilize each other's strengths to drive mutual success.

5.3 Recommendations for future research

For future research in this subject matter, one interesting topic could be investigating the impact of technology adoption and digitalization on sales strategy renewal in startup businesses. Exploring how emerging technologies, such as artificial intelligence, machine learning, and data analytics, are reshaping sales approaches and enabling more personalized and data-driven strategies could be interesting to study. For a more humane topic, examining the role of organizational learning and adaption when implementing a new strategy could be interesting. For example, study how startups utilize feedback mechanisms, experimentation, and knowledge sharing to iterate sales approaches and respond to them effectively would be a nice point of view.

Also, cross-functional collaboration in sales strategy renewal could be one future research topic. Studying how companies collaborate across departments, such as marketing, product development, and operations, to align sales strategies with overall business objectives and to enhance organizational effectiveness.

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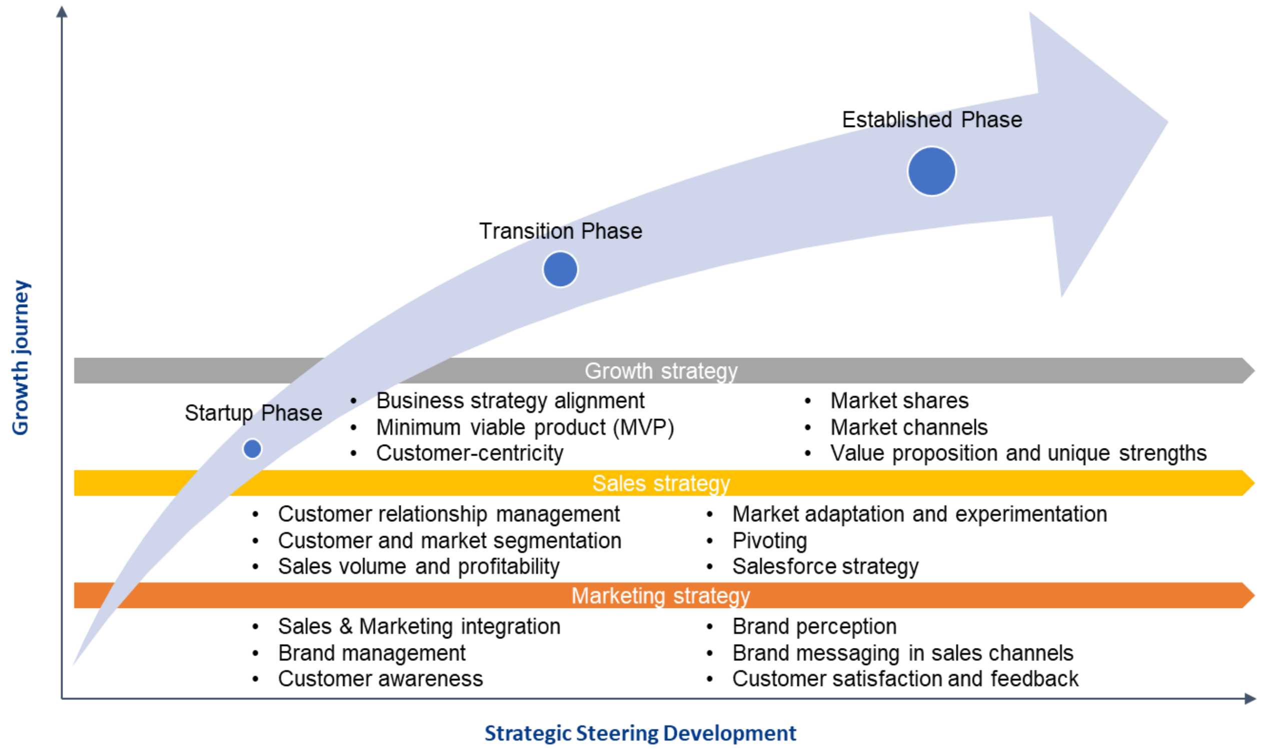
Appendices

Appendix 1 – Interview template



Narrative start	Can you please take a look at the picture and tell me in your own words, the story behind your company and the journey you have been on thus far since the beginning – from growth, sales and marketing perspective?
Theme 1	How did the sales and/or marketing strategy change as the company moved from startup to a more established organization? - How did the organization's sales strategy change as it transitioned from startup to established organization? - How did the organization's approach to selling its products or services change?
Theme 2	How did you decide to change the sales, marketing, or growth strategy at some point of the journey? - At what stage of the organizational development was this? Why? - What kind of challenges or opportunities the organization faced during the startup and/or transition phase that necessitated a change in sales strategy?

	- What kind of sales channels or sales techniques did the organization add or remove as part of the strategy change?
Theme 3	What factors did you consider when developing new sales and/or marketing strategy and based on what (information, knowledge – or even found insights)? - How did the organization's growth goals and objectives influence the sales/marketing strategy? - How did you incorporate feedback from employees and/or customers to your (sales) strategy development? What was the impact?
Theme 4	What has been the impact of the strategic development on the organization's growth and success? - How has the new strategy contributed to the organization's overall success (such as growth or financial performance)? - What kind of unexpected outcomes you have met as a result of the changed sales/marketing strategy? - How has the organization adapted or refined the new sales/marketing/growth strategy in response to any challenges that have arisen?