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INFLUENCE OF CHANGE IN SALES NETWORKS ON A FIRM´S
SALES STRATEGY

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This research revolves around two major theoretical topics: international network and international sales. The study aims to combine both distinct research areas in order to understand how changes in the sales network influence the sales strategy of the firm. The focus is hereby on born global companies respectively international new ventures.

For this reason a framework is introduced that explains the inherent dynamics between sales network and sales strategy with a cycle model. Hereby it is argued that sales network characteristics have influence on specific dimensions of the sales strategy. The sales strategy itself apparently affects the firm’s performance which in turn is argued to influence the sales network. This framework is further on tested with the help of propositions. The empirical basis is provided by a qualitative single case study that is conducted with observations and interviews.

The empirical data shows the influence between sales network characteristics and sales strategy components. Whereas no significant empirical proof can be granted to the introduced framework there is evidence that it should be tested with a bigger sample of firms in order to check its validity. Therefore this study contributes to theory in providing a framework for researching dynamics in sales network and sales strategy context.

As is this research combines international network and sales literature it is adding to a more holistic understanding of international business. It is also contributing to managerial knowledge in a way that it adds to an understanding of how the sales environment of a firm influences the sales strategy and what impact is expected on the performance of the company.
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1 INTRODUCTION

1.1 Motivation for study

This research is focusing specifically on the sales function and sales network of born global companies like defined by Oviatt & MacDougall (1994). We undertake a case study that investigates the impact of sales network characteristics on the sales function of the firm. Combining the two theoretical domains of international networks and international sales we attempt to create a framework to understand inherent dynamics between both areas.

In recent years a severe growth of corporate collaboration and interorganizational networks was observable (Möller & Svahn, 2003; Gulati, 1998; Johnston et al., 1999). Those interorganizational networks can include supplier networks, innovation and product-development networks as well as different kind of competitive coalitions (Möller & Svahn, 2003). For this study we are interested in marketing and distribution networks as one part of the overall business network a firm is engaged in. As Hakansson & Snehota (2006) state there is no business which can survive solely on its own without utilizing other firm’s capabilities and resources. This is true for the sales process as well for which reason we are highly interested in network dynamics influencing the sales function of the firm. Möller & Svahn (2003) explain that the firm’s capability to understand and influence as well as utilize different networks can have significant impact on its market and financial performance. Therefore important managerial implications are connected with the understanding of the mentioned dynamics.

This research will limit its scope to born global companies. This rather new breed of company is known for their early internationalization and fast growth – born globals represent an extreme case of rapidly internationalizing firms (Knight & Cavusgil, 2004). They are faced with significant resource shortages (Sepulveda & Gabrielsson, 2013) and therefore need to rely on their networks as Oviatt & McDougall (1994) state. Maaß (2013) reported that startups – and born globals are part of these kind
of businesses as well – provided 50% of new jobs in the last decade in the OECD countries and are therefore of high value for economies. These different facts and insights make born global especially suitable for our research and also adds to the understanding of this rather new business phenomenon.

The main assumption of this thesis is that firm interrelations are not linear but interconnected via multiple and diverse ties. This situation is best described as business networks (Chetty & Blankenburg Holm, 2000). Those networks are contradictory to the traditional view as embodied by the value chain as described by Porter (1985). This study focuses on sales networks as one specific entity of the business network and we attempt to understand the influence of sales networks on the sales strategy of the firm. For this reason we juxtapose firm´s internal orientation as embodied by the sales strategy and external forces as embodied by the sales network in order to gain a deeper understanding of the inherent dynamics. Hereby special focus is on changes in the sales network and sales strategy. We also attempt to explain the specific fit between sales strategy and sales network environment and the impact on the company´s performance in this research.

1.2 Research Phenomenon and Context

This research was inspired by a real-life case. A Finnish manufacturing company which is active in the consumer electronics field was the stumbling block to have a closer look on the sales network and the interconnected sales strategy employed by the firm. The case company is an international new venture which is synonymously with the term born global in this paper. The company heavily depends on its networks and network contacts in order to market their product which can be regarded as rather niche. An understanding of the correlation between their sales strategy and sales network is crucial in order to act efficient which is important as born global companies are facing considerable liabilities of newness and resource shortages (Sepulveda & Gabrielsson, 2013).
On a theoretical level this thesis resolves around two major topics: international networks and international sales with emphasis on sales strategy. According to Moen, Gavlen, & Endresen (2004) a major trend towards global networks can be observed. In this context the network approach as introduced by Johanson & Mattson (1997) is utilized. This approach explains markets as networks of relationships between different actors. This understanding also supports the notion that networks are beneficial in the internationalization process of companies (Coviello, 2006; Eberhard & Craig, 2012). This general understanding of networks can be specified as different network characteristics are highlighted and set in relation to each other. Coviello (2006) presents network characteristics like density, effective size, centrality, intentionality and durability as critical measures for capturing the entire picture of a network. This approach will be used in this thesis in order to get a holistic overview on the network environment as such and to provide a thorough framework for the empirical investigation of this research.

The second major focus in theoretical point of view is on international sales and sales strategy. The world is increasingly becoming a single and virtually borderless marketplace (Hui Shi et al., 2010) which increases competition extremely and holds severe challenges for the sales function as internationality and cross-cultural issues increase. As the marketplace is becoming increasingly complex the uncertainty for businesses in general and therefore the sales function rises (Geiger & Guenzi, 2009). In this context the traditional role of sales as focused on transactions and revenue-generating (Leigh & Marshall, 2001) does not hold anymore. Therefore a shift in orientation of the sales function is observable towards a relationship and partnership approach towards their customers (Weitz & Bradford, 1999; Geiger & Guenzi, 2009). In the turbulent market context the importance of sales strategy increases continuously as it ensures the efficient and effective use of scarce resources within the sales function of a company. This notion that there is an orientation shift from tactical to strategic is acknowledged in literature (Geiger & Guenzi, 2009) – and this thesis will utilize this insight with the special focus on sales strategy.
The two theoretical topics do complement each other as the network theory offers insights into the general construction of collaborative structures like business networks and the modern international sales literature that focuses on relationship issues describes the relation between the different actors of the network. This logical connection will be used in order elaborate a meaningful framework that attempts to understand and comprehend the influence between external impacts on the firm’s internal orientation – in this thesis the sales network on the sales strategy.

1.3 Objectives and research question

As mentioned earlier it is believed that international markets can be described as networks (Johanson & Mattson, 1997) and that the sales function plays a crucial role in this regard as link to other network partners (Parvinen et al., 2011).

According to Geiger & Guenzi (2009) the firm´s strategy in association with sales is under researched. According to Coviello (2006) there is also the need for network research specific to born global companies. According to the knowledge of the author there is no valid and widely acknowledged framework and model which describes the dynamics and relations between sales strategy and sales network.

This thesis aims to cover this research gap as it will focus on finding out the dynamics of the impact of sales networks on the firm’s sales strategy over time. This research is rather on strategic than tactical issues which goes along with Geiger & Guenzi’s (2009) notion that the focus of sales research recently went into this direction. The significance of this Master’s Thesis lies in the combination of two topics which are regarded as under researched. This work seeks for a better and more thorough understanding of how the sales function and the sales network are related to each other in the context of the born global firm. As Madhavaram & McDonald (2010) claim: theory is for explaining and predicting phenomena. Therefore - beside the theoretical contribution of proposing a model - we attempt to understand the influence of sales networks on a practical level as empirical data
from a case company are imposed. Based on these considerations the research question this study attempts to answer is posed as following:

*How do changes in the sales network influence the firm’s sales strategy?*

In order to answer the main research question adequately there are three sub questions posed. The first two sub questions aim to understand the special context of sales network and sales strategy in its own. By this we attempt to comprehend and depict a thorough and meaningful view on the two theoretical distinct areas. The third question on the other hand guides us to the combination of the mentioned areas by asking about the influence of sales network characteristics on the sales strategy.

(a) *What are the specific characteristics that define a sales network?*

(b) *What are the specific dimensions of a sales strategy?*

(c) *In which way do the sales network characteristics influence the employed sales strategy?*

### 1.4 Research methodology

The presented theory for international networks and international sales is based on earlier academic research and literature. A main research question has been formed and this one will together with three sub questions guide and direct the study in regard of theory exploration. Hereby the sub questions will serve as tools to investigate deeply the international network theory as well as international sales theory. The investigation on international sales literature will have an emphasis on sales strategy. We feel that an answer of the sub research questions will lay the basement of this study and that they will contribute a lot to a successful answer as result of the study. The research questions are posed in order motivate, promote and direct the thought process.
The first theoretical part will therefore aim to understand networks and how they function and look like. After that a separate theory part about sales follows. Hereby special emphasis is on understanding the shift towards relationship based selling and the dimensions of sales strategy. It needs to be acknowledged that there is no specific born global sales strategy literature available and for this reason general sales strategy research is utilized. To understand both theoretical areas thoroughly is seen as crucial for being able to combine both theory parts. Nevertheless we cannot regard both theory sections as complete literature review but they will provide a sufficient base to elaborate a model which depicts the dynamics between sales networks and sales strategy.

The mentioned model is created in order to understand the research phenomenon and to bridge the research gap between network approach and sales strategy literature. As this model is elaborated in the course of this study it is in need to be tested. This is done in an empirical part.

The used research method in question is a qualitative case study. As there is the need to understand, describe and explain phenomena the qualitative method can be seen as more suitable than the quantitative one (Wright et al., 1988). Therefore we chose the qualitative research method. In general this study is seen as a first step in combining the network approach in regard of sales networks and the sales strategy and it is hoped that this attempt will provoke further studies on this important topic.

1.5 Roadmap of research

This research begins with introducing our motivation of executing the study in question. This chapter also serves as setting the context and research questions as well as research gap. The theoretical part is divided into three different parts which was regarded as meaningful as these parts represent different areas. The first theory part revolves around international networks whereas the second part is
about international sales. The third theoretical part is devoted for an attempt to combine both theoretical areas.

The first theoretical chapter will start with a brief introduction to the scientific literature written about born global companies in order to set the broader context of the conducted study. After that a thorough literature review on the network theory will be executed in which a concentration on different network characteristics is regarded as important in order to have a good understanding of the elements a network is consisting of and defined by. This will be the basis for assessing the empirical data sufficiently and meaningful. This chapter is followed by a literature review on the development of networks over time as this thesis is most interested in the changes of the sales strategy when the sales network is changing. The chapter about networks will be finished with some short insights about international networks from the relevant literature. In order to sum up the notions about born globals and the network theory an interim conclusion is written.

The second part of the literature review is concerned with matters of international sales – with focus on relationship management and sales strategy. Both are regarded as key aspects in the context of this work. But first there will be an argument about sales as being significant for research followed by some general notion about the sales function and its challenges in today’s competitive business world. Afterwards some words about the traditional perspective on sales as antipode to the modern view are given. This new shift towards relationship management is explained afterwards – first on the business-level and afterwards on the sales function level. The next chapter is concerned with the sales strategy and its components. Ingram et al. (2002) give a starting point of what sales strategy consists of. This thesis will utilize this effort and therefore concentrate on the mentioned elements “segmentation and prioritization”, “relationship objectives” and “sales channels”. The chapter about sales will be closed with cracking superficially the practical challenges the sales function is facing in the international context: cross cultural communication as well as adaptation to other markets.
The subsequent theoretical chapter is about the synthesis between the network and sales literature. Here a cycle model will be developed in order to understand the dynamics and impacts of the interconnected relationship. For this reason propositions for the relation between network characteristics and sales strategy dimensions are elaborated. Further on a proposal for the long-term development of the born global performance resulting from this cycle model is made.

After the theoretical discussion and model development the practical part is written. Here an Oulu-based born global company is evaluated in order to test the elaborated cycle model. First the sales network of the company will be analyzed at three different points in time. According to that the strategy of the firm will be evaluated as well as possible changes going along with changes in the sales network.

The thesis will be finalized by concluding the results of the research and giving outlooks on possible future research areas. There will also be a discussion about the limitations and restrictions of the research. In figure 1 it is possible to follow the composition of the work.
Research question: *How do changes in the sales network influence the firm’s sales strategy?*

### International Networks
- Network Theory
- Characteristics of Networks
- Network Development
- International Networks

### International Sales
- Traditional Sales
- Relationship Management
- Sales Strategy
- Challenges for Sales function

### Synthesis of theoretical foundations
- Cycle model for Sales strategy adjustment
- Long-term development over time according to cycle model
- Hypotheses for Sales strategy and Sales network relation

### Empirical analysis of the impact of sales networks on sales strategy
- Analysis of sales network of case company
- Qualitative testing of hypotheses
- Influence of adjusted fit between strategy and network on performance

### Conclusions

*Figure 1: Composition of this Thesis*
2 THEORETICAL DISCUSSION OF INTERNATIONAL NETWORKS

In the following there will be a brief introduction to the phenomenon of born global companies as those are the objects of this thesis on international sales networks. Afterwards a discussion about networks will be executed. Hereby it was important that a basic understanding of the different aspects will accomplished which includes the appearance, characteristics and developmental factors of networks. Finally a view on internationalisation via networks is done.

The research on born globals is still quite young and therefore a common understanding and definition did not evolve yet (Coviello, 2006). Nevertheless there are some shared characteristics which will be discussed here. Born globals can be seen as firms which adopt a global focus from inception on and commit their resources to internationalization accordingly (Oviatt & McDougall, 1994; Madsen & Servais, 1997; Gabrielsson & Kirpalani, 2004; Coviello, 2006). An alternative approach by Bell et al. (2001) is to say that being “born global” is a strategy of improving the value of a firm through rapid internationalization. This understanding is not depending on the date of foundation of the focal company. In the light of this two viewpoints it can be said that born global companies are running through a phase of rapid internationalization at a point in their lifetime. During that time they aim to reach significant competitive advantage from the use of resources and sales of outputs in multiple countries (Oviatt & McDougall, 1994). Especially smaller entrepreneurial firms tend to adopt this strategy of rapid and dedicated internationalisation (Bell et al., 2001; Gabrielsson & Kirpalani, 2004; Gleason & Wiggenhorn, 2007). Bell et al. (2001) state that born global behavior is especially common for firms which are competing in global niche markets and which are from small and open economies.

In this paper the view of Oviatt & McDougall (1994) is adopted that born globals are companies which were just founded and are going for international markets right from inception. Thus born global firms are competing in international markets even before they have an established and solid home market (Moen et al., 2004).
According to Rovira Nordman & Melén (2008) they operate in very dynamic markets in which windows of opportunity rapidly open and close. So born globals are mainly found in markets with a high degree of innovation and fast technological changes. Therefore they need to be driven by entrepreneurial spirit as well as a desire for technological leadership in order to be successful (Gleason & Wiggenhorn, 2007; Uner et al., 2013). That goes along with the finding of Sharma & Blomstermo (2003) who observed that born globals have a high level of knowledge content and employ people with high scientific knowledge. Their products tend to be either radically new or different from existing products in the market. In that sense their competitive advantage can be found in their knowledge intensity (Sharma & Blomstermo, 2003).

Born globals are faced with considerable resource shortages which are described as liabilities of smallness, newness and foreignness as Sepulveda & Gabrielsson (2013) outline. As they have no experience from their domestic market born global firms are exposed to a high level of uncertainty concerning potential customers and their needs and demands (Sharma & Blomstermo, 2003). Additionally their growth is constrained by its limited financing capacities (Gleason & Wiggenhorn, 2007). To overcome those liabilities and disadvantages in comparison to established and economically stronger firms born globals are utilizing alternative governance structures such as networks. (Oviatt & McDougall, 1994). For example they are employing hybrid structures in their distribution channels when born globals are utilizing close relationships to networks partners and an own sales force at the same time (Gabrielsson & Kirpalani, 2004). According to Coviello (2006) and Moen et al. (2004) networks as means to boost rapid internationalisation are even the distinguishing feature of born globals. Coviello (2006) sees networks as a critical asset in the inception and development of born global companies. This leads to the insight that the failing of establishing networks will lead to the failing of the company as such. As a company is evolving it develops its own unique network which is very difficult to imitate (Sharma & Blomstermo, 2003).
According to Bell et al. (2001) and Moen et al. (2004) a major trend towards global networks can be observed. The rise of the internet boosted the building of networks as well as their maintaining in particular over the last decade (Moen et al., 2004). Those networks facilitate the development of mutually beneficial relationships between international partners. Additionally networks provide firms with a deep understanding of possible constraints and opportunities for its operations (Hadley & Wilson, 2003). But how can the business world be seen as a network? In the understanding of Chetty & Blankenburg Holm (2000) business networks are an organic whole with collective goals consisting of a varying number of actors which take part. Actors can be suppliers, customers, distributors, government, regional development agencies, export promotion organizations, consultants or competitors (Johanson & Mattson, 1997; Chetty & Blankenburg Holm, 2000; Hadley & Wilson, 2003; Sepulveda & Gabrielsson, 2013).

The network approach as introduced by Johanson & Mattson’s (1997) analyses the influence of the environment on the firm which is contradictory to the resource based view as explained by Kogut & Zander (1993) or Peng (2001). Markets are explained as networks of relationships between firms. Their model uses social exchange theory in order to explain how networks develop organically. The importance of the informal character as the network is evolving between individuals of firms is stressed. (Chetty & Blankenburg Holm, 2000; Foss & Koch, 1996). The main assumption of the theory is that firms and industries are interdependent on an international level. That means that there is a division of work in the network and that a single actor is not able to meet the expectations of the market on its own. These activities are in need to be coordinated. Hereby Johanson & Mattson (1997) emphasize that this coordination is not brought by a central organisation or power but through interaction between firms in the network. So this explanation of networks is similar to that one of business ecosystems as explained by Lehto et al. (2012).

Foss & Koch (1996) are stressing the importance of power distribution between the actors as a dimension for analyzing. The underlying mechanism for this are the
different degrees on dependence between different actors. This dependency evolves due to the firms need of resources which are controlled by another firm. This second assumption of Johanson & Mattson’s (1997) network approach explains that access to those resources is gained through the network position a company is holding. It is crucial to achieve a position within the network in respect to develop opportunities and constraints in the network. The network position should be seen as a market asset which generates revenue for the firm and serves to give access to other firm’s internal assets. (Johanson & Mattson, 1997; Havila & Salmi, 2002). Usually the needed resources are more extensive than possessed by a company in order to be successful (Gabrielsson & Kirpalani, 2004). To gain access to the scarce and needed resources an exchange relationship between business entities is established. As it is not efficient and possible to build up all needed resources and capabilities themselves companies are forced to collaborate (Chetty & Blankenburg Holm, 2000). As one company is interdependent with a range of other companies and these companies again from a range of firms it can be said that companies are moving towards a value creating network. Value is added by collaborating with suppliers, business partners and customers. (Chetty & Blankenburg Holm, 2000; Gabrielsson & Kirpalani, 2004). In general a company has the freedom to choose between its network partners but since there are investments made in previous relationships switching costs might occur. Therefore constraints are existing in choosing network partners if a company already maintains a network. (Johanson & Mattson, 1997).

Before a thorough model for analyzing a specific network is laid down, an understanding of the reasons and mechanisms of engaging in networks according to the literature is tried to be generated in the following. Networks are considered as beneficial to business activities in general as Eberhard & Craig (2012) state. More specifically they are especially recognized as influential in the internationalization process of companies (Coviello, 2006; Eberhard & Craig, 2012). It needs to be emphasized that networks can have positive as well as negative impact on companies. This issue will be discussed in more detail later on. Nevertheless Sepulveda & Gabrielsson (2013) give high importance to networks as they see them
as crucial for the survival and growth of born globals which goes along with Johanson & Mattson’s (1997) observation that through a network the company can gain access to needed resources hold by others. Coviello (2006) also agrees as she describes networks as critical assets for firms.

As one specific kind of resource network partners provide a born global company with an increased level on social capital which leads to better access to scarce resources and international opportunities. In that sense the social recognition of a partner firm is reflected on the new venture this particular company is partnering with. Therefore networks are means of overcoming liabilities of newness and foreignness for born globals. (Coviello, 2006; Eberhard & Craig, 2012; Gabrielsson & Kirpalani, 2004). Social capital can also refer to social ties as well as to relationships which are business based (Coviello, 2006; Johanson & Mattson, 1997). Coviello (2006) found that economic ties dominate in this context. That means that new ventures are introduced to other business entities which might be interested in cooperating with the focal firm.

Another feature of network involvement according to Sepulveda & Gabrielsson (2013) and Parker (2008) is the improved management of risk and uncertainty. Information spread faster, the reliability of the supply chain is improved, foreign sales are facilitated as well as the needed marketing channels. Uncertainty derives from complexity of the business environment a company faced with as Nell & Andersson (2012) state. Changes and interruptions can come from everywhere and are very difficult to attribute to certain actors. Through a network important information about seminal changes might reach the focal company beforehand and provide time to prepare and answer. Additionally Moen et al. (2004) state that networks reduce psychic distance between the different actors from varying cultural backgrounds.

If a company is involved in networks it is exposed to a way greater number and variety of knowledge sources than if the firm would rely solely on its internal capabilities. Each relationship offers numerous opportunities for learning as Hadley
& Wilson (2003) as well as Gabrielsson & Kirpalani (2004) state. This has a positive impact on the foreign market knowledge of a new venture and finally on its international growth (Coviello, 2006; Eberhard & Craig, 2012). For Sepulveda & Gabrielsson (2013) the access, exploration and exploitation of new opportunities is one of the main chances a company is exposed to if it is involved in networks. Through this it might acquire a competitive advantage – something every company is striving for as it is the means of long term success and ensures the survival of the firm.

2.1 Born globals and the network environment

In the following the term ”network” and how it can be analysed will be brought closer to the reader. The explanation of business ecosystems by Lehto et al. (2012) can be put synonymous with the term “business networks” at it is used in this academic work. Business ecosystems are characterized by very high complexity, interdependence, cooperation, competition and coevolution of the members in between the network. The ecosystem strives to utilize the complementary capabilities of each members. The boundaries of the system are fluid and the whole ecosystem can span several different industries. As a complex system it is self-organized and possesses decentralized decision making. That means that there is no absolute control by one party who is maintaining the system as such. Instead the business ecosystem is led by several leading organizations. Nevertheless major players can evolve. It is visible that those ecosystems are focused on innovation and novelty as well as that they aim for the common creation of value. (Lehto et al., 2012).

According to Coviello (2006) networks have two dimensions: a structural dimension and an interactional one. Structural refers to how the network looks like whereas the interactional dimension refers to the questions who is involved and how are they related to each other – it is about the content. The structure of a network is defined by its number of nodes and their relation with each other by specific ties. A complex business market for example is a network where the nodes are business
units and the relationships between them are the threads. (Hakansson & Ford, 2002). The interactional dimension is described by the content of the threads which is the result of investments by both of the counterparts (Hakansson & Ford, 2002). So the question of what the relationship drives and what are the specific processes established in the relationship is pondered in the analysis of the interactional dimension.

Structural measures can be the size, extent of interconnected ties or positions of the different actors. Examples for interactional measures are the determination between social or economical relationships, the evolving and developing of relationships as well as the particular duration. To understand the dynamics of a network the specific characteristics are required to be understood. (Coviello, 2006). In the following there will be a deeper look on the most important characteristics in order to be able to describe a network from the perspective of a focal firm adequately. These characteristics are density, intentionality, types of ties, durability, effective size as well as centrality.

2.1.1 Density

*Density* refers to the proportion of ties that are existing given the number of potentially existing ties (Coviello, 2006; Dunn & Westbrook, 2011). In figure 2 examples for a network with low density and for one with higher density is shown. The calculated density is the percentage of the actual ties in comparison to the maximal number of possible ties. According to Coviello (2006) there are two schools of thoughts when it comes to advices regarding the network density a new venture should aim for. One opinion is that a high network density might provide the new firm with better information and also increases trust as well as the mutuality of interests between the members of the network. But there is a contradictory view as well seeing a high density as not favorably for new ventures. This school of thought argues that the denser the more insular a network becomes. This would mean that the network becomes less open which minimizes the number of opportunities a firm can explore and finally exploit.
Regarding the development over time of the network density contradictory viewpoints exist as well. According to Larson & Starr (1993) network density increases over time and the network of the focal company grows. Hite & Hesterly (2001) as well as Coviello (2006) argue in more recent publications that network density will shift from dense to sparse over time as part of the natural evolution and while the network is expanding.

2.1.2 Intentionality

As with density the question of intentionality when it comes to evolving networks is controversial amongst scholars. Larson & Starr (1993) argue that networks are managed intentionally from inception of the company. That would mean that the entrepreneur is carefully selecting his partners from the very beginning of the venture. Coviello (2006) would support this idea in that sense that international new ventures show a higher level of strategic aggressiveness than traditional firms. Therefore new ventures have the long term strategic goal in mind when they are thinking about joining a network relationship. Leaders in born globals also tend to be more proactive in respect to international opportunities and therefore also in international networking which would stand for an intentional formed network as well (Bell et al., 2001; Sepulveda & Gabrielsson, 2013). Under this perspectives the
idea of intentionally managed networks seems to be comprehensible. But as already indicated there are also other views: so Camuffo et al. (2007) express the opinion that supplier and production network structures are rather emergent than the result of purposeful design as Larson & Starr (1993) put it.

According to the literature the most common viewpoint is that proactive as well as reactive elements in network management are existing. Sepulveda & Gabrielsson (2013) propose that in the early stages of a new venture a more proactive development and management drive by the entrepreneurs is observable. As the company matures a mix of proactive or in other words calculative and reactive respectively passive characteristics are existing at the same time. This goes along with Coviello’s (2006) observation that during internationalization proactive as well as reactive events occur. Proactivity means here that events take place which are intentionally managed by the focal firm and which are based on actions done by the company. Reactivity instead refers to events which are occurring due to network ties and from the outward of the focal company. Therefore the company is dependent on previously established ties if it seeks for growth but behaves reactive. In that sense proactive and reactive are two contradictory characteristics but both are found within a born global. Sharma & Blomstermo (2003) support this view as they explain that partners in a network are influencing each other. Therefore the history of network ties are shaping the future evolution and constrain the purposeful design attempts done by born globals. Lehto et al. (2012) also state that networks are partly intentionally formed and partly result of an accidental emergence.

2.1.3 Effective size

The next important characteristic of a born global company in respect of its networks is the effective size of this network. The term refers to the number of actors that the focal firm is directly connected with minus a redundancy factor that represents the overlap between the direct ties of the born global (Coviello, 2006). In figure 3 a visualization is shown. A redundant ties is a direct tie which could also be reached via other ties. Therefore the communication effort with this actor is
redundant as the information would have reached him through another actor in the network. According to Coviello (2006) larger effective size correlates with a lower degree of redundancy. Therefore the actors potential of getting information and control is increasing. As the company matures the effective size expanded over time (Coviello, 2006). Moen et al. (2004) even give the key implication for managers that it is of high importance to systematically increase the number of external contacts as this confers greater freedom and more opportunities that may be used by the firm. With a higher number of external contacts which are intentionally chosen a higher effective size might go along. However, there is also the notion that a network can be grown to wide. Then the network runs into the risk of collapsing as Parker (2008) states.

![Figure 3: Examples for different effective sizes](image)

### 2.1.4 Centrality

The next characteristic discussed here is the concept of *centrality*. It describes the ability of a networking company to influence and control network resources and to attract better and more influential network partners by being more in the core of the particular network (Sepulveda & Gabrielsson, 2013). Therefore it is a way of
describing the network position of a company. The concept can be divided into *closeness centrality* and *betweenness centrality*. Closeness centrality refers to the number of direct and indirect ties to the firm in order to indicate how close it is to all other actors in the network (Coviello, 2006). Borgatti (2002) puts it in other words as he is explaining closeness centrality as a measure for the expected time until arrival of information which flows through the network via optimal paths. Betweenness centrality refers to the number of times the company links other actors in the network with each other. A high level in that would indicate more opportunities for information dissemination and control, increased information diversity, and more opportunities to influence internationalization or the business development as such (Coviello, 2006).

Sepulveda & Gabrielsson (2013) see resources as the main defining point for the attractiveness to potential network partners. Therefore the shortage of resources influences negatively the centrality of the company during inception. As the development of the network of the focal company goes on the centrality increases normally as the resources a company can accumulate increases. So it is more likely to attract better partners which gives born globals greater legitimacy and reputation which leads to even more attractive and influential network partners (Sepulveda & Gabrielsson, 2013). So the concept of centrality is able to explain the observation of liability of newness as well as the process of gaining social capital.

### 2.1.5 Kind of relationships

As a network is consisting of a basketry of relationships there should be also some characteristics describing specifically relationships within the network. So there can be a determination between *interfirm* or *interpersonal relationships* going along with Eberhard & Craig (2012). Interpersonal as one of this two principal dimensions is referring to transmission of knowledge and information done by individuals. It also means that exploring and exploiting opportunities – a main task in a born global – is done by individuals within the organisation rather than by the organisation as such. Interpersonal networks also exist before an organization is
founded between the future employees; and they still reside when the organization is running (Ma et al., 2009). The recognition of a specific opportunity is depending on asymmetrical information between an individual seeking for an opportunity and the owner of a resource needed to seize the opportunity. Information asymmetry is coherent with complex systems as a business network is one (Haberer, 1996, p. 31). Eberhard & Craig (2012) also observe that the activity level of the interpersonal network can be seen as a predictor for the involvement of the manager in innovation and internationalisation. It can be even said that this involvement is a predictor for exploring and exploiting opportunities in general. There is also the notion that the higher the amount of maintained interpersonal relationships is the more efficient and open the network is. The reason for that is that there is no need for relying on few strong ties as an individual but on a diverse and multiple range of weak ties. This leads to a higher network diversity which is seen as positively related to firm performance and especially strategic adaptivity to environmental changes (Ma et al., 2009). This type of network also needs less mutual coordination as it is a less integrative form of network. (Eberhard & Craig, 2012).

Interorganisational networks instead tend to be more formalized and integrated. The partners are expected to collaborate for an explicit strategic objective which is laid down in a formalized way. Such a collaborative arrangement could be the specialisation of specific firms within the value chain. In those interorganisational networks complementary resources between partnering firms are combined. (Eberhard & Craig, 2012). If a company is connected to a variety of other companies by a contractual mode like alliance it has access to more nonredundant and diverse information. This heterogeneous information can be analysed and processed in order to gain a better overall perception of environmental trends which in turn leads to better adaptation to competition and finally might end up in a competitive advantage. (Ma et al., 2009).

The discussion between scholars is diverse as well as they are debating about the influence of both dimensions and types of networks during the development of a born global company. Coviello (2006) states in her study that a firm’s network
relationships are mainly dominated by strong social respectively personal elements. Hite & Hesterley (2002) also see social ties as important but mainly in the beginning of the firm’s evolution. They see the personal component decreasing over time as the organizational needs are becoming more complex and demanding which facilitates non-social but interfirm function-based relations. There is rarely a concentration of all knowledge about the partner in one person but in different specialists as Coviello (2006) states. Therefore a development from more interpersonal towards more interorganisational networks is observable when a company gets mature.

2.1.6 Durability

Beside the types of relationships also the durability is an important measure and characteristic in order to understand a focal companies situation. Durability simply refers to the length of a relationship timewise (Coviello, 2006). Larson & Starr (1993) see durability as a factor that influences the stability of a network. The longer a relationships lasts the the more stable and less uncertain the relationship is for the parties. Johanson & Mattson (1997) as well as Foss & Koch (1996) underline the need of long-term relationships between supplier and customer as they need extensive knowledge about each other in order to be efficient. This knowledge can have a wide variety from prices, quality, delivery modes to after sales, contact persons, resources, development possibilities and the organisation as such. This is a learning process about the counterparts competences, knowledge as well as influentiality which takes time as it takes time to establish a social relation. This learning is done experiential and therefore time consuming. So the partners need to invest in the relationship with each other. (Johanson & Mattson, 1997; Eberhard & Craig, 2012). Here a dilemma is obvious: on the one hand time is needed in order to get to know a partner thoroughly but on the other hand serious investments are needed in order to do so. These investments constrain other relationship opportunities. So the company is uncertain for a considerable amount of time if it wants to go on with the relationship respectively if the investment is worth it. The competence of the person in charge is to balance out the uncertainty about the
usefulness of the relationship and the investments token until the point of determination. The manager therefore needs to put substantial resources into identifying suitable partners, strengthening relationships and developing their own attractiveness as a partner for counterparts. In other words a company needs to balance the allocation of resources between the expansion of the network through existing relationships and a focus on establishing new relationships and customers independent of existing networks. (Moen et al., 2004). The specific durability of relationships is highly depending on these factors.

As said the reduction of uncertainty – which comes with many long lasting relationships - is in favor of a born global but on the other hand too many long lasting relationships might constrain the openness to opportunities and therefore constrain the development of the born global in certain directions. Therefore the durability of a specific relationship is of interest but also the ratio of long and short lasting relationships a company is holding.

2.1.7 Strength of ties

As already mentioned before there are different strength of ties between the actors of a network – weak and strong ones (Sharma & Blomstermo, 2003). In the following there will be a more detailed description of the concept and idea behind. According to Sharma & Blomstermo (2003) the strength of ties is defined as a linear combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services characterizing the relationship. As a result of these efforts it can be put that the strength of a tie is the level of importance and influence a firm has in a given relationship and vice versa (Sepulveda & Gabrielsson, 2013; Coviello, 2006).

Weak ties are rather arm length´s relationships which are not as socially embedded as intense relationships. They help firms to gain access to new and diverse resources from their networks as Hite & Hesterly (2001) describe it. Going along with Sharma & Blomstermo´s (2003) definition weak ties are those when the
invested amount of time, emotional intensity, intimacy and reciprocity is low. According to these scholars born globals are engaged in numerous weak ties as the intensity and duration of these interactions with individual markets and actors especially abroad is limited. Being mostly engaged in weak ties brings advantages as well as they provide heterogeneous information and allow therefore for different perspectives and evaluation of the information (Sharma & Blomstermo, 2003). Therefore opportunity recognition and exploitation is facilitated.

Strong ties instead are socially embedded links formed from a dense cohesive set of relationships (Hite & Hesterly, 2001). They show high level of invested time, emotional intensity, intimacy and reciprocity. These relationships tend to last longer than weak ones which gives opportunities as well as constraints as discussed earlier. But how is the ratio between weak and strong ties due to literature? There is no clear notion and even contradictory findings are presented. According to Sepulveda & Gabrielsson (2013) strong ties are dominating the network in the early phase of the born global company. In further development the network then becomes more hybrid as a mix of strong and weak ties. Nevertheless there are also contradictory advices by Eberhard & Craig (2012) and Ma et al. (2009) who propose weak ties as dominating in the beginning as it is seen as positively related to performance.

2.2 Network Development

After discussing the different structural and interactional network characteristics with focus on born global companies there is the need to take the development over time into account - as Coviello (2006) demands - in order to analyze a companies network thoroughly. Networks and the associated growth patterns which can be assumed for a company just founded are characterized by change. Therefore it is important to analyse this change over time in terms of the characteristics and composition of the network. According to Johanson & Mattson (1997) relationships are stable and dynamic at the same time. As a network is consisting of relationships between actors it can be said that networks as such have a dynamic component (Coviello, 2006; Sepulveda & Gabrielsson, 2013). Coviello
(2006) also states that network relationships are process based and therefore time sensitive. According to her networks are rather dynamic than static.

Relationships as such are effected by a number of factors according to Hakansson & Ford (2002): on what happened in the past of the relationship, what was learnt in previous relationships by both parties, what is the status of the relationship in the moment and what happens in the wider network of relationships. Every interaction needs to be related to the entire history of a relationship and the evolution a network was going through. Therefore it is highly important to be aware of the development phases a network was running through. Havila & Salmi (2002) observed that changes in a network happen gradually and incrementally. They are rooted in the adaption of the different actors to each other. But there is also the possibility of radical changes of the network which mostly occurs when a new actor enters a network. A combination of radical and gradual development is most probable during the evolution of a network.

Earlier there was a discussion that there is a mix between intentionally managed and reactive approaches towards network evolution from the viewpoint of a focal company. This position will be represented here as well. Networks are partly an outcome of actions taken by the firm propose Sepulveda & Gabrielsson (2013). They actively develop it through processes of exploration, selection and utilization of ties. Going along with this Hakansson & Ford (2002) explain that networks are an outcome of investments in both the nodes as well as the threads themselves. So an outcome of investments in the partners and the relationship to them. Nevertheless the dynamics of a network and it changes cannot be fully controlled by one company (Camuffo et al., 2007).

From entrepreneurship literature two general models are offered related to network development. Larson & Starr (1993) introduced the classic model describing that network relationships are transformed from simple, unidimensional dyadic exchanges to a dense set of multidimensional and multilayered organizational relationships over time. This also describes the shift from mainly
interpersonal relationships towards more interfirm relationships. This is also observed by Hite & Hesterly (2001) in their more recent conceptualization of network development. They state that in the emergent stage of the firm, networks are cohesive and are composed primarily of socially embedded ties. Such networks exploit strong and densely connected relationships for growth and are consequently referred to as path dependent. During further development the network changes to encompass a balance of embedded and arm length economic ties that are more intentionally managed. This mix of weak and strong ties was discussed earlier already. Both concepts describe that the network is evolving on a base of strong socially embedded ties and will develop in a linear and predictable order along with the social capital of the born global. Coviello (2006) observed a pattern in structural network evolution. The network increases its range but at the same time decreases its density. The evolution leads to less redundant ties which means that the effective size of the network increases. At the same time constraints based on few strong ties decrease – the network begins to be more open and therefore offers a higher variety of opportunities a born global might pursue. Additionally she observed that the closeness centrality was high throughout the entire development process but the betweenness centrality increased. Eberhard & Craig (2012) summarize the network evolution in a more general as they describe the evolution as increasing network benefits while costs decrease over time.

2.3 International Networks

After discussing main principles and characteristics of networks as such a deeper look on the significance of them during a born globals internationalisation will be done in the following. An increasingly important factor of a firm’s strategy is the international focus according to a notion of Eberhard & Craig (2012). Internationalisation can be defined as a process of opportunity recognition and exploitation that leads to an involvement in operations across borders (Welch & Luostarinen, 1988). Eberhard & Craig (2012) consider internationalisation as an innovative act exercised by the company. The main assumption of internationalisation is that a firm wants to utilize and develop its resources in a way
that serves its long-term economic objectives. Therefore internationalisation only takes place if it fits general objectives of the company. Internationalisation is not an end in itself. (Johanson & Mattson, 1997).

Internationalization behavior of born globals can be explained by networks of business relationships a company is embedded in and how a firm establishes and develops its position in the foreign network in relation to its counterparts (Johanson & Mattson, 1997; Hakansson & Ford, 2002; Sharma & Blomstermo, 2003; Camuffo et al., 2007; Sepulveda & Gabrielsson, 2013). The ties between individuals and companies are playing an highly important role in the pursuit of international opportunities (Eberhard & Craig, 2012). Nevertheless it needs to be mentioned that there alternate theories for explaining internationalisation which are for example focused on knowledge instead of relationships like those from Johanson & Vahlne (1977), Kogut & Zander (1993) or Hadley & Wilson (2003).

As already mentioned a main assumption of the network approach is that markets cannot be clearly seperated into individual firms as the boundaries between the firms are blurry. These firms are linked with each other via relationships. Internationalisation means in this context that actors from different markets are linked across national borders. (Havila & Salmi, 2002). According to a study by Moen et al. (2004) firms do not make serious commitments in markets where they have no established relationships in advance. A appropriate network needs to support the early internationalization of the firm and rapid growth in a timely manner so it avoids the loss of first mover advantages (Sepulveda & Gabrielsson, 2013). A firm’s internationalisation is strongly influenced by the internationalisation of the actors in its business networks. Therefore a firm’s current network can be utilized as bridge in order to enter new markets (Chetty & Blankenburg Holm, 2000; Sharma & Blomstermo, 2003). According to that the entry form of a company may vary between different markets depending on available options depending on their network relationships (Moen et al., 2004). Eberhard & Craig (2012) observed that existing networks can trigger and motivate a company’s internationalisation intentions. These scholars also emphasize that companies have the possibility to
cooperate then and therefore to share the risk and uncertainty which is involved in entering international markets. This could be done by information sharing about foreign markets as well as cooperating in pursuing opportunities on those markets among the networking firms. By this the chance of successful internationalisation is increased significantly.

Nevertheless there are also downsides of pursuing internationalisation solely on behalf of the already existing network. So there might be a restriction on opportunity pursuit and strategic options by network boundaries (Coviello, 2006; Hakansson & Ford, 2002). It can also happen that the investment in those relationships are not efficient in relation to other possibilities as maintaining contacts is costly and might outweigh the benefits. As networking is normally related to knowledge and information sharing there is also the risk of opportunistic behavior of the partner which might negatively influence internationalisation efforts. (Foss & Koch, 1996; Eberhard & Craig, 2012). In my opinion the downsides are insignificant to the advantages related to pursuing internationalisation opportunities via networks. That is especially true if a company is not only relying upon few contacts but on several ones and if there are efforts to enlarge the network constantly. This reduces the danger of too strong constraints and opportunistic behavior as well.

Based on Johanson & Mattson´s (1997) research three ways of internationalizing via networks are in existence: international extension, international penetration and international integration. **International extension** refers to establishing positions in relation to counterparts in national nets that are new to the firm (Johanson & Mattson, 1997). According to Hilmersson & Jansson (2012) this is an incremental growth process during which the liability of outsidership is overcome by strengthening the network position. This process leads to being an insider in the network including all benefits and constraints the belonging to a network contains. The initiation of the extension heavily depends on the degree of international experience a company has. This process is also characterized by a proactive search of nodes or contacts in the foreign market. This can happen through already existing
networks or by seeking contacts in previously unknown networks. (Hilmersson & Jansson, 2012).

*International penetration* refers to a strategy which develops positions and increase resource commitment in those nets abroad where a company already has positions. The network engagement is reinforced by the focal company. *International integration* instead is lying a focus on increasing coordination between positions in different national nets. (Johanson & Mattson, 1997). This can offer synergies in different markets and lead to a better network position.

As talking about internationalisation it is interesting how a degree of internationalisation can be determined. According to Hadley & Wilson (2003) there is no widely acknowledged method for that. Johanson & Mattson (1997) define the degree of internationalisation as the extent to which firm occupies certain positions in different national nets and how important and integrated those positions are. They are aware that those positions change over time and therefore the internationalisation degree as such is a dynamic one. As Johanson & Mattson´s (1997) definition is rather blurry Hadley & Wilson (2003) call for a multidimensional scale of composite measure in order to determine internationalisation of a specific firm. They offer that three broad measures could be used which are concerned with the characteristics of performance, structure and attitude. Connected with performance the ratio of the firm´s foreign turnover to total turnover as well as the number of foreign markets served can be used. The structural dimension of internationalisation can be measured by the number of full-time employees dedicated to international versus domestic activities, the ratio of foreign assets to total assets and the extent of operational diversity in international markets which refers to different used entry modes. International attitude can be measured by researching if there is a strategic plan, what is the index of foreign market diversification as well as the diversity of markets served. In Table 1 a summary of the mentioned measures is given which can be used for determining the internationalisation degree of a company as such.
Table 1: Measures for internationalisation degree

<table>
<thead>
<tr>
<th>Performance</th>
<th>Structure</th>
<th>Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm’s foreign turnover vs total turnover</td>
<td>ratio of full-time employees dedicated to international markets vs domestic market</td>
<td>strategic plan</td>
</tr>
<tr>
<td>number of foreign markets served</td>
<td>ratio of foreign assets to total assets</td>
<td>index of foreign market diversification</td>
</tr>
<tr>
<td></td>
<td>extent of operational diversity (entry modes)</td>
<td>diversity of markets served</td>
</tr>
</tbody>
</table>

Before a company can be measured by its internationalisation degree it needs to start internationalising. According to Johanson & Mattson (1997) there are four situations during doing so: being an early starter, lonely international, late starter or international among others. This categorization is dependent on the initial phase a company starts to internationalise in relation to its market environment.

The situation of a company being an *early starter* is characterized by having only few and rather unimportant relationships to foreign markets. The same is true for other firms in the very same industry. Therefore only little knowledge about international markets and opportunities is existent. There is also no possibility to utilize domestic relationships to gain this knowledge. (Johanson & Mattson, 1997).

If a company starts to establish relationships to foreign counterparts this relationship leads according to Chetty & Blankenburg Holm’s (2000) study that foreign market knowledge increases and therefore the related uncertainty decreases. That again will increase the international involvement in more diverse markets. If the company becomes more internationalized it will change its status towards being a lonely international.

The *lonely international* shows a high degree of internationalisation but its market environment not. The company acquired knowledge about foreign markets and
maintains relationships to those markets (Johanson & Mattson, 1997). The company shows a high level of proactivity in pursuing international interests according to Chetty & Blankenburg Holm (2000). In my opinion the reason for that can be found in the lack of network partners in the domestic network who are able to introduce the focal firm to international opportunities. This needs to be done by the company itself. In contrast: they might function as a bridge to foreign markets for their domestic partners.

The \textit{late starter} is not maintaining direct relationships to foreign counterparts whereas its network partners are internationalized (Johanson & Mattson, 1997). Chetty & Blankenburg Holm (2000) assume that there were not enough financial and human resources for internationalisation in the first place. Therefore they lack business networks abroad. Related to that the initial situation might be characterized by a lack of production capacity, finance, knowledge and experience about internationalization. Being a late starter comes with severe disadvantages as a lack of a network position as well as entry barriers. On the other side the company might no experience the liability of newness to such a great extent as the early starter. (Johanson & Mattson, 1997).

The \textit{international among others} is operating in an environment which is highly internationalised. The same is true for the focal company. According to Johanson & Mattson (1997) only marginal changes in extension and penetration will occur during the future international development of the company. Positions in one net can be used as bridges to other nets for the mentioned international extensions and penetration. So it is easily possible to use existing relationships in a business network to form new ones (Chetty & Blankenburg Holm, 2000).

Even if this model of situations during internationalisation is popular and widely accepted there are some weaknesses according to Chetty & Blankenburg Holm (2000). So they critize that the criteria of differentiation are blurry and therefore overlapping each other. The shift between different situations is also not explained thoroughly. There is also no discussion about the decision maker and firm
characteristics as such. The same is true for ways of overcoming problems during internationalisation through their network relationships. This is especially interesting as networks can constrain opportunities as well. A way of dealing with situations like this is missing in the conception offered by Johanson & Mattson (1997). Their model also excludes the influence of factors like domestic competition, culture and political developments. The discussion is also focussed only on relationships which evolve organically but exclude those which are facilitated by formal associations. Nevertheless the concept of Johanson & Mattson (1997) helps to understand the initial situation of a company regarding its internationalisation.

Jansson & Sandberg (2008) describe the development of internationalisation with the network model with strong references to knowledge as a drive in the process. First they relate to specific relationships but state that a generalization to overall internationalisation is possible. The result is a stage model beginning the pre-relationship stage. In this stage the experience between the focal firm and the future partner is not existent or at least very low. Therefore the uncertainty is very high as well as the distance between both is large. In this stage no commitments or adaptations are done to each other.

The development of the relationship starts in the early stage, when first commitments and experience with foreign counterparts increase slowly. Jansson & Sandberg (2008) emphasize that establishing relationships is a mutual learning process, where the parties learn more and more about each other. In this early phase also initial adaptations to each other are made. There is still a high level of uncertainty and high distances prevail between the parties.

The next stage is the development stage, during which the business between the focal company and its foreign counterpart starts to grow and resources are increasingly shared. The relationship settles in a stable long term stage with continuous business between the parties. At this point they have learnt about each
other and trust each other. Uncertainty is perceived as being low whereas distances are small and commitment high.

Reaching the final stage following Jansson & Sandberg’s (2008) model means that an on-going and long-term relationship is established. This relationship is extensively institutionalised and habitual. Therefore uncertainty is very low as well as distance small. As the relationship is institutionalised both parties adapted a lot to each other and therefore they are highly committed.

Jansson & Sandberg (2008) explain that their model can be transferred to the whole internationalisation process as relationships are the basis for this and therefore is following a similar pattern. The knowledge about internationalisation as well as networking knowledge incrementally increases. These thoughts are quite close to Kogut & Zander (1993) and their explanation of internationalisation through knowledge increase. Also Jansson & Sandberg (2008) claim that the movement through the stages of internationalisation respectively entry process is connected to the development of institutional knowledge which makes it easier to develop relationships to foreign markets in general. As a consequence, the more relationships in a foreign country that have reached further stages, the more established and internationally experienced the firm becomes and the higher the degree of internationalization of the company. Also, the more countries in which the SME has established relationships, the more internationally experienced the firm is. Jansson & Sandberg (2008) found that relationships and internationalization belong together: the more countries in which the company has established relationships, the more internationally experienced is the firm.

2.4 Interim Conclusion

In the previous chapter an introduction to born global companies and networks were given. In summary there are no well established and standardised definitions for this kind of company due to the young days of this research stream. As a common assumption it was found out that scholars refer to companies which are
running through a phase of fast internationalization when they speak about “born globals”. The majority of these firms are small and therefore subject to special external and internal constraints: the so-called liabilities of newness and smallness.

This finding directly leads to the network concept as born globals utilize those networks in order to overcome the mentioned liabilities of newness and smallness. First an attempt of defining networks in the business context was done leading to the notion that networks are organic wholes unified by collective goals consisting of varying number of actors with a range from supplier, customer, government to competitor. In order to get better access to the character of networks several characteristics like density or effective size were assessed and set into relation with the business and born global context. There was also the notion that a division between structural and interactional dimensions of network characteristics is meaningful.

After that we discussed the network approach as introduced by Johanson & Mattson (1997). This approach refers to analysing the external influences on the firm as markets are explained as networks in which a company is engaged in. Two main assumptions are important in this context: first it needs to be acknowledged that industries and firms are interdependent on an international level. The second assumption explains that the access to scarce resources is gained with the help of the particular network position of the company. Therefore engaging in networks is crucial and inevitable – especially for born globals which are suffering from liabilities.

As internationalisation is getting more important in an ever more globalized world an assessment of international networks was executed. One way of explaining internationalisation processes is that one according to the network model: companies are expanding their networks across borders with the help of the existing network and are focusing on building up relationships in international markets in order to establish a network position which allows for access to crucial resources.
Finally there were some remarks about the development of networks over time according to Jansson & Sandberg’s (2008) stage model which is emphasizing the role of knowledge as a driving force.
3 THEORETICAL DISCUSSION ON INTERNATIONAL SALES

3.1 Why being concerned about Sales in research?

In the following there will be an assessment of the on-going research on the sales function and current developments. Special focus lies on relationship management and sales strategy. But is it actually worth to spend time on sales? One might get the idea that sales as such are a simple matter – a pure transaction in order to generate revenue and to perfect marketing efforts done before. It is not as easy as that due to significant external changes affecting customers, competitors, technology and the ethical environment (Jones et al., 2005). So the world is becoming more and more a single and virtually borderless marketplace (Hui Shi et al., 2010) which increases competition extremely and holds severe challenges for the sales function as internationality and cross-cultural issues increase. Jones et al. (2005) even describe the current markets as hypercompetitive. As the marketplace is becoming increasingly complex at the same time due to this uncertainty for businesses in general and therefore sales rises (Geiger & Guenzi, 2009). Parallel customer expectations increase in relation to the knowledge, speed of response, breadth and depth of communication, customization of information as well as product offering done by the sales function (Jones et al., 2005; Geiger & Guenzi, 2009). According to the higher customer expectations and demands as well as the call for growth product life cycles decline in duration (Jones et al., 2005). This is an additional burden for the sales function as it increases complexity and the need for quick adaptation to new products.

According to Jones et al. (2005) research organizations that respond most effectively to those market turbulences have competitive advantage over those who respond less effectively. Competitive advantage in turn leads to better performance and ensures the long-term survival of the firm. In that sense change presents challenges as these scholars put it but also chance. Because of that engaging with the sales function and ways to cope with these challenges is worthwhile.
3.2 General notions

This thesis is concerned with born globals. For them early internationalization is crucial and has great challenges for sales and marketing as they are highly important for the needed fast growth and eventual success of these firms (Hallbäck & Gabrielsson, 2013). But not only for born globals there is the notion that sales is increasingly becoming a board room and therefore a core business activity (Leigh & Marshall, 2001) – also mature companies start to adopt this perspective including the insight that long-term oriented and open minded managers should take care of this business area (Geiger & Guenzi, 2009; Madhavaram & McDonald, 2010).

The relation between sales and marketing also needs to be reflected briefly. Even if there is the clear notion that sales and marketing are distinct functions (Leigh & Marshall, 2001) a clear separation is not always easy especially as sales is going to be more strategic (Leigh & Marshall, 2001; Geiger & Guenzi, 2009; Storbacka et al., 2009; Davies et al., 2010) which was noted to be a main task for marketing whereas sales was considered to be responsible for implementing the strategy.

Guenzi & Troilo (2006) see that sales is still more focused on trade marketing, trade negotiation and channel management whereas marketing is usually focused on customer marketing, brand management, marketing research and advertising management. But a clear separation by function is still difficult in some cases. Especially because of this close and sometimes overlapping field of action an effective cross functional relationship between sales and marketing is crucial for being successful (Fine, 2007).
3.3 Traditional sales

Here a short introduction to the traditional perspective on sales is given – a perspective that does not seem to hold in the ever changing and increasingly complex marketplace companies are faced with today. Traditional sales researches as well as business owners adopting this perspective emphasize the role and competency of the individual sales person and its overall tactical orientation. It can be said that the sales system and its success is mainly dependent on the talent of the user respectively the sales person instead of being dependent on the intelligence of the system as such. (Leigh & Marshall, 2001). The focus on sales is mainly on transaction and revenue generation. This mind-set is reinforced by reward systems based on those targets. This short-term orientation is often accompanied with the use of aggressive selling methods. (Davies et al., 2010). In general the sales persons rather stimulate than satisfy demand for products. They focus mainly on persuading the customer instead of solving existent problems. (Weitz & Bradford, 1999; Davies et al., 2010). Going along with this perspective the value of a product for the buyer is considered to be a function of the qualities and attributes of the object sold (Haas et al., 2012). In traditional sales the salesperson tends to use intuition, ignore implementation plans and bid for every opportunity regardless of profitability or strategy. The basic types of activities are concerned with contacting the customer, selling the product or service, working with wholesalers, service accounts and manage information between sellers and buyers. (Davies et al., 2010). In this context sales management is regarded as a process of formulating, implementing, and evaluating sales plans and monitoring the performance of the sales force (Madhavaram & McDonald, 2010). Based on the traditional perspective also the sales structure is constructed: a division into product management, marketing and territorial sales structures is in existence. According to Leigh & Marshall (2001) this construct is not fitting today’s sophisticated and demanding customers, micro-segmented market and multiple sales channels in use anymore.
3.4 Changes of perception of sales towards relationship management

3.4.1 General for companies

Before describing the changes in perceiving the sales function some general notions about changes on the business level towards customers are done. This is regarded as essential as the sales function is dependent on the general strategy of the company and its orientation.

It is widely acknowledged that a shift from transactional buying towards relational and partner buying took place on a broad level. More and more customers are willing to build relationships in order to rationalize their administrative expenditures which mean that customers hope that lower costs occur and/or more value is provided for the buy. (Weitz & Bradford, 1999; Tikkanen et al., 2000; Leigh & Marshall, 2001; Geiger & Guenzi, 2009; Panagopoulos & Avlonitis, 2010; Davies et al., 2010). This fundamental change also includes the adaptation of a customer oriented perspective for the company as a whole: customer relationships are treated as the core of the business (Leigh & Marshall, 2001) which goes along with the already mentioned notion that sales increasingly becomes a board room issue. Hallbäck & Gabrielsson (2013) even argue that customer orientation is a key tool for staying innovative as a company.

With adopting this customer and market oriented perspective the overriding goal becomes to satisfy the customer (Leigh & Marshall, 2001) and to provide solutions instead of a product as in the traditional view (Storbacka et al., 2009). Herein market orientation is defined in terms of a culture that is focused on generation, dissemination and the use of market intelligence (Leigh & Marshall, 2001). This market intelligence is the core a supplier can serve its customer with as out if this it is enabled to create value for the customer. Out of this understanding a company needs to focus on the entire customer value chain, clear customer segmentation, application of cross functional solutions and rapid response to the customer (Weitz & Bradford, 1999; Leigh & Marshall, 2001) – features less emphasized in the
traditional approach to serve customers and even more important: regarding the whole company orientation and not only the sales function. But as market and customer orientation has influence on the entire firm sales as a direct link to customers is naturally affected (Sullivan et al., 2012).

The specific strength of market driven firms is to understand their customers in terms of how they want to buy and relate to their suppliers (Leigh & Marshall, 2001). So they are able to assess the relationship thoroughly. Especially important for market oriented firms is to provide value for their customers. They understand that they are not in the business of product manufacturing but solution providing. This perspective relates to superior performance of the company in general (Guenzi & Troilo, 2006; Sullivan et al., 2012) but with view on born globals this particularly true (Hallbäck & Gabrielsson, 2013). Haas et al. (2012) consider value creation as the key to the long-term survival and success of a company because of this reason. There two streams concerning value creation in marketing research according to Sullivan et al. (2012). First value creation is seen as communicating about product, process or market competencies to the customer or second as a relational activity between seller and customer where value originates in the specific relationship (Haas et al., 2012). The second viewpoint is adopted in the following.

The value creating process in business relationships as proposed by Haas et al. (2012) consists of four dimensions. First jointness describes that value is the product of two resource sets which are linked with the aid of a relationship between seller and buyer. The second dimension is balanced initiative which refers to the need that both parties are interested in creating value together and that both have the skills and resources to take initiative in the relationship. Third interacted value is referring to the situation that novel solutions are created as product of the interaction. Especially those solutions which would not have been created without the relationship are of interest and deliver the highest value. Finally there is a socio-cognitive construction dimension describing that value is a question of subjective perception rather than a function of quality or attributes as it was emphasized in the traditional sales approach. That can also mean that a solution valuable for one
customer is worthless for another one. Here one challenge is obvious: how to rationalize value creation and to standardize solutions. On the other hand there are also chances in this as the relationship as such and the created value is almost not imitable by competitors.

On a corporate level customer selection, knowledge, access and relationships become part of the strategy when market orientation is adopted (Leigh & Marshall, 2001). As already indicated the performance of the company improves. Here performance refers to a multidimensional construct including effectiveness, efficiency, customer retention, and satisfaction as well as adaptability measures and not only on a single dimension like sales revenue as done frequently in the traditional sales (Sullivan et al., 2012). The performance of an individual salesperson is seen as a function of product knowledge, customer knowledge, knowledge of company policies and procedures plus interpersonal and communication skills (Madhavaram & McDonald, 2010). Later on there will be a closer look on the sales person. In general the learning orientation positively influences companies in developing relevant knowledge structures which finally results in superior knowledge and in turn in effective and efficient general and sales management. It is also noted that sales people should be involved in new product development and product modification and should be able to influence new development efforts according to their superior customer knowledge. (Madhavaram & McDonald, 2010). This needs to be addressed here as it is a matter of general management to allow the sales function to take a lead in new product development efforts and to drive this kind of progress within the firm.
3.4.2 Significance for the Sales function

After discussing some general changes for companies occurring due to changes in the external environment and the associated adoption of a market oriented perspective the sales function will be assessed more thoroughly. It needs to be noticed that dynamic changes explicitly for the sales function occur along dimensions which remain consistent over time like the variety of products, saturation of markets for older products or new markets in general (Jones et al., 2005). Maybe it can be compared with a spiral leading to ever increasing demands on the sales function. Because of that the traditional sales approach is outdated. After having a look on the traditional role sales was playing back in the days the modern view is evaluated in the following. It is a response to a call for models and perspectives on how to handle increased dynamisms in the selling environment.

It is widely acknowledged that the sales function is a boundary spanning and crucial function for producing value with the customer (Davies et al., 2010; Parvinen et al., 2011; Haas et al., 2012) and therefore follows a basic assumption of the modern market oriented firm. According to the literature sales can play different roles. Fine (2007) differentiates between missionary, trade and technical selling. Missionary selling refers to relationship building and therefore open up a customer, trade selling is related with sales to retailers or wholesalers and technical selling is adopted when complex products are sold directly to the end customer. These roles can be employ parallel within the company and varied according to the specific customer. There is also another classification of sales roles by Weitz & Bradford (1999). According to them sales can have a production role which refers to transactional selling as it is a pure product provider satisfying existing demand. The second possible role is the sales role focusing on stimulating demand by persuading customers. These two roles refer mainly to the traditional sales approach as discussed earlier. The third role is the marketing role which emphasizes the problem solving capability of the sales function. Finally the partnering role is proposed when sales is working as a consultant for the customer in order to improve their value chain. The third and fourth roles refer to the modern view on the sales function as it
is emphasized in recent literature. On these will also be the focus in the following
but it needs to be mentioned that all roles can be still found in current sales
functions simultaneously in the same organisation.

The sales function is the linking pin between the two resource sets of the selling
company and its counterpart - the customer. It is moderating between the two
organizations (Haas et al., 2012). To do so the sales function is largely responsible
for building and maintaining relationships to customers and to create customer
value - nevertheless it needs to be acknowledged that sales only represents a part
of the value creation process within a company (Weitz & Bradford, 1999; Guenzi &
Troilo, 2006; Haas et al., 2012). The role of sales was shifted from selling products
and services towards selling value to the customer as mentioned before for a
general business level (Leigh & Marshall, 2001). Sales is also responsible for
educating the customer which goes beyond informing about features and benefits
of the product but relates to their whole business (Jones et al., 2005) especially if a
novel product offering is done (Hallbäck & Gabrielsson, 2013). It is also demanded
by the customer to deliver value during the sales process (Sullivan et al., 2012). This
can be achieved by advices, best practices, value chain improvements or overall
consultation associated with the goal to improve the customer’s value creation
process and the physical product which is sold. This partnering approach needs
consultation skills focused on proactively developing and growing the partners
business through strategic selling (Leigh & Marshall, 2001). In general the sales
process as such is seen as an integrated relational process from customer
information then operational mobilisation to delivery whereas the individual steps
flow together without clear distinction (Storbacka et al., 2009).

The Sales function is able to create superior value for customers if they really
understand the customers’ business, their conversion challenges and their markets
as well as their decision making and influence dynamics (Weitz & Bradford, 1999;
Jones et al., 2005; Madhavaram & McDonald, 2010; Sullivan et al., 2012). Therefore
sales needs to be designed accordingly in order to gain robust understanding of the
customer’s business which in turn generated sustainable financial performance
(Leigh & Marshall, 2001; Sullivan et al., 2012). This high performance takes place when sales organisations focus their expertise on identifying customer needs and offering solutions in order to satisfy those needs (Sullivan et al., 2012).

Sellers with such an understanding of the customer have a higher competence in creating value (Sullivan et al., 2012) in which competence refers to skills and resources which enable companies to achieve superior performance (Madhavaram & McDonald, 2010). In this sense a seller serving a customer according to his needs and demands is enabled to influence the value creation of its customer (Sullivan et al., 2012). This goes along with the notion that market and customer oriented companies strive to increase the pie instead of divide the pie (Weitz & Bradford, 1999). Value creation and value sharing can be seen as the main reason for the existence of customer – supplier - relationships (Tyrväinen & Selin, 2011; Sullivan et al., 2012). This value is emergent, mutually enacted and in perpetual change when both parties interact (Haas et al., 2012). Nevertheless there is the notion that the value provided by the selling company needs to be well developed and translated into its value proposition which can be supported with real evidence. Value creation competences are also connected with the ability to manage relationships and to establish effective and mutually beneficial relationships (Sullivan et al., 2012) which play a crucial role.

In order to gather information and to serve the customer with value added solutions interactions between seller and buyer take place. To manage this a relationship between the focal selling company and the customer is needed (Sullivan et al., 2012). Interactions should be facilitated, managed and recognized as value related and stored in case a valuable solution comes up (Haas et al., 2012). In general it can be said that sales is recasted as a customer linking role (Leigh & Marshall, 2001) which can serve as listening post in order to monitor and anticipate market developments (Jones et al., 2005) and create value as it can link competencies and capabilities to the problems of the customer in order to come up with a valuable solution (Haas et al., 2012).
As mentioned it is necessary to build and maintain long-term relationships with customers which is contradictory to short term revenue seeking as in the traditional sales approach proposed (Weitz & Bradford, 1999; Jones et al., 2005). Sales persons are now referred to as customer relationships managers who are focusing on partnering (Leigh & Marshall, 2001; Storbacka et al., 2009). Those managers are the primary contact point for the customer and need to take care of any communication, the sales process and also after sales (Davies et al., 2010). According to these tasks continuous interaction between seller and buyer is emphasized. This relationship perspective also stresses the interdependence of seller and buyer, its interactive nature and dynamics of such relationships (Haas et al., 2012). The interdependence is obvious as both parties are working together in order to improve the value chain and build up competitive advantages. To do so they need to communicate and doing so they will adapt to each other and add a dynamic component to their relationship. In table 2 the traditional sales approach and the relationship orientation are compared according to the most important characteristics.

For the sales function the main target of maintaining relationships is to keep customers loyal in order to ensure repeated business transactions (Ingram et al., 2002; Sullivan et al., 2012). This is accomplished by high customer satisfaction which occurs when the customers are provided with their key desire (Tikkanen et al., 2000; Sullivan et al., 2012; Haas et al., 2012). Nevertheless it should not be forgotten that the seller needs to be satisfied as well during the relationship not only the customer (Tikkanen et al., 2000). Customer satisfaction is also closely related to preference which is the notion that an individual sets one thing above another because of a feeling of betterness (Muthitacharoen et al., 2006). The sales function strives for reaching this point being preferred by customers as this ensuring long-term success if maintained. The perception of the buyer regarding the relationship has significant influence on the sales performance of the firm. Therefore the responsibility of sales department of the selling firm is difficult to overrate. The ability to create additional value also influences the sales performance positively (Sullivan et al., 2012). As said the sales function has significant influence on the perception of the seller’s reliability and the value of the
seller’s service and eventually the interest in going on with the relationship (Weitz & Bradford, 1999).

**Table 2: Comparison of traditional sales approach and relationship orientation**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Traditional Sales Approach</th>
<th>Relationship Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus</strong></td>
<td>transaction revenue generation</td>
<td>value creation</td>
</tr>
<tr>
<td></td>
<td>demand stimulation</td>
<td>customer consultation</td>
</tr>
<tr>
<td></td>
<td>persuading customer</td>
<td>demand satisfaction</td>
</tr>
<tr>
<td></td>
<td>individual salesperson</td>
<td>relationship with customer sales teams</td>
</tr>
<tr>
<td><strong>Success factor</strong></td>
<td>Talent of salespersons</td>
<td>Intelligence of sales system</td>
</tr>
<tr>
<td><strong>Orientation</strong></td>
<td>tactical; short-term</td>
<td>strategic; long-term</td>
</tr>
<tr>
<td><strong>Understanding of value</strong></td>
<td>Function of qualities and attributes of the product</td>
<td>Value as emergent in interaction between seller and buyer</td>
</tr>
</tbody>
</table>

To build up a prosperous relationship for both parties calls for two critical steps according to Sullivan et al. (2012). First the company needs the ability to distinguish and then service strategic accounts the way they expect. The second step is that the customer agrees that the relationship with the seller is important to them as well. If those two requirements are met good chances of acquiring a competitive advantage are given as relationships are very difficult to duplicate (Weitz & Bradford, 1999) and therefore the value created within the relationship. Global account management and key account management can be regarded as extreme form of relationship management (Hui Shi et al., 2010)

As the approach of sales changes the role of the sales person and its needed abilities is subject of change as well. The skills needed by the salesperson to maintain and build up relationships differ significantly from that of a traditional salesperson (Davies et al., 2010). Also the attitude and role of the salesperson needs
to be adjusted towards relationships selling as otherwise a fit is not given anymore which might result in lower returns (Davies et al., 2010). Managing partnerships requires high competence including executive management level skills and leaderships skills, cross functional influence skills (Storbacka et al., 2009) and strategic negotiation skills (Leigh & Marshall, 2001). The sales manager and clerk need to focus more on interpersonal communications like managing conflict instead of persuading customers. Building and maintain a relationship might also contradict earlier approaches as it may neglect short term revenue goals. Analysing the situation thoroughly as a sales team also regards as a major differences to traditional sales. Weitz & Bradford (1999) additionally give a whole list of needed skills by the sales person: sophisticated knowledge of the buying firm, detailed knowledge of the firm’s capabilities and resources, strategic knowledge, creative problem solving, innovativeness, ability to communicate with people from different functions, conflict management, building trust as well as an entrepreneurial attitude (Weitz & Bradford, 1999).

As this list of needed skills and the growing demands of customer already indicate: the burdens on salespeople increase. Increasing information loads as increasing product complexity, customer demands, technological innovation, regulatory oversight and competition information need to be processed, internalized and managed which can lead to information overload by the salesperson. In summary the cognitive demand on salespeople escalates. (Jones et al., 2005). Another factor that makes the selling environment more challenging is the expectation of customers that salespersons use technology like e-mail or smartphone in order to increase the speed of response which can lead to role overload (Jones et al., 2005). A solution for these collected challenges can be the employment of selling teams which allow a division of labour and can be an effective counterpart as selling centre against the well-known buying centre. (Weitz & Bradford, 1999). This concept implies the chance to increase sales by improving offerings but also has higher fixed costs. Therefore an honest evaluation needs to be executed if employing selling centres is still profitable for the specific company. If yes there is the notion that the team should consist of cross functional team members as a
broad base of expertise serves the customer best. The quality of the relationship can be assessed by the degree of trust, commitment, satisfaction, ethical conduct, customer orientation, minimal opportunistic behaviour, willingness to invest, expectations of continuity, share of customer as well as growth in customer value (Weitz & Bradford, 1999; Hui Shi et al., 2010).

Nevertheless it needs to be mentioned again that even if this paper and also recent research emphasize relationship selling that there are still purely transactional customer relationships (Sullivan et al., 2012). It can be said that there is a portfolio of relationships within the seller with a range from transactional exchanges to relational exchanges respectively partnering roles (Weitz & Bradford, 1999).

In regard of the remarks about the network perspective it is advised that the sales function develops a network perspective as relationships to the customers are embedded in wider networks. From this point of view it is crucial for sales to get information on the customer’s network and to assess opportunities to link itself to other network actors in order to create value. Therefore the development of relationships should be monitored closely as they are the source of value creation and are facilitating ground for mutually creative and beneficial dialogue not only to the direct customer but also to other potential customers in the wider network (Haas et al., 2012).

In general it was observed by Hallbäck & Gabrielsson (2013) that the market orientation of companies declined over time in their study. Even if this study was limited to 4 researched firms a possible danger is obvious especially as the same study indicates that the degree of innovativeness in marketing and sales declined as well. So the sales function needs to monitor itself in order to keep its customer orientation and constant aim to improve relations to them.

After discussing the changes in the sales function from the traditional to the relationship view a closer look on sales strategy is done in the following.
3.5 Sales strategy and its components

Jones et al. (2005) observe that there is a constant pressure originating from the shareholders for superior sustained growth. As an answer to this call innovative and effective sales strategies need to be implemented by selling companies in order to fulfil the expectations of their owners. In the following an examination of sales strategy and its importance as well as crucial elements will be executed.

According to Panagopoulos & Avlonitis (2010) the term strategy refers to a pattern of organizational decisions and actions that involves the allocation of resources in order to achieve goals. In other words the overall strategy of a company describes the way towards a given company target in which the needed instruments and resources are specified. Regarding sales there is no clear and unified definition of sales strategy (Ingram et al., 2002). Nevertheless some scholars made attempts to define it and a closer look will be done on three in this paragraph.

Storbacka et al. (2009) explain sales strategy as the planning of sales activities including the methods of reaching customers, describing competitive differences and resources available. Compared with the overall strategy definition a specified target orientation seems to miss in this approach. Instead a concentration on the tools for sales is given. Maybe this is also the simplistic target for this definition: selling products. Panagopoulos & Avlonitis (2010) chose a slightly different approach as they define sales strategy as the extent to which a firm engages in a set of activities and decisions regarding the allocation of scarce sales resources to manage customer relationships on the basis of the value of each customer for the firm. This resource-based view can be seen as an advancement of the first definition as it implements the thought of scarce resources and how to allocate them. The explicit target is to concentrate first on customers with the highest lifetime value for the selling company. Therefore the element of selecting customers gets in focus.

Panagopoulos & Avlonitis (2010) also add that sales strategy is concerned with how a firm chooses to relate to and interact with individual customers in a specific market segment. This goes along with the definition of Storbacka et al. (2009) but adds the element of market respectively customer segmentation. Leigh & Marshall
(2001) see sales strategy on the one hand as moderator of the market orientation of the company and on the other hand as the interfunctional link between marketing, sales and other functions which impact the customer. This perspective concentrates more on relational issues than on resource allocation as the other two definitions which reflects the relationship approach well. To me the definition by Panagopoulos & Avlonitis (2010) and Leigh & Marshall (2001) seem to be complementary as they acknowledge the efficient resource allocation as well as relational issues as main tasks of the sales function. The combination of both definitions is very complete and holistic as it grasps the complexity and diversity of sales in an advanced way.

In general the development of strategies is considered to be a top down process in which multiple levels within the organization are engaged (Ingram et al., 2002; Panagopoulos & Avlonitis, 2010). First the overall business strategy is developed in which the CEO is expected to have the strongest impact (Calabró et al., 2013), then strategies of the business units are deduced from that in which the maximization of resource productivity should be ensured. So the sales strategy should always reflect the general business strategy and depending on the organizational hierarchy and focus the marketing strategy. The latter might be of no interest if the company as a whole employs a sales focus instead of a marketing focus. In figure 4 the sales strategy is seen in the context of the overall strategy of the company. It is clear that sales strategy is subordinated to the corporate and business strategy as it needs to implement the overall strategy in the sales function.

Employing a sales strategy is important in order to convert the marketing or respectively business strategies which are designed for a target market to the sales approach to the specific customer. It also defines the sales management and therefore needed people in order to execute sales tasks. As already indicated before the sales strategy drives the interaction with customers and has therefore a major impact on the management of a sales organization as well as the performance of the whole company. (Ingram et al., 2002). Another reason why having a sales strategy is crucial refers to the degree of innovativeness which should be implied in the strategy. Innovativeness refers to the degree being different in the
approach than competing strategies and conventional practices (Hallbäck & Gabrielsson, 2013). A strategy is the basis on which this kind of competitive advantage can be built on.

Sales strategy can have two possible perspectives: on the individual salesperson which refers to a more tactical approach or on the firm which is more strategic (Panagopoulos & Avlonitis, 2010). As sales strategy as such is moving its focus from tactical issues to strategic ones (Ingram et al., 2002) a strategic view is employed in this paper. This also goes along with the notion that sales strategy goes beyond the pure management of sales force and also includes the management of the entire sales function (Panagopoulos & Avlonitis, 2010).

The sales strategy is directly related to the performance of the sales force and company (Panagopoulos & Avlonitis, 2010) and therefore deserves specific attention. A key aspect is to decompose of the overall selling process into sub processes which can benefit from specialization and division of labour (Leigh & Marshall, 2001). This will lead to improved customer service and offerings as well as to increased efficiency within the sales function. Also the degree of innovativeness
increases as change can take place easier within the specialized fields of work as if one person needs to take care of the whole process. Innovativeness is additionally considered being a key dimension of sales and marketing (Hallbäck & Gabrielsson, 2013). Coming back to the performance of the sales force which is closely dependent on the sales strategy: performance refers to financial, behavioural, customer relationship and outcome factors (Panagopoulos & Avlonitis, 2010). Therefore the factors performance are measured with can be subjective as well as objective. Financial measures will be quantitative like sales revenue. A behavioural dimension might be openness to new sales approaches or to some extent customer satisfaction. The latter can definitely be used for assessing the customer relationship. Outcome factors could be customer retention or market share in order to evaluate the performance of the sales function.

In general sales strategy corresponds closely with the firm’s environment and resources and eventually longs for the best possible performance. This dependence is obvious as sales is the linking pin for the company to its markets. The strategy is therefore dependent on external but also internal factors like managerial capabilities, demand uncertainty and customer solution orientation. (Panagopoulos & Avlonitis, 2010). Customer relationships should hereby seen as a process like Leigh & Marshall (2001) propose. As processes are dynamic relationships are object to changes and this should be taken into account in the sales approach. Sullivan et al. (2012) propose a development for well managed relationships. They say that a selling company should develop from being a vendor that delivers a commodity towards a trusted advisor who is consulted in strategic business issues. This needs to be acknowledged in the sales strategy. The same is true for the notion that the preferred relationship strategy might differ based on the type of customer and its attitude towards the relation (Davies et al., 2010).

Further advises regarding the sales strategies are given by literature. In order to gain a competitive advantage and superior financial performance a knowledge based strategy is advised. This includes first to accumulate knowledge systematically and second to use this knowledge systematically in order to guide
innovation for the benefit of the customer and the selling firm (Guenzi & Troilo, 2006; Madhavaram & McDonald, 2010). In correspondence to that close relationships with strategic customers should be developed (Leigh & Marshall, 2001) as those are crucial for gaining the needed knowledge. As market orientation is becoming the new cornerstone for companies this also needs to be reflected in the sales strategy. Market orientation needs rapid response to customer and market opportunities which then requires decentralization, streamlined organizational processes and efficient information dissemination (Leigh & Marshall, 2001). Therefore the sales function needs to be adjusted organization as strategy wise. Leigh & Marshall (2001) give an interesting hint how to implement this. They claim that values lead to behaviours and behaviours to organizational performance. This hierarchical structure needs to be taken into account. Therefore the values of the sales function need to be adjusted and a strategy of implementing elaborated. If done correctly outstanding performance can be achieved.

According to Ingram et al. (2002) a sales strategy needs to consist of four key dimensions: prioritization, relationship objectives, sales channels and segmentation. The dimension of prioritization was already briefly discussed as sales strategy was defined. The sales strategy should make clear on which customers to concentrate first with the available resources. As a company is faced with scarce resources it needs to allocate them carefully. In the normal case not all customers can be served. Therefore those with the highest lifetime value for the selling company should be prioritized. This lifetime value not necessarily only focused on revenue but also on innovative input and network accesses provided by the particular buyer. Relationship objectives as part of the sales strategy were also discussed in previous paragraphs: as result of the increasing market orientation of companies relationship management is in great demand. A sales strategy needs to reflect this as well as particular approaches towards relationship building and maintaining. About sales channels and segmentation was written less before therefore this paper focuses on this in the following.
3.5.1 **Sales Channels as part of the Sales strategy**

A sales channel is the way a customer can buy a product or service. Hallbäck & Gabrielsson (2013) observe that companies are constantly searching for novel sales channels. Therefore a closer look on them seems to be appropriate. A sales channel has different attributes. Transaction costs vary from sales channel to sales channel and describe the cost for using this sales channel and to do the transaction. Another attribute of the sales channel is the social environment. It varies from interactive and supportable to no social interaction as often observable in internet stores. Risk involved in doing the transaction is another feature sales channels have. Risk is perceived differently from customer to customer and therefore subjective. Another attribute mainly important for retail is the range of offered products which can vary from channel to channel. Each customer has different preferences of which attribute is especially important to him. (Muthitacharoen et al., 2006). So risk preference might decline the willingness to buy on the internet but transaction cost preference might increase this willingness. Therefore a systematic use of multiple sales channels is advised in order to conduct sales, distribution as well as service activities. Such channels could be sales force, distributor, direct mail, toll-free number, telemarketing or the internet. (Panagopoulos & Avlonitis, 2010). Especially the internet is regarded as a huge opportunity as transaction costs are rather low. Even if this particular true for retailing the channel model of Muthitacharoen et al. (2006) is interesting as they distinguish between pure internet stores and a hybrid strategy. Nevertheless it is observable that firms vary greatly in the degree of utilization of the different channels (Panagopoulos & Avlonitis, 2010).

Born globals as a special case and limited access to different sales channels are observed to use co-branding, channel combinations, the leveraging of MNCs as well as internet as their channel strategies (Hallbäck & Gabrielsson, 2013).
3.5.2 Customer segmentation as part of the Sales strategy

In order to sell effectively via sales channels companies need to understand their customers in term of composition. These segments are by definition composed of customers (Leigh & Marshall, 2001). Companies should segment their customers appropriate in order to manage the relationships to them properly and to understand if a customer prefers transactional or consultative selling for example. (Muthitacharoen et al., 2006). With market orientation also came increased attention to micro-segmenting (Leigh & Marshall, 2001). Defined by Panagopoulos & Avlonitis (2010) customer segmentation refers to the systematic process for the development of a highly granular customer typology that allows for the identification of individual customers within each target market. This exact knowledge of the customer base facilitates one-on-one marketing and can therefore result in higher satisfaction of customers, lower costs and / or higher profits (Muthitacharoen et al., 2006). This segmentation is useful as the correct way of approach customers lead to rationalize marketing, sales and service offerings (Leigh & Marshall, 2001).

In general firms seek to sell to multiple customer segments rationally and profitable which results in the fact that multiple business and selling models will exist simultaneously. This in turn leads to the notion that a company needs to develop multiple customer satisfaction systems. Nevertheless there are also suggestions that companies should emphasize in one or very few customer segments in order to serve them ideally (Leigh & Marshall, 2001) and not to try to serve every possible customer group as this is most likely connected with too much expenditures.

There are different approaches of how to segment customers. The traditional approach is to segment into demographic characteristics like age (Muthitacharoen et al., 2006). In this course also segmentation by culture is possible (Bush et al., 2001). The modern approach instead focuses on using the customer’s attitude, motivation and preference in order to build up a customer typology (Muthitacharoen et al., 2006). Another possibility regarding sales channels is to
distinguish between customers according to their channel preference (Leigh & Marshall, 2001; Panagopoulos & Avlonitis, 2010). Panagopoulos & Avlonitis (2010) also propose to segment according to strategic and economic value. Here also the prioritization is done in the course of segmenting customer groups. They recommend customer lifetime value as well as customer profitability as criteria. Leigh & Marshall (2001) agree on that and advise to segment into high and low potential buyers in order to rationalize investments in business, marketing and selling models (Leigh & Marshall, 2001). In table 3 some possibilities of how to segment customers are shown. Here they are divided in sub groups like demographics, cultural features, economical factors, strategic features as well as customer characteristics.

Table 3: Segmentation Models

<table>
<thead>
<tr>
<th>Demographic</th>
<th>age, population size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>language, aesthetics, commercial practices, religion</td>
</tr>
<tr>
<td>Economic</td>
<td>Customer lifetime value, customer profitability</td>
</tr>
<tr>
<td>Strategic features</td>
<td>Innovation potential</td>
</tr>
<tr>
<td>Customer</td>
<td>Attitude, motivation, preference, channel preference</td>
</tr>
</tbody>
</table>
3.6 Challenges and Chances of international sales

3.6.1 Adaptation

The notion that virtually the entire world became a single marketplace also holds severe challenges but also great chances for the international sales function. So ventures that had increased their international sales also showed superior performance regarding relative market share and return on investment as well as significantly higher levels of absolute growth (Westhead et al., 2001). It can be said that pursuing international sales for born globals is of a broader, competitively aggressive posture that emphasizes innovativeness and risk taking (Leiblein & Reuer, 2004). It was observed that the presence of foreign investors fosters and assists the internationalization process including international sales. The progress on these efforts can simply be measured by the percentage of revenue on export (Calabró et al., 2013). In the following there will be a short discussion on the need for adaptation and on cross-cultural issues.

When entering multiple international markets a firm is always faced with the necessity to decide if and how to adapt its strategy accordingly (Hallbäck & Gabrielsson, 2013). In general the call to provide rapid and targeted responses to the ever changing markets and customer opportunities is loud (Leigh & Marshall, 2001). Therefore companies are held to emphasize learning and quick adaptation to market and customer requirements during the relationship with customers (Leigh & Marshall, 2001; Fine, 2007). Hallbäck & Gabrielsson (2013) also state that adapting marketing strategies to local markets is crucial for the success of born globals competing in several markets.

Nevertheless there are different types of companies and different strategies as well. Not every company is willing to adapting completely and with high pace to foreign markets especially as it is connected with significant risks. Leigh & Marshall (2001) presented in their article the strategy types of prospector, defender and analyser. Going along with this classification prospectors build strategies and organizations
which emphasize growth and adaptation to new markets and product opportunities. They are willing to take the risk of adapting and investing heavily. Defenders instead focus on efficiency in adapting to their current markets and capabilities. So they are more adapting to needs their customers already indicated as to the needs of new markets. Therefore it tends to be more incremental adaptation whereas prospectors more likely change approaches radically. Analysers as the third class attempts to change by only cautiously growing and adapting and is therefore like a medium between the other two extremes. (Leigh & Marshall, 2001).

In general the extent of adaptation declined during global growth and the focus changed from major customers or individual countries towards regional adaptations (Hallbäck & Gabrielsson, 2013). This standardization is expression of rationalizing on a bigger scale and maybe also of that the product is more renowned and people are more willing to buy via established channels.

### 3.6.2 Cross cultural communication

Nevertheless adaptation versus standardization as well as the sales strategy as such is object of different perspectives depending on the cultural background of the observer. Jones et al. (2005) state that globalization has resulted in different interpretations of cultural expectations – which implies that nobody is even sure what is the specific cultural expectation a culture holds towards sales behaviour for example. Because of this uncertain situation thoughtful considerations of cultural differences are needed. For example behaviour that is regarded as ethical in one country may be unethical in another country. But if an organisation is able to listen to different cultural inputs and really understands them a culturally diverse customer base ensures innovative input which is highly important in order to remain competitive (Bush et al., 2001). Different backgrounds come with different perspectives on life in general and therefore also on the sales function in particular. This is a great chance to learn from distinct perspectives and to employ innovative solutions, channels and strategies. Nevertheless a company needs to keep in mind that adaptation to cultural backgrounds is still important (Bush et al., 2001).
According to Calabró et al. (2013) the age of the company also serves as an important indicator for international sales efforts. The need to enter new markets increases with company age as international sales enables companies to avoid inertia and builds new capabilities which improve export performance which in the long-term ensures competitive advantages and the survival of the firm.

3.7 Interim Conclusion

The previous chapter was concerned with the sales function and its role in the company as a linking pin to the customer. First current severe challenges for sales function were depicted. These are due to globalisation and the adjunctive upheavals in the economic surrounding.

In order to gain insight in the development steps the sales function was running through we had a look on the traditional view which is very product and feature driven as well as emphasizes the skills and abilities of the single sales person and its tactical orientation. The lead question is around how to persuade the customer in question to do the sales. The traditional approach is rather short-term focused and very much emphasizes revenue generation. According to the literature and recent research this view is outdated and not adequate anymore for the globalised marketplace of today with its increasing customer expectations, shorter product life time cycles and extreme competition.

As one possible answer to the mentioned challenges in todays economic environment the concept of market orientation and relationship selling was assessed. The modern approach is rather strategic with a focus on the sales system instead of the sales individual. Companies employing this strategy are likely to partner up with customers in order to create value for both companies rather than to focus on product sale with previous persuasion. There is the notion that real value needs to be created.
Subsequently we had a view on the foundations of sales strategy with its components prioritization, channel, segmentation and relationship objectives. Finally some remarks about the challenges for the sales function in international markets were done. Especially the question of adaptation to foreign markets versus standardization as well as cross cultural communication issues relevant for relationship building were pondered.
4 SYNTHESIS FROM INTERNATIONAL NETWORKS AND INTERNATIONAL SALES LITERATURE REVIEW

4.1 Theory Modeling

In the last chapters a literature review on network theory as well as modern sales approach was given. Special emphasis was on born global firms whereas the definitions of Oviatt & McDougall (1994) as well as Bell et al. (2001) were employed. Networks were explained as a structural and interactional construct with special focus on characteristics and development over time. In the part about sales emphasis was on relationship management and sales strategy as crucial part of the sales approach needed to meet an ever more demanding customer environment and hypercompetitive market.

The network perspective focuses on the big picture and the evolving of entire networks whereas relationship literature focuses on the specific tie between two companies. Obviously both research streams are complementing each other in a valuable way. In Figure 5 two networks composed of nodes and ties are shown. In the context of this work they represent business networks. These network stand for the macro perspective as employed by the network approach. The micro perspective is shown as a zoom in to the relationship between two nodes which represent in this context specific firms. This perspective is referred to by sales & marketing literature as relationship approach. The relationship orientation is part of acknowledging the market and customer as crucial driving force of the own business. We argue that there is an influence between the network as a whole and specific relationships as these are the parts the network is consisting of. It is argued that there is a two way influence between macro and micro environment. Events taking place in the network as such are influencing the specific relationships between two firms. As an example may serve the arrival of new actors in the network. The structural and interactional characteristics of the network will change as well as specific interactions between firms as the new actor might bring new
opportunities which otherwise would have been discussed with the old partner. Additionally only a limited amount of resources is available for a company. Those resources need to be allocated. If the network gets wider the same amount of resources need to be allocated to a greater number of relationships. This will influence the old relationships significantly as they might decline in importance, time expenditure or will even be terminated depending on the new actor. In this scenario which reflects a radical change in the network it is assumed that the resources at hand remain constant. This way of influence by the network on a specific relationship is accompanied by relationships influencing the entire network. Examples might be that a relationship actor gives access to another network and therefore expands the network for all actors. Another possibility are contracts between parties which might influence the behaviour against other network partners (e.g. sole distribution contract).

![Diagram](image)

**Figure 5: Macro and micro perspective on networks**

After having a view on the general relation between the network as such and the specific relationships between the network members a model will be presented
which is concerned with the specific relation between sales and the external environment for this function. Due to restrictions on time and extent constraints on specific dimensions were necessary. Therefore we chose the sales network of a focal company as a dimension representative for an external environment and sales strategy as a dimension directly influencing the relationship between companies. In figure 6 the proposed and to be tested theoretical model is shown and will be explained in the following.

![Diagram showing the model of adjusted fit between sales strategy and sales network changes]

**Figure 6: Adjustment model regarding Sales Strategy to Sales network changes**

We argue that the presented model is able to explain changes and developments in sales strategy as well as sales networks as interdependent dimensions a focal company needs to be aware of. A sales network consists of retailers, dealers, wholesalers, agents and so on. The characteristics of this network are expected to have influence on sales strategy. It is argued that between sales network characteristics and sales strategy components – namely channel, prioritization, segmentation and relationship issues – an so-called *adjusted fit* is aspired by
companies in order to adapt ideally to their network environment. In other words
the sales strategy is changed according to sales network characteristics until a fit is
realized which leads to an improved performance. But before considering this
relation we will have a deeper look on the relationship between sales network and
sales strategy.

As summed up before a sales strategy is consisting of four components according to
Ingram et al. (2002): sales channel, prioritization, segmentation and relationship
objectives. Born globals are mainly facilitating channels of their network partners as
they suffer from resource shortages. From these channels they are able to serve the
end customer. Therefore it needs to be acknowledged at this point that sales
channels are often depending on the relationships a company maintains. We argue
that the sales strategy adjusts according to the sales network until a fit exists in
order to be most efficient with in given circumstances. If a company would not
adjust its strategy according to the external environment as a sales network is one
as it is not under the authority of the company but another business unit it would
work unefficiently and uneffectively. Additionally customers will not be served well
as the strategy would not meet their expectations.

In the following propositions for network characteristics and the expected sales
strategy are elaborated. We assume that the sales strategy reflect at least an
approximation to the ideal state of an adjusted fit. We need to acknowledge that
network characteristics are interdependent and therefore influence each other. But
this will therefore also lead to adjustments of the sales strategy. In that sense we
feel that an individual assessment of network characteristics in relation to sales
strategy components is approvable. There will be pairs of propositions for each
network characteristic and reflecting sales strategy dimension. We assume that
there is a causal relation between the strategy dimension and the network
characteristic if both propositions are found to be true. Otherwise we assume that a
coincidence occured.
4.2 Proposition Modeling

4.2.1 Density

In case the sales network of the focal company is dense we expect the company to use several channels as the high degree of interconnectedness might stand for a joint effort of the sales network in the market. We also expect companies being adapted to each other because of that and therefore that the members of the sales network are using different sales channels to avoid cannibalization. These different channels are utilized in order to serve customers efficiently.

In contradiction we expect less dense networks to have no significant influence on sales channel number or strategy on the company. As the network is less interconnected less adaptation processes in between the network took place. Therefore several sellers might use the same sales channel. The focal company will have no preference in the first place which sales channel to use or which partner to utilize as natural selection was not taking place in the network regarding which network member has best abilities for serving which channel. Because of this uncertainty we expect low density to have no significant influence on channel strategy.

Proposition 1a: High sales network density leads to use of significant higher amount of sales channels.

Proposition 1b: Low sales network density leads to no significant influence on sales channel strategy.

High density is also expected to lead to a clear segmentation on the basis of the channel preference by customers. As different sales channels are expected to be served efficient and rationalized segmentation would be along this line. On the other hand we expect to have no segmentation according to customer’s channel preference with a low sales network density.
Proposition 1c: High sales network density leads to segmentation according to customer’s channel preference.

Proposition 1d: Low sales network density leads not to segmentation according to customer’s channel preference.

As literature proposes we expect companies to have better information about opportunities as well as increased trust between network members when the network is dense. Nevertheless there is also the notion that high density might lead to insularity and less openness to opportunities beyond the network. We still expect companies to recognize more opportunities within a dense network in relation to a less dense network of the same effective size.

Proposition 1e: High sales network density leads to better recognition of sales opportunities and exploitation.

Proposition 1f: Low sales network density leads to worse recognition of sales opportunities and exploitation.

In regard of prioritization issues we expect in a dense network a prioritization according to strategic values as innovation potential. Since a high level of interconnectedness exists joint strategic efforts by the network members play an important role. Because of that a company is dependent on emphasizing and focusing on strategic and long-term partnerships. In less dense networks on the other hand such joint efforts are rather unusual. Therefore a concentration on economic measures like revenue or profitability are more likely in our point of view.

Proposition 1g: High sales network density leads to prioritizing strategic accounts.

Proposition 1h: Low sales network density leads to prioritizing according to economic and rather short-term measures.
4.2.2 Effective size

If the effective size of the sales network is big we expect the focal company to serve the same channel via different sales partners and also expect to serve different channels as those are available due to access to different and from each other independent sales partners. In case the network has a small effective size we expect the focal company to concentrate on the available channels provided by network partners as well as setting up own sales channels.

*Proposition 2a: High effective size of the sales network leads utilization of sales channels provided by network partners solely.*

*Proposition 2b: Low effective size of the sales network leads utilization of provided sales channels as well as setting up new sales channels.*

We expect a high effective size as an indicator for prioritization being and highly important part of sales strategy by focal firm as otherwise confusion among salespeople is probable whom to serve first as many opportunities are existent. This prioritization is expected to be according to strategic value and profitability of the sales network partners. On the other we expect the dimension of prioritization as rather unimportant if the effective size is small as the number of evolving opportunities is lower and the sales function is most likely in need to pursue every opportunity that arises. Of course the question of profitability is still valid as otherwise the company would make losses which in turn leads to smaller chance of long-term survival of the focal company. An exception for an unprofitable sale in the short term might be a new product launch in order to get products into the market which is rather a marketing than a sales activity.

*Proposition 2c: High effective size of the sales network leads to strong emphasis of prioritization as guideline for sales people.*

*Proposition 2d: Low effective size of the sales network leads to little emphasis on prioritization in sales strategy.*
High effective size will lead to segmentation according to the served channels. As we argue that there will be multiple partners within one sales channel a segmentation according to them in order to rationalize marketing and sales efforts appears to be meaningful. On the other hand a low effective size accompanied by a concentration on few channels will most probably lead to a segmentation which is not along channel issues.

*Proposition 2e: High effective size of the sales network leads to segmentation according to sales channels.*

*Proposition 2f: Low effective size of the sales network leads to no segmentation according to sales channels.*

Talking about relationship objectives in sales strategy when the effective size is high we argue that there will be a focus on customer lifetime value and profitability when relationships are built. In fact the focal company decides with which companies a stronger partnership should be pursued. Of course the counterpart needs to follow. This also leads to the expectation that some sales relationships might be terminated due to unprofitability. Another reason for termination can be the resource constraints the born global is facing. Resources will be allocated to most promising accounts first and if all resources are used the rest of the rather non-promising relationships will be terminated or at least neglected. Another situation is on hand when the effective size is low. In this case we expect that every customer will be served and that the sales strategy will emphasize the concentration on extending the sales network and therefore the effective size in order to get access to more opportunities and therefore higher growth potential.

*Proposition 2g: High effective size of the sales network leads relationship maintenance according to prioritization.*

*Proposition 2h: Low effective size of the sales network leads to emphasis on expanding the network.*
4.2.3 Centrality

In the following the network characteristic "centrality" and its relation to sales strategy is under review. If the centrality of the born global company is high it means that the company captures a central network position. We expect the company to employ a hybrid sales channel strategy serving multiple channels as the focal company has access to many network partners and information streams. We also expect due to the early information assimilation a fast adaptation of sales channels which are new to the sales network. On the other hand having a less central position in the network leads to slow adaptation of new sales channels. We also argue that the born global will have access to only a limited amount of sales channels due to restrictions in its position in the network.

*Proposition 3a: High centrality in the sales network leads to fast adaptation of new sales channels and a significant higher number of sales channels.*

*Proposition 3b: Low centrality in the sales network leads to significantly less employed sales channels and a slow adaptation of new sales channels.*

As mentioned before a high level of centrality means that the focal company has access to many information due to its central position and information distribution role in the network. According to that the company will recognize many opportunities which could be exploited. Due to the fact of restricted resources a prioritization of the potential opportunities and customers is an important issue which needs to be reflected in the sales strategy of the born global. This prioritization will be according to customer lifetime value as well as the specific strategic value a network partner has. Having a less central position on the other side will lead to lower importance of prioritization in sales strategy as the company is expected to have less opportunities to recognize and to exploit. Therefore every opportunity that is profitable is expected to be followed.
Proposition 3c: High centrality in the sales network leads to high importance of prioritization rules in sales strategy.

Proposition 3d: Low centrality in the sales network leads to low importance of prioritization rules in sales strategy.

The next important issue in sales strategy is how the customers are segmented and if there is even a clear segmentation. In case of high centrality we expect a quite strong focus on segmentation as different kind of customers are served by the company due to its central position in the network. Segmentation is here very important in order to rationalize marketing and selling efforts and to be cost effective. Another reason for an emphasis on segmentation is also that several channels are expected to be existent according to which a meaningful segmentation can be done. Capturing a less central network position in the network will lead in contradiction to less different and clear distinct segments. There is still a focus on serving customers according to their needs but as less customers are served there is less need to rationalize and therefore to segment.

Proposition 3e: High centrality in the sales network leads to high importance of segmentation in sales strategy.

Proposition 3f: Low centrality in the sales network leads to low importance of segmentation issues in sales strategy.

As relationship objectives are also a crucial and important part of a sales strategy there is also a connection between the network characteristic of centrality and this dimension of strategy. We argue that high centrality leads to an emphasis on maintaining relationships as the company already is positioned centrally in the network and therefore enjoys good access to information and opportunities. In contradiction we expect the sales strategy to focus on building new relationships if the centrality is low as the management feels that not enough information and opportunities are available to the born global.
Proposition 3g: High centrality in the sales network leads to focus on maintaining relationships.

Proposition 3h: Low centrality in the sales network leads to focus on building and developing new relationships.

4.2.4 Intentionality

When we talk about an intentional set up network we refer to more of a clear planning of the network beforehand as a focal point in contradiction to a pure evolving network. We are aware that there is always a mix of evolved and intentionally planned network as Coviello (2006) explains. If the degree of intentionality is high we expect a clear sales channel strategy and that the network partners were chosen according to this channel strategy. If a rather low intentionality predominated we expect that the used sales channels were chosen according to existing respectively evolving network partners and the channels they are offering.

Proposition 4a: High intentionality leads to choosing network partners according to sales channel strategy.

Proposition 4b: Low intentionality leads to choosing sales channels according to network partners and their channel offerings.

Companies with a high intention of forming a network are expected to prioritize potential network partners before they are approached. Therefore the prioritization is already important during decision making of which network member to partner with. After the sales network is established prioritization is expected to have less importance in the sales strategy. If on the other hand the intentionality of network forming is low we expect the prioritization of existing network partners as important in order to make sure that most profitable and strategic customers are served first.
Proposition 4c: High intentionality leads to focus on prioritization before a network is existent.

Proposition 4d: Low intentionality leads to focus on prioritization when a network is already existent.

As companies intentionally setting up their network they are also expected to segment their potential customer groups before the network is established. During the establishment of the network those customers are approached. The number of segments is according to the strategic decisions if many or few segments are going to be served. If the sales network of the company is rather evolving we expect segmentation to be important when the network is already established. The reasoning behind is the need in order to market efficiently.

Proposition 4e: High intentionality leads to focus on segmentation before a network is existent.

Proposition 4f: Low intentionality leads to focus on segmentation when a network is already existent.

Intentionality also plays an important role when it comes to relationship objectives as an element of the sales strategy. We propose that when high intentionality occurs relationships are planned and intentionally established based on strategic choices. Therefore relationships are understood by the born global as means to an end in order to serve specific segments or sales channels. For low intentionality we expect the contrary. As relationships are rather emergent and not planned sales channels and segment will be chosen according to existing relationships and not the other way round.

Proposition 4g: High intentionality leads to adaptation of relationships according to planned segments and channels.

Proposition 4h: Low intentionality leads to adaptation of channels and segments according to existing relationships.
4.2.5 Durability

As explained earlier durability as a characteristic of a network refers to the length of a relationship – in our research between the born global and a sales network member. In the following reasoning we are referring to relative length of relationships in regard to the age of the company. A durable relationships is defined as lasting longer then 50% of the age of the born global. The durability of relationships in mature companies will be measured in years but for a born global those absolute measures seem to be not meaningful. With a high ratio of long-term relationships we expect the born global to focus on channels provided by those long-term partners as those will be regarded as certain and less risky solution. We expect the born global to have few partners for each channel as this concentration is cost effective as administrative and time expenditures can be rationalized. On the other hand a low ratio of durable relationships to sales partner is expected to lead to a fragmentation of partners even in the same channel as the risk of relationship termination needs to be allocated. If one channel is terminated there are still others which can serve customers.

Proposition 5a: A high ratio of durable relationships leads to a focus on very limited number of partners within one sales channel.

Proposition 5b: A low ratio of durable relationships leads to an utilization of multiple partners within one sales channel.

We argue that long-term relationships have higher priority in comparison to short-term relationships due to adjusted processes and built trust. Both leads to higher efficiency and less transaction cost as well as uncertainty. If the ratio of long-term and strong relationships is high we expect that prioritization as lied down in the sales strategy will heavily depend on the duration of the relationships. On the other hand with a low ratio of long-term relationships we expect the company to prioritize mainly on profit figures and less on trust and adjustments of processes to each other.
**Proposition 5c:** A high ratio of durable relationships leads to prioritization according to length of relationship.

**Proposition 5d:** A low ratio of durable relationships leads to prioritization according to economic figures solely.

In case of a high ratio of durable relationships according to our definition we also expect a segmentation along this dimension. As the company knows much more about long-term customers they are also aware of how to approach them efficiently. Therefore a segmentation according to length of relationships is meaningful. Especially if the strategic value is implied in order to ensure sales channels and therefore selling opportunities to end customers. In case of a low ratio of durable relationships or in other words a high ratio of short-term relationships we expect that segments will be created along other figures than duration of relationships but more likely along revenue or other more short-term oriented figures.

**Proposition 5e:** A high ratio of durable relationships leads to segmentation according to duration of relationships.

**Proposition 5f:** A low ratio of durable relationships leads to segmentation according to other figures than relationship length.

Regarding relationship issues a high ratio of long-term relationships is expected to lead to strong emphasis on strong relationship building and maintaining. There will be a focus on few but strong relationships. In contradiction a low ratio will have impact on sales strategy in a way that we expect a focus on having many weak relationships. The born global will emphasize on recognizing many opportunities and less on long-term strategic value of the particular relationship.

**Proposition 5g:** A high ratio of durable relationships leads to emphasis on building and maintaining few strong relationships.

**Proposition 5h:** A low ratio of durable relationships leads to emphasis on building and maintaining many weak relationships.
A table with the summed up propositions can be found in the appendix. But now after we discussed the relation between network characteristics and sales strategy a deeper look on the impact on performance measures will be done in the following.

4.3 Expected Impact on Sales Performance

Sales performance refers in this case to revenue as well as profitability and degree of internationalisation as this is a main objective of a born global firm. For the latter dimension the performance can be calculated by multiple parameters as ratio of foreign turnover to total turnover; number of foreign markets served; number of employees dedicated to international markets as well as diversity of foreign markets served.

We argue that having an ideal sales strategy for the instantaneous sales network will lead to an improved performance of the company. This adjusted fit evolves due to changes in the sales strategy according to external signals carried through the sales network characteristics. The improved performance of the company in turn will attract new potential sales network partners. This again leads to changes of the social capital a company holds which in turn increases the attractiveness for potential sales partners. As the value and performance of the company got higher the new network aspirants are more likely to have a higher value for the focal company. Additionally those new network partners which were attracted by good performance will add many new opportunities to the born globals strategic possibilities. In a sense companies are now approaching the born global instead of that the born global needs to approach those companies. This notion implies that an improved performance is attended by an improved network position in the sales network.

On the other hand a bad performance resulting from a poor adjusted fit to the external sales environment will lead to changes in the sales network as well – in this case to a reduction of strategic choices and attractive network partners. If we
assume that the sales management is able to create an adjusted fit the performance will go up. As argued before as a result from that the sales network is subject to changes. Going along with our model a fit between the changed sales network and the sales strategy is aspired. Is this achieved an improved performance is a result – but on a higher level than before. According to this we argue that running through the cycle will result in an improved performance based on the extension of valuable network partners. We argue that there will a s-curve as the company performance is not improvable infinitely. There is also the notion as mentioned before that a network cannot be extended infinitely as well as it is not manageable anymore. Therefore we argue that there will be an approximation to the maximum performance when the ideal network size is reached. Both dimensions are different for each individual company and need to be defined according to the particular situation. Therefore maximum performance and network size are rather theoretical dimensions in this paper. In figure 7 our argumentation can be followed. The amounts of cycles can vary. In figure 7 four cycles are shown but this is just for clarification and can differ from case to case. It is likely that many more cycles need to be run through in order to get close to the maximum performance and network extension.

Figure 7: Development over time according to Adjustment Model
The developed models will be used in the following as a research framework and therefore function as a guideline for the empirical part of this thesis. There will be a special focus on the propositions describing the relation between sales network and sales strategy. But first the used methodology is explained in the coming chapter.
5 METHODOLOGY

The research question guiding this study is one which calls for descriptive and interpretative assessment of the reality. Therefore the applied research method needs to allow for a deep assessment and consequently the generation of sufficient data in order to answer the research question adequately (Wright et al., 1988). The needed research method should also allow for different viewpoints - different from the theory and the proposed model in order to test the proposed mechanism and to see aberrations. For reaching this goal a case study was found to be the most sufficient method as proposed by Schöllhammer (1994), Eisenhardt (1989) or Bradshaw & Wallace (1991). As Coviello (2006) also states in her research paper Rouse & Dellenbach emphasized that case methodology is helpful in generating sensitive, confidential or consequential data as needed for this research.

The data were collected from one company located in Oulu, Finland – a firm from an open and small economy as well as with expanding international sales activities. The company is designing and selling consumer electronic products. Since two new products were launched during the time of observation the changes of the sales network were expected to be quite notable even in a rather short period of time. The restriction on a single company was due to time and information access constraints and will also affect validity of the research. The results will be valid only for a very limited scope which on the other hand will offer chances of future research handling with multiple cases from different countries and industries in order to test the proposed adjustment model. The criteria for choosing this firm required that it is a very small international new venture. Going along with the criteria employed by Coviello (2006) this means that there are less than 10 employees, less than six years from inception as well as that they entered their first international market within three years of founding. Additionally the more broad definition given by Oviatt & McDougall (1994) - that a company seeks for gaining competitive advantage
from the use of multiple countries as output and input channels from inception on - was in need to be met. The needed features were confirmed by the company which ensured that the case company met the requirements. The consumer electronics sector was chosen in order to complement and enrich research in this field as only little research appears to be done in regard of the network approach and international sales.

The data were collected with the help of observations of the actions taken by the company from February 2013 until August 2013. Additionally interviews were conducted with the responsible persons from the case company at different points in order to evaluate the changes in perception of the sales and firm’s strategy over time. As the unit of analysis was the sales network from the perspective of the born global company the sales & marketing director was interviewed. He was the primary informant as he has the direct and hands-on experience with the evolution of the sales network in the company. The data were imposed by an in-depth and one-on-one interview in which the language of what, who, where, why, when and how was used as it is recommended by Pettigrew et al. (2001). The starting point was the idea of the sales function and what on what the initial sales strategy was based on. We divided the interview in three parts. Each part was referring to a certain time during the lifetime of the born global. By that we had the possibility to follow the sales network pattern and its development. The interview results were afterwards revised by the interviewed person in order to ensure accurateness. As an interview is a narrative like Eriksson & Kovalainen (2008) explain there are some limitations regarding the interview as an research method. Most important is the notion that the informant is reporting his subjective view on the world influenced by former experiences or attitudes. In order to complete the company view as well as to verify the informant’s report secondary data were imposed. Those included long-term observation, planning documents, presentations as well as websites. We tried to objectify the informant’s statements by that. As the observations were done only during a limited period of time it was not possible to objectify every statement from the informant especially in terms of the inception of the company.
In the following there will be the data analysis and results of the study executed with the help of the mentioned methodologies with special focus on the propositions elaborated before. First the network characteristics will be assessed qualitatively based on the report of the interviewee and the observations. Hereby certain points in time are of interest: during start of sales in December 2010; February 2013 as this was the time before two new products were launched and extended the product assortment and finally August 2013 which represents the most current data available for this research.
6 ANALYSIS OF THE IMPACT OF SALES NETWORKS ON SALES STRATEGY

6.1 Situation of sales network in December 2010

First the sales network situation along the characteristics density, effective size, centrality, intentionality and durability are examined for the time as the company started to sell their products in December 2010. The notions are mainly based on the report of the sales & marketing director who was in that position during inception as well. Therefore a thorough understanding and overview can be expected from his information. The company was able to sell products to several Finnish dealers directly from launch of the product. Therefore an immediate evolving of the sales network took place. This was due to an early start of sales & marketing activities beginning at the same time as the development work.

Concerning the density of the sales network at the beginning of the sales activities by the focal company we can regard it as high. As there was a focus on a single market – Finland – and the particular market segment is rather small in size the dealers selling the product know each other very well. Therefore the sales network was very dense which supported information dissemination and helped to promote the product in the market. According to the interviewee the product launch was very fast and resulted in high sales numbers promptly. He regarded the dense sales network as the key point for this success in the very beginning of the sales activities.

Talking about effective size we need to acknowledge that it was rather low due to the high interconnectedness of the sales network as described before. Information was passed from dealer to dealer even without the support of the focal company. Therefore the exercise of influence by the company was limited and it had only restricted control over the information channels. On the other hand the word-of-mouth leveraged the product according to the sales & marketing director and as the product was taken positively by the market the low effective size was not found to influence the sales function of the focal company negatively.
The centrality as another defining feature of a network is perceived to be low. The focal company entered the market as a new player and there were only very few interpersonal relationships to the specific segment before. Only one employee had some relation to the targeted group and to potential sales partners. This employee was not part of the sales team and therefore the company was in need to set up completely all relationships from scratch. This notion of low centrality also goes along with the notion of low effective size as mentioned before.

As the company just began its sales activities and there were no personal relationships in place before a high degree of intentionality in developing the sales network existed. According to the sales & marketing director the focus was on looking for dealers and agents as those were regarded as the best way to bring the product into the market. So there was a plan made before sales activities and network building was executed. This planning focus speaks for an intentional focus on developing the sales network – at least at this point of time. Of course there were some evolving elements as well – for example dealers asking for the product as they were informed by other dealers due to high density. Those dealers were not restricted from selling the product and therefore extended the sales network even if not planned by the focal company before. Nevertheless intentionality can be regarded as high in the beginning of the sales activity.

Even as there was an international focus from inception the focal company had a sales network in the domestic market first. That had some consequences for the durability of the maintained sales relationships. During this period there were a high ratio of long lasting relationships which were due to very close managed relationships as well as the small distance between the focal company and its sales partners. According to that a rather easy maintenance of the relations was possible. Additionally the focal company supported their dealer network massively with adverts and promotion in the market. The sales & marketing director regards this as one point for the high ratio of long term relationships during this phase as the risk for their sales partners of taking the product into their inventory was rather low.
6.2 Situation of sales network in February 2013

After the qualitative discussion of the sales network situation during inception of the focal company there will be an assessment of the sales network in February 2013. The reason for choosing this particular point in time is that at this point two new products were launched by the company which had implications for the sales function and therefore the sales network as well - especially as one of the new products was targeting a new market segment. It is also visible how the network changed between December 2010 and February 2013. So the sales network was developed and extended to some international markets like Sweden, Norway and the Benelux.

Due to the mentioned extensions to international markets the density decreased to a medium extent. Due to the geographical and psychological distance between the sales partners they do not know each other on the level as it was in the beginning of the sales activity. But the sales network is still dense on a medium level as firstly there is still a focus on Scandinavia and therefore on a geographical limited area in which the dealers know each other. Additionally many dealers are visiting exhibition and therefore the whole market is on a certain degree rather dense. On the other hand the customer selected by the focal company are travelling around and serve as linking ties between different actors in the sales network making it rather dense.

The effective size of the sales network is regarded as medium as on the one hand an extension of the sales network was executed – especially focusing on international markets – but the market as such is quite dense and therefore does not offer too much room for unique and independent contacts. Partly the internationalisation was done with the help of a wholesaler who is operating in entire Scandinavian market. This shows the interconnectedness of different markets in the segment the focal company is serving. Nevertheless the development of the sales network from December 2010 to February 2013 was going into the direction of an increased number of independent sales partners from the focal company’s point of view.
**Centrality** as important feature of a sales network was object to developments as well. In February 2013 the centrality in the Finnish market can be regarded as medium as the company is already present for a longer time with good success and many sales activities in Finland as exhibitions or dealer visits. In international markets the centrality is low as the company is a new actor again and faces considerable liabilities of newness as well as resource constraints. This also restricts marketing and sales activities. So there is no employee solely dedicated to international markets but the sales & marketing director holds all sales contact at this time. Due to that a deep and sustainable relationship building with many sales partners was considered as hardly possible and therefore influenced the degree of centrality.

Coming to the degree of **intentionality** a significant change took place as well. For the first product launched in December 2010 the degree of intentional network building decreased considerably. Every opportunity is seized now in order to sell the product regardless of initial plans. This is especially due to problems in entering foreign markets and connected problems in cash flow. As the second product is targeted for another customer segment also the sales channels need to be under review. It was found that different sales partners are needed. Again a plan was elaborated and therefore the degree of intentionality for the second product was very high. As this product is aiming for a significantly bigger market the focal company wants to work with wholesalers and devotes its strategy accordingly.

Due to increased internationalisation also the ratio of durable relationships to rather short term relationships was influenced. The **durability** of the sales network can be named as medium as especially from foreign countries many dealers just ordered once. According to the sales & marketing director this is due to the distance of the businesses as relationship maintenance is very difficult as well as marketing support in foreign countries.
6.3 Situation of sales network in August 2013

After discussing the main characteristics for the focal sales network during the start of the sales activities in December 2010 and the launch of new products in February 2013 now a turn towards the current situation is done. The latest data are from August 2013. We consider this as the current situation in the following. The sales network was object to further changes as further internationalization to Germany, USA, France, Switzerland and New Zealand took place and a second employee dedicated to sales was employed in March 2013.

As density was considered to be medium in February 2013 now we regard it as low as many new international markets were opened up and therefore the sales network was extended massively. Especially as a new segment was added and this segment is considerably bigger in size and less dense as such the density of the focal sales network decreased. The sales actors from different markets are operating independently within their market. Therefore not many contacts between the different actors exist. Exceptions are wholesalers but those were not utilized on a big scale by the focal company. Bigger dealers also visit exhibitions and therefore get to know each other to a certain extent but many smaller sales actors are working independently in a limited geographic region and account for a less dense sales network.

Going along with less density but an expanding sales network the effective size can be considered as medium in the context of the market environment the focal company is engaged in. As markets are mainly independent from the focal point of the company there are many independent contacts to different actors in the sales network. Nevertheless there is the notion that the market size especially for the second product is big and the company is still at the beginning of building a sales network for this product. For the initial product the effective size can be regarded as high as there are many independent contacts to all important markets according to the sales & marketing director.
Those different viewpoints for the two different products also need to be taken for the characteristic of centrality. Whereas the centrality can be regarded as high in the segment of the first launched product the company has a rather insignificant position in the sales environment of the second product. This is due to a short period of time the company is engaged in this market and also to no existent interpersonal relationships beforehand. Therefore all sales relationships need to be build up which is time intensive. As many markets were entered at the same time a consequent and thorough market entry is complicated and deposits in the network positions the company is holding. Finland as domestic market is strong and the company holds a central position. Also in the Scandinavian countries Sweden and Norway the company is having rather central positions but in the other international markets the company is having an insignificant network position.

Talking about intentionality again there is a shift from highly intentional to rather evolving observable for the second product. As the strategy was elaborated to work mainly with wholesalers the reality showed that this is difficult to implement. The company now is not aiming for an intentional set up sales network along strict guidelines but tries to expand the network by any means. This is also due to problems in the cash flow and therefore in the need of generating revenue as fast as possible. Therefore the company adds interested sellers approaching the company easily. In summary the sales network is rather evolving than intentionally planned. Nevertheless there are still planned activities but the main part is evolving partnerships due to existent contacts.

The ratio of durable to non-durable relationships is low. But this notion of little durability is mainly due to the definition that a durable relationship needs to exist for at least half of the lifetime of the company. Due to many new international markets and therefore sales partners the ratio declined and is not implicitly due to terminated partnerships. According to the sales & marketing director the termination of a sales partnership is silent: the sales actor is not ordering anymore and therefore vanishes from the focal company’s sales network.
<table>
<thead>
<tr>
<th></th>
<th>Starting Sales December 2013</th>
<th>New product February 2013</th>
<th>Current Situation August 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Density</strong></td>
<td>High as focus on a small and very dense market</td>
<td>Medium as extension to foreign markets but still focus on domestic market</td>
<td>Low as many international and distant markets with low interconnectedness</td>
</tr>
<tr>
<td><strong>Effective Size</strong></td>
<td>Low as highly interconnected market</td>
<td>Medium as more independent sales partners through internationalization</td>
<td>High as many independent markets</td>
</tr>
<tr>
<td><strong>Centrality</strong></td>
<td>Low as new player and only few connections</td>
<td>Medium in domestic market Low in international markets as new actor</td>
<td>High in domestic market as highly developed Low in international markets as little developed</td>
</tr>
<tr>
<td><strong>Intentionality</strong></td>
<td>High as planned activities and little bias from former personal activities</td>
<td>Low for first product as facing problems in implementing plan High for new product as planned activities and little bias from former activities</td>
<td>Low as problems with implementing plan and many contacts given by existing contacts</td>
</tr>
<tr>
<td><strong>Durability</strong></td>
<td>High as closely managed relationships and much support in domestic market</td>
<td>Medium as more dealers from international markets who terminate relationship quickly</td>
<td>Low due to definition of “durability” and little international marketing support</td>
</tr>
</tbody>
</table>
6.4 Discussion of propositions

After discussing the conditions of the sales network at different points of time as possible to see in Table 4 there will be an assessment of the relationship between the sales strategy and the sales network characteristics according to the propositions elaborated before. We will discuss the propositions on the basis of the case company’s data and evaluate if the particular proposition hold in this case. We can infer from that to the more general level to a limited extent due to the limited amount of data available.

*Density* as one determining characteristic of a sales network was set into relation with the sales strategy dimensions sales channel, segmentation, relationship objectives as well as prioritization. The propositions can be found in Table 5.

Table 5: Propositions for density and sales strategy

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel</th>
<th>Segmentation</th>
<th>Relationship objectives</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Density</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 1a</td>
<td>Proposition 1c</td>
<td>Proposition 1e</td>
<td>Proposition 1g</td>
</tr>
<tr>
<td></td>
<td>High sales network density leads to use of significant higher amount of sales channels.</td>
<td>High sales network density leads to segmentation according to customer’s channel preference.</td>
<td>High sales network density leads to better recognition of sales opportunities and exploitation.</td>
<td>High sales network density leads to prioritizing strategic accounts.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 1b</td>
<td>Proposition 1d</td>
<td>Proposition 1f</td>
<td>Proposition 1h</td>
</tr>
<tr>
<td></td>
<td>Low sales network density leads to no significant influence on sales channel strategy.</td>
<td>Low sales network density leads not to segmentation according to customer’s channel preference.</td>
<td>Low sales network density leads to worse recognition of sales opportunities and exploitation.</td>
<td>Low sales network density leads to prioritizing according to economic and rather short-term measures.</td>
</tr>
</tbody>
</table>

We proposed that high sales network density leads to a use of significant higher amount of sales channels. Indeed the company utilized with agents, dealers, wholesalers, internet shop as well as own sales force a high number of channels.
But the same sales channels were found as the density of the company’s sales network decreased – so there was no adaptation of the sales channel strategy in regard of the changing sales network environment – at least not on the short term. Therefore proposition 1b can be supported that no influence on the sales channel strategy is apparent when low density of the network occurs. On the other hand proposition 1a was not supported as there was no significant influence ascertainable.

Proposition 1c supported the idea that a dense sales network is leading to segmentation according to the customer’s sales preferences. In general there is segmentation between the two main products meant for two distinctive target groups. Those overall segments are not influenced by the customer’s sales channel preference. But within these segments customer were separated into their preferences regarding the way to purchase. Also the marketing efforts were done accordingly. So there were brochures produced for dealerships as well as agents whereas web advertising was targeting customers who preferably buy online. The focal company also acknowledged the preference of many customers to buy directly from the producer at exhibitions or events and therefore is present at many of those occasions – sometimes also as support of a dealer as those prefer the support of experts in selling the products. Regarding this we can say that proposition 1c was supported as the sales segmentation strategy and therefore adaptation to customers buying preferences is given. But as the same segmentation strategy was continued as well in a less dense sales network we have to acknowledge that proposition 1d was not supported by the available data.

Proposition 1e claimed that a dense network leads to a better recognition of sales opportunities than a less dense sales network as proposed in proposition 1f. This was supported by the qualitative data available. The focal company got many sales contacts and advices from the dense domestic sales network and also learnt much about the sales environment in the particular market. In foreign and less developed and therefore less dense markets such recognition of sales opportunities was rare according to the sales & marketing director as well as our observations.
According to prioritization strategy as part of the sales strategy we proposed that a dense network leads to prioritizing strategic accounts rather than prioritize accounts on short-term measures. This was supported as accounts with high strategic value as internationally operating wholesalers were treated with preference from the sales function. Those accounts also gave important feedback on the products and were therefore motivation to improve the product. A wholesaler in the USA can be lift out as he served as a stepping stone to that market and enjoyed heavy support from the focal company like advertising design, own brochures and regularly exchange of information. Only strategic sales network partners were prioritized like that and therefore enjoyed this kind of support. Nevertheless there was no restriction in selling to any account observable. So a prioritization in selling did not lead to non-serving of any account. But as described the notions and inquiries as well as support was on strategic accounts. This was true also as the sales network density declined. Therefore proposition 1h is not found to be true.

Table 6: Propositions for effective size and sales strategy

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel</th>
<th>Segmentation</th>
<th>Relationship objectives</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Effective Size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 2a High effective size of the sales network leads to utilization of sales channels provided by network partners solely.</td>
<td>Proposition 2e High effective size of the sales network leads to segmentation according to sales channels.</td>
<td>Proposition 2g High effective size of the sales network leads to relationship maintenance according to prioritization.</td>
<td>Proposition 2c High effective size of the sales network leads to strong emphasis of prioritization as guideline for sales people.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 2b Low effective size of the sales network leads to utilization of provided sales channels as well as setting up new sales channels.</td>
<td>Proposition 2f Low effective size of the sales network leads to no segmentation according to sales channels.</td>
<td>Proposition 2h Low effective size of the sales network leads to emphasis on expanding the network.</td>
<td>Proposition 2d Low effective size of the sales network leads to little emphasis on prioritization in sales strategy.</td>
</tr>
</tbody>
</table>
In the following the proposed relationship between effective size of the sales network and the sales strategy dimensions is assessed according to the case company. In table 6 a recapitulation of the mentioned propositions is shown.

We expected with a high effective size of the network no own set up sales channels by the case company. This proposition 2a was not supported by evidence as the focal company still has an own internet shop as well as direct sales at exhibitions and events even with an observed high effective size. Therefore it does not rely solely on the sales channels provided by network partners as proposed. On the other hand the proposition that low effective size leads to building up own sales channels beside the provided ones was supported as the company had an own internet shop as well as was directly selling also during times of a rather small sales network which was mainly focused on the domestic market of Finland.

Proposition 2e refers to the expectation that high effective size leads to a segmentation according to the sales channels. This is supported by the data provided from the case company. The marketing and sales efforts are segmented according to the sales channels like direct sales, internet, dealerships, wholesalers and agents. Each channel is treated according to its needs in regard of advertising material and address. So dealer having an internet shop are open to information exchange via e-mail whereas many dealers with a traditional dealership prefer calling or mailing. This is taken into account by the focal company. On the other hand proposition 2f assuming that low effective size will influence the segmentation in a way that it is not according to the sales channels was not supported by any evidence as the segmentation remained constant over the period of data available.

Proposition 2g was supported by the case company’s data. It claimed that a high effective size leads to maintenance of relationships according to prioritization. This was found to be true for the focal company. In August 2013 when a high effective size was observable in the sales network mainly strategic accounts were especially maintained as those promise the highest benefits in the future. As mentioned before especially wholesalers who are expected to sell significant amounts of
products are supported heavily. These relationships are maintained with phone calls and frequent e-mail contact at least once a week. The less prioritized sales partners are not contacted by the focal company while questions from them are answered. But a conscious maintenance of those accounts does not take place. Regarding low effective size and relationship issues also proposition 2h was supported by evidence as it says that the emphasis is on expanding the network with a low effective size. Especially between December 2010 and February 2013 many potential sales partners were contacted via e-mail, phone or meetings at exhibitions in order to extend the sales network. The focus hereby was on promising international markets. So a distributor from the USA was found as well as several smaller dealers during that time. On the other hand the maintenance of existing sales contacts in the network was less emphasized and more pressed to the background.

Supported was also proposition 2c which claims that a high effective size will lead to a strong emphasis of prioritization as guideline for the sales employees within the company. This is true in the case company as it was made clear that the time spend at a sales contact needs to be according to its potential. This was not written down as rule but explained verbally. Because of the number of sales actors in the sales network only limited time can be devoted to every contact and most important strategic contacts were intended to be handled with preference. On the other hand low effective size was proposed to lead to little emphasis on prioritization issues. This was found to be true in this case and the proposition supported as in the phase with a low effective size there was enough time to devote time on each sales contact. The second dimension was that the need for sales partners was high and therefore each seller was valuable as it represented a considerable share of the company’s revenue.

In the following the propositions concerning the centrality and sales strategy parts are under review in regard of their validity. Table 7 shows the previous elaborated propositions.
Table 7: Propositions for centrality and sales strategy

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel Segmentation objectives</th>
<th>Relationship</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Centrality High</td>
<td>Proposition 3a: High centrality in the sales network leads to fast adaptation of new sales channels and a significant higher number of sales channels.</td>
<td>Proposition 3e: High centrality in the sales network leads to high importance of segmentation in sales strategy.</td>
<td>Proposition 3g: High centrality in the sales network leads to focus on maintaining relationships.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 3b: Low centrality in the sales network leads to significantly less employed sales channels and a slow adaptation of new sales channels.</td>
<td>Proposition 3f: Low centrality in the sales network leads to low importance of segmentation issues in sales strategy.</td>
<td>Proposition 3h: Low centrality in the sales network leads to focus on building and developing new relationships</td>
</tr>
</tbody>
</table>

Proposition 3a claims that a high degree of centrality leads to a fast adaptation of sales channels. As there is only a central position in the domestic market and the sales channels were developed very fast from the beginning on we do not have sufficient qualitative data to test the proposition. On the other hand proposition 3b declaring that low centrality will lead to a slow adaptation of sales channels and also to a low number of employed sales channels can partly be supported. In the beginning of the sales activity in the domestic market the company was able to open up new sales channels quickly even with a less central network position. In international markets on the other side low centrality leads to difficult market entries and opening of sales channels. Therefore the sales channel number in international markets is lower with internet shop, dealerships and agents in comparison to the sales channels employed in the domestic market. In this regard proposition 3b found evidence partly.

As said before high centrality is only found in the domestic market. Therefore testing propositions is only possible in this environment. We claimed in
proposition 3e that high centrality will lead to an emphasis of the importance of segmentation in the sales strategy. This found to be true as marketing and sales efforts are done according to segmentation and prioritization issues. Therefore proposition 3c is supported as well. The company segments its customer to their channel preferences and prioritize according to the strategic value of the sales partner. The time devoted as well as support actions like advertising design or service training are managed accordingly in the domestic market and therefore both propositions hold in this particular case. Proposition 3f describes the expectation that low centrality will lead to a lower importance of segmentation than high centrality. According the interview with the sales & marketing director this was found true whereas no specific actions were taken accordingly. Potential customers and sales partners were still approached according to their sales channel preferences. Nevertheless the attitude was that the importance of those approaches according to segmentation was low. In this context also prioritization rules are less important - as proposed. The company is in need to get a more central network position and therefore to expand its sales network significantly. This is especially true in foreign markets. The notion is that every sales partner is valuable and so prioritization rules become less crucial for salespeople – they are instructed to extend the sales network regardless of possible previous prioritizing.

Proposition 3g refers to the expectation that high centrality leads to the main task of maintaining relationships. This is supported and can be observed in the domestic market of the focal company. The company’s sales persons are maintaining contacts to sales partners and are not looking actively for new sales partners in this area. This is different in international markets where the company holds an insignificant position: here the focus is on learning about new sales partners and about building relationships to them in order to improve the network position in this market. Going along with this proposition 3h is supported by the available data.

After discussing density, effective size and centrality in relation with sales strategy according to the empirical data we turn now to the degree of intentionality as a
defining characteristic of a sales network development. Table 8 shows the propositions elaborated before.

### Table 8: Propositions for intentionality and sales strategy

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel Segmentation Relationship Objectives</th>
<th>Relationship objectives</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4 Intentionality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 4a: High intentionality leads to choosing network partners according to sales channel strategy.</td>
<td>Proposition 4e: High intentionality leads to focus on segmentation before a network is existent.</td>
<td>Proposition 4c: High intentionality leads to focus on prioritization before a network is existent.</td>
</tr>
<tr>
<td></td>
<td>Proposition 4d: Low intentionality leads to focusing sales channels according to network partners and their channel offerings.</td>
<td>Proposition 4f: Low intentionality leads to focus on segmentation when a network is already existent.</td>
<td>Proposition 4d: Low intentionality leads to focus on prioritization when a network is already existent.</td>
</tr>
</tbody>
</table>

Proposition 4a is concerned with the idea that high intentionality leads to the choosing of network partners according to the channels they are able to offer. High intentionality was found in the focal company mainly at times of launching a new product. During that mainly sales partners which are offering sales channels corresponding with the sales channel strategy were approached. As the notion was that the initial product is mainly sold at exhibitions and events as well as local dealerships especially those dealers where approached who are present at those occasions and fulfil the requirements. The second product was planned to be distributed via wholesalers therefore considerable time and effort was devoted to contact wholesalers as those relationships are providing the intended way of distributing the product to the market. On the other hand low intentionality which occurred at times of having the product in the market led to use existing network partners and their channel solutions. As the company struggled to get wholesalers as partners but local dealers were interested those sales partner were utilized and the solution they could offer – local dealerships instead of wholesaling. This was not
intended but as the contact existed the channel was finally utilized. Therefore we consider proposition 4b as validated by the available data from the case company.

Proposition 4e refers to high intentionality and the expectation that it will lead to a segmentation of the sales partner before the network as such exists. This is found to be true as the market and potential sales partners were segmented into dealerships, agents, wholesalers as well as as direct sales by the focal company. According this segmentation the marketing and sales approach was chosen. There was a prioritization according to the sales channel strategy. So for the second product launched in February 2013 wholesaler were prioritized and therefore the spent time was adjusted to that limitation. This prioritization was set before the network was existent as it was a guideline of how to develop the network.

Proposition 4c finds support in this observation. Proposition 4f claims that low intentionality leads to a segmentation when the network is already existing. In our observation that is not provable as the the segments according to which sales and marketing efforts are done remain the same as during times of high intentionality as it was during launch time of new products. Therefore this proposition can not be supported from our data. Proposition 4d again is supported as it claims that prioritization is done as the network is already existing. As intentionality declined and the network evolved rather than it was developed the prioritization shifted from the focus on wholesalers to local dealers as well as agents.

Proposition 4g is similar to proposition 4a and therefore follows the same arguments. We claimed that the relationships and therefore members of the sales network are chosen by the focal company according to the sales channel and segmentation strategy. This is found to be true as for example the second product was intended to be sold by wholesalers mainly and therefore wholesalers were approached by the sales department of the case company in order to develop a sales network. On the other hand proposition 4h was supported as well as existing relationships were defining the ways of selling to the customer. Low intentionality led to the evolving of a network consisting mainly of dealerships. Those were finally facilitated as main sales channel to the end customer. The use of this channel is a
result of having those dealerships as sales partner but not as a result of intentional planning.

In the following the relation between the ratio of durable to non-durable relationships and sales strategy concerns is assessed according to the available data from the chosen case company. The propositions are recapitulated in table 9.

Table 9: Propositions for durability and sales strategy

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel Segmentation</th>
<th>Relationship objectives</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Proposition 5a&lt;br&gt;A high ratio of durable relationships leads to a focus on very limited number of partners within one sales channel.</td>
<td>Proposition 5e&lt;br&gt;A high ratio of durable relationships leads to segmentation according to duration of relationships.</td>
<td>Proposition 5c&lt;br&gt;A high ratio of durable relationships leads to prioritization according to length of relationship.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 5b&lt;br&gt;A low ratio of durable relationships leads to an utilization of multiple partners within one sales channel.</td>
<td>Proposition 5f&lt;br&gt;A low ratio of durable relationships leads to segmentation according to other figures than relationship length.</td>
<td>Proposition 5d&lt;br&gt;A low ratio of durable relationships leads to prioritization according to economic figures solely.</td>
</tr>
</tbody>
</table>

Proposition 5a claims that a high ratio of durable relationships leads to a focus on a limited number of sales partners in one particular channel. This proposition can not be supported in general. The case company’s sales channels were limited to single network partners if there was a strong and long lasting relationship – but this observation only holds if a specific geographical region is considered. So a strong relationship to a dutch dealer led to his status of being the only sales partner in the Netherlands. He does not have a sole distribution right but there are no efforts to find more sales partners serving this channel in this region. There is still the internet shop as channel facilitated. The situation is different if there are mainly weak relationships and if the ratio of those is high in the context of the company’s sales network. In this case different sales partner serving the same channel are utilized in
the same region. For example there are rather weak relationships in the Swedish market and therefore in the same geographical region several dealers are competing. The reason for the difference might be the rather close personal relationship between the company’s sales director and his counterpart in the network partners team that evolves during this long-term relationship. If this close and strong relationships exist the disposition to install a competitor for the sales partner might decline and therefore no active extending of the sales network is executed which leads to less sellers within one employed channel. So proposition 5a and 5b cannot be supported in this wording as the regional scope was not taken into account during elaboration of the propositions.

It was proposed that a high ratio of durable relationships will lead to a prioritization according to the duration of relationship length. This was supported by the available data as in the beginning of the sales activities in December 2010 many durable relationships were existent and especially the strong and long-term relations were handled with preference. They had strategic importance as long-term relations led on the one hand to new contacts and therefore potential sales network partners and on the other hand to a constant revenue stream as they sold products continuously. As the ratio of durable relationships decreased also the prioritization changed towards extending the sales network and to approach new potential sales partners. The preference of handling contacts turned more to revenue generating sales partners than on long-term extistent partnerships. Of course a long-term partner can still be handled with preference but mainly because he has high economic value for the focal company. So proposition 5c and 5d were supported.

Propositions 5e and 5f are concerned with segmentation as part of the sales strategy in relation to the durability ratio of the sales network. Proposition 5e claimed that a high ratio of durable relationships leads to a segmentation according the duration of relationships. This cannot be supported by evidence as the segmentation was done according to the used sales channels but not according to the length of relationships. This notion is true for all observed and assessed points
in time. Proposition 5f instead was supported as also for a low ratio the segmentation was done according to the employed sales channels.

Furthermore it was proposed that a high ratio of durable relationships leads to an emphasis on building and maintaining few strong relationships. According to the available data from the case company this is verified. In December 2010 the sales network was consisting of many durable and strong relationships and the focus was on maintaining those relations. Also the willingness to build new and strong relationships was observable. There was the notion that weaker relations were not seen as important but only stronger ones which got a lot of support. The explanation might be found in the bias of the relationship manager as he experienced strong relationships mainly and results were good. Proposition 5h on the other hand described the expectation that a low ratio will lead to focus on many weak relationships. This was supported as well even if there was still a maintenance of strong relationships. As the ratio of durable relationships declined the focus was more on building up many sales contacts. Therefore the relationship strength was not considered as very important for the focal sales department. It was considered more important to create as many sales partners and therefore revenue generators as possible. This was regarded as the faster way to grow as to build up few but strong relationships.

In table 10 a summary of the discussed propositions is given. "x" refers to a proposition supported by the available date whereas "-" is for a non-finding of evidence of the elaborated proposition. As indicated we argue that only propositions pairs which were supported both show causality whereas a coincidence is assumed when only one proposition is supported. This is regarded as reasonable as the proposition pairs are constructed as opposite to each other— if only one holds but not the antipodal thesis a coincidence occurred. According to that we found out that there are causal relationships between network characteristics and sales strategy dimensions as shown in table 11.
Table 10: Results from empirical analysis

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel Segmentation Relationship objectives</th>
<th>Prioritization</th>
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<tbody>
<tr>
<td><strong>1 Density</strong></td>
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<tr>
<td>High</td>
<td>Proposition 1a</td>
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<td></td>
<td>Proposition 1c</td>
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<td></td>
<td>Proposition 1e</td>
<td>x</td>
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<tr>
<td></td>
<td>Proposition 1g</td>
<td>x</td>
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<tr>
<td>Low</td>
<td>Proposition 1b</td>
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<td></td>
<td>Proposition 1d</td>
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<td></td>
<td>Proposition 1f</td>
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<tr>
<td></td>
<td>Proposition 1h</td>
<td>-</td>
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<tr>
<td><strong>2 Effective Size</strong></td>
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<tr>
<td>High</td>
<td>Proposition 2a</td>
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<td></td>
<td>Proposition 2e</td>
<td>x</td>
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<td></td>
<td>Proposition 2c</td>
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<td>Low</td>
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<td></td>
<td>Proposition 2f</td>
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<td>Proposition 2h</td>
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<td>Proposition 2d</td>
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<td><strong>3 Centrality</strong></td>
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<tr>
<td>High</td>
<td>Proposition 3a</td>
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<td></td>
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<td>Proposition 3g</td>
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<td>Low</td>
<td>Proposition 3b</td>
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<td>Proposition 3f</td>
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<td>Proposition 3d</td>
<td>x</td>
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<tr>
<td><strong>Intentionality</strong></td>
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<tr>
<td>High</td>
<td>Proposition 4a</td>
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<td></td>
<td>Proposition 4e</td>
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<td>Proposition 4c</td>
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<td>Low</td>
<td>Proposition 4b</td>
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<td></td>
<td>Proposition 4f</td>
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<tr>
<td></td>
<td>Proposition 4h</td>
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<td></td>
<td>Proposition 4d</td>
<td>x</td>
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<tr>
<td><strong>Durability</strong></td>
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<tr>
<td>High</td>
<td>Proposition 5a</td>
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<td></td>
<td>Proposition 5d</td>
<td>x</td>
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</tbody>
</table>
Table 11: Causal Relationships between Network characteristic and Sales strategy dimension

<table>
<thead>
<tr>
<th>Network Characteristic</th>
<th>Sales Strategy Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>Relationship objectives</td>
</tr>
<tr>
<td>Effective Size</td>
<td>Relationship objectives</td>
</tr>
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<td></td>
<td>Prioritization</td>
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<tr>
<td>Centrality</td>
<td>Segmentation</td>
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<tr>
<td></td>
<td>Relationship objectives</td>
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<tr>
<td></td>
<td>Prioritization</td>
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<tr>
<td>Intentionality</td>
<td>Sales Channel</td>
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<tr>
<td></td>
<td>Relationship objectives</td>
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<td></td>
<td>Prioritization</td>
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<tr>
<td>Durability</td>
<td>Relationship objectives</td>
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<td></td>
<td>Prioritization</td>
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</table>

It is noticeable that sales channel as well as segmentation issues are only influenced by one network characteristic. Sales channel objectives are only influenced by the intentionality of building the sales network. Segmentation as a sales strategy dimension on the other hand is affected by the network position of the company represented by centrality. Relationship objectives and prioritization on the other hand are influenced by several network characteristics. Therefore some interference between those is likely. The prioritization between the network characteristics in regard of the influence is not discussed in this paper but might be a promising issue for other academic works. The research question referred to the changes in the sales network and how they influence the firm’s international sales and sales strategy. As shown there are relations and causalities between different network characteristics and sales strategy dimensions. The proposition pairs were constructed as opposites. If both were found to be true an adaptation of the sales strategy to the sales network took place. Therefore it can be regarded as proven that changes in the sales network affect the sales strategy. In order to adapt ideally to the sales network environment those changes in the sales strategy appear to be crucial. The assumed adjusted fit takes place.
In the following a brief look on the consequences for the company’s performance in regard of sales network size, turnover as well as markets served is done.

6.5 Performance development of case company

We measured the case company on the basis of two different performance indicators that were available for this research: the number of served international markets and turnover. The number of international markets is an easy accessible measurement for the degree of internationalization – a crucial factor for a born global company as the case company is one. As visible in figure 8 there was an internationalization development during the time of observation. In December 2010 the company had sales partners in Finland and Sweden. Until February five additional international markets were opened up. Those markets were Netherlands, Belgium, Norway, Denmark and Austria. Between February and August 2013 a phase of rapid internationalization took place. Six additional markets were accessed in a rather short time – namely Germany, Switzerland, USA, UK, France and New Zealand. In this regard the internationalization was going forward constantly during time of observation. Unfortunately there are no figures available for the revenue coming from each international market in order to assess the share of international sales.

![Figure 8: Number of served international markets](image_url)
According to the sales & marketing director the sales network expanded along the number of international markets. In most countries one main distributor was responsible for sales and there were no active network expansions within this country done due to a lack of resources and that the distributor hold all contacts within this country and was therefore able to communicate and promote the product more efficiently and effectively. Therefore the sales network expanded during the time of observation steadily whereas a phase of rapid extension took place from February to August 2013.

The second performance indicator shall be the turnover of the company from December 2010 until August 2013. Whereas the internationalization performance of the company can be regarded as positive the turnover even declined over time as shown in figure 9. The sales in December 2010 are initial sales and show that the product met the needs of the customers as there were immediately significant sales. From that moment on the turnover decreased. This is an unexpected development as the number of markets significantly increased on the other hand. As with every new sales partner the network changes and therefore the proposed model needs to be run through the company might had have difficulties in adapting to the changed sales environment in its strategy. This led to a decrease in turnover performance even if the company had a positive development in the numbers of international sales.

**Figure 9: Turnover from December 2010 to August 2013**
But there were also influences on the sales function which were not related to the sales environment and therefore had influence on the negative development of the turnover. These internal issues were mainly concerned with the quality of the product and the purchasing of new parts. The quality of some parts led to broken units which led to a downshift of sales. There were also problems with purchasing new parts for the production of the products. Therefore products could not be shipped which slowed down sales as well and had significant impact on the turnover as well. Additionally severe changes took place in the general management of the company as the managing director had to leave the company. Subsequently the sales & marketing director had to take some of his tasks on an interim basis and therefore was not able to devote sufficient time to the development of new markets and sales partners. Besides the development of a new product version was postponed for almost one year which led to lost sales in already saturated markets.
7 CONCLUSION

In this chapter the theoretical and empirical findings of the study are concluded. The developed theoretical model from chapter 4 and the analyzed empirical data from the case company in chapter 6 will be compared and evaluated and will lead to the answer of the main research question. If applicable and based on the empirical findings the theoretical model will be modified. Additionally the research’s contributions for theory as well as managerial implications will be illustrated. In the following the validity and reliability of the conducted study will be evaluated and assessed as well. The same is true for limitations and suggestions for further research which may be based on the findings of this study.

7.1 Reflection on theoretical and empirical findings

The purpose of this research was to investigate the dynamics between the firm’s sales strategy and sales network in the context of born global companies. This is regarded as meaningful addition to the existing literature as the firm’s strategy in association with sales is under researched (Geiger & Guenzi, 2009) and as there is also a call for research on networks specific to born global companies (Coviello, 2006). We aimed to cover this research gap and focused on studying the dynamics of the impact of sales networks on the firm’s sales strategy over time. We sought for a better and more thorough understanding of how the sales function and the sales network are related to each other in the context of the born global firm. Based on these considerations the research question was posed as following:

*How do changes in the sales network influence the firm’s sales strategy?*

In order to answer the main research question adequately there were three sub questions posed. The first sub question aimed to understand the special context of sales networks on a theoretical level in order to be able to tackle the issue in a logical and transparent way consistent to previous research. The second sub question was concerned with sales strategy and how it is structured and what kind
of influential dimensions exist. The first two sub questions served as starting point to create a solid and theoretical established framework for further empirical investigation. In other words: we attempted to comprehend and depict a thorough and meaningful view on the two theoretical distinct areas. The third question on the other hand guided us to the combination of the mentioned areas by asking about the influence of sales network characteristics on the sales strategy. And besides guiding the construction of a theoretical model it also served as guidance for the empirical research conducted in this study. In the following the sub questions are repeated.

(a) What are the specific characteristics that define a sales network?

(b) What are the specific dimensions of a sales strategy?

(c) In which way do the sales network characteristics influence the employed sales strategy?

Born globals form the type of company that was assessed in this research. It was found out that the common assumption to call a firm as "born global" is that they are running through a phase of fast internationalization at some point in their lifetime (Oviatt & McDougall, 1994; Bell et al., 2001). However, no common definition is established yet due to the rather recent evolving of this type of companies and therefore research interest (Coviello, 2006). During times of rapid internationalization born globals aim to reach significant competitive advantage from the use of resources and sales of outputs in multiple countries (Oviatt & McDougall, 1994). Born globals tend to be smaller entrepreneurial firms with niche products and from small and open economies whereas they are competing in highly dynamic markets (Bell et al., 2001; Gabrielsson & Kirpalani, 2004; Gleason & Wiggenhorn, 2007). Additionally these kind of firms are facing considerable external and internal constraints: the so-called liabilities of newness and smallness which call for alternate governance structures in order to handle the challenges. These alternate structures are mainly business networks by what they were predestinated
to serve as focus for this study on sales networks and sales strategy. Additionally the characteristics certainly affect the development of the company’s network and the employed sales strategy. This needs to be taken into account in the further conclusion.

Hereinafter we try to answer the first research sub-question in order to create a solid understanding of international networks. In the course of reviewing literature that is adding to a solid theoretical basis for this study we found strong evidence that networks are beneficial to firms and especially for born globals. Their survival and growth is facilitated by networks as involvement in networks leads to being exposed to multiple knowledge sources, opportunities and possible business contacts (Hadley & Wilson, 2003; Gabrielsson & Kirpalani, 2004). In general networks in the business context are defined as organic wholes unified by collective goals consisting of various actors with a range from suppliers, customers, government and / or competitors.

The common approach to explain the evolving of networks is the network approach as introduced by Johanson & Mattson (1997). This approach analyses the external influences on the firm as markets are explained as networks in which a company is engaged in. Hereby markets are understood as networks of relationships between companies. The network approach is guided by two main assumptions that are important. First assumption is that industries and firms are interdependent on an international level. The second assumption refers to the access of scarce resources. This access is gained by firms with the help of a particular network position. Therefore engaging in networks is regarded as crucial and inevitable – especially for born globals which are suffering from liabilities. Sales networks also provide the firm with possibilities to sell the offered products and therefore interdependencies to other actors of the network are inevitable if utilizing networks for selling.

The construction of a sales network can be depicted by its characteristics which help to describe the structural and interactional dimensions it consists of. In general we found out that networks are complex and dynamic by its nature. Therefore an
easy and simplistic analysis is not constructive. Several characteristics are needed in order to create a framework as it is asked for a thorough analysis. Hereby Coviello’s (2006) findings were utilized to an extensive degree. As mentioned a division between structural and interactional dimensions of network characteristics is meaningful. Hereby structural characteristics refer to the appearance of the network whereas the interactional dimension refers to the content of the relationships. (Hakansson & Ford, 2002).

The characteristics in question were identified in existing literature as density, effective size, durability, intentionality and centrality. Those are interconnected and it is not found to be meaningful to interpret these dimensions without assessing the others as well and to set them into relation with each other. Density refers to the proportion of ties that are existing given the number of potentially existing ties (Coviello, 2006; Dunn & Westbrook, 2011) and therefore gives an indication of interdependence and of how fast information is disseminated throughout the network. Density is also negatively correlated with effective size. This measure refers to the number of actors that the firm is directly connected with minus a redundancy factor that represents the overlap between the direct ties of the born global. A company with a high effective size can be expected to have a good network position as it is indicated by the measure centrality but the network is expected to be not dense. Centrality shows the ability of a networking company to influence and control network resources and to attract better and more influential network partners by being more in the core of the particular network. This concept is able to explain liabilities of newness but also the development of a network in terms of getting access to scarce resources. The characteristic of intentionality refers to the degree of which a network is actively developed or rather evolved. Hereby literature emphasized that there are proactive and reactive elements in network management always (Coviello, 2006). The stability of the network is measured by durability of the relationships a network is consisting of.

Talking about the development of networks we can conclude that they are stable and dynamic at the same time according to Johanson & Mattson (1997). Coviello
(2006) also states that network relationships are process based and therefore time sensitive. By that we understand that networks are developing and evolving over time and that they are not static. Havila & Salmi (2002) observed that changes in a network happen gradually and incrementally. Those changes are rooted in the adaption of the different actors to each other. Nevertheless there is also the possibility of radical changes of the network which mostly occurs when new actors enter a network. A combination of radical and gradual development is regarded as most probable during the evolution of a network.

We acknowledge that the current challenges for the sales function are severe and justify research on it. The environment for sales is regarded as hypercompetitive (Jones et al., 2005) and highly complex which leads to uncertainty on both sides – the seller’s and the buyer’s side (Geiger & Guenzi, 2009). Therefore the traditional view on sales needs to be reconstructed in order to meet the changed demands and to succeed in the long term. The traditional view on sales emphasized the product and its features. A focus was about the particular skills and abilities of the single sales person and its tactical orientation. It was about persuasion of the customer in order to sell. This traditional approach is rather short-term focused and very much emphasizes revenue generation. According to Leigh & Marshall (2001) this view is outdated and not adequate anymore for the globalised marketplace of today with its increasing customer expectations, shorter product life time cycles and extreme competition.

As a possible answer to the mentioned challenges in today’s economic environment the concept of market orientation and relationship selling becomes relevant. This modern approach is rather strategy-oriented and has a focus on the sales system instead of the sales individual. Companies employing this strategy are likely to partner up with customers in order to create value for both companies rather than to focus on pure product sale with previous persuasion. In the course of adapting this view on sales, customer relationships become seen as the core and asset of the business (Leigh & Marshall, 2001). Going along with this it is concluded that value creation is a relational activity between seller and customer where value originates
in the specific relationship (Haas et al., 2012). The sales function is hereby the linking pin between the two resource sets of the selling company and its counterpart - the customer. It is moderating between the two organizations (Haas et al., 2012). To do so the sales function is largely responsible for building and maintaining relationships to customers and to create customer value - nevertheless it needs to be acknowledged that sales only represents a part of the value creation process within a company (Weitz & Bradford, 1999; Guenzi & Troilo, 2006; Haas et al., 2012).

To build up a valuable relationship for both parties two critical steps according to Sullivan et al. (2012) are needed. First the company needs the ability to distinguish and then service strategic accounts the way they expect. The second step is that the customer agrees that the relationship with the seller is important to them as well. If those two requirements are met good chances of acquiring a competitive advantage are given as relationships are very difficult to duplicate (Weitz & Bradford, 1999) and therefore the value created within the relationship.

In order to approach customers properly and to some extent consistent a sales strategy needs to be employed by the firm. There is no unified and established definition in literature but complementary approaches. In respect of those we refer to sales strategy as the strategic mode of how a firm relates and interacts with individual customers in a specific market segment. Additionally we understand it is a moderator of the market orientation of the company and its role as interfunctional link between marketing, sales and other functions which impact the customer. (Panagopoulos & Avlonitis, 2010; Leigh & Marshall, 2001). This definition is focused on relational issues as well as on resource allocation and therefore captures the entire picture of sales strategy in its complexity and diversity in our point of view quite well.

Ingram et al. (2002) propose that a sales strategy consists of four components: prioritization, channel, segmentation and relationship objectives. This suggestion was adopted in this research as it follows the definition of the sales strategy with
regard of the external sales environment as it is studied herein. Prioritization refers hereby on making clear which customer to serve first with the available resources. As a company is faced with scarce resources it needs to allocate them carefully. In the normal case not all customers can be served. Therefore those with the highest lifetime value for the selling company should be prioritized. This lifetime value is not necessarily measured by revenue but also by innovative input and network accesses provided by the particular buyer.

Relationship objectives are increasingly important as the traditional view on sales is replaced. As the result of the increasing market orientation of companies relationship management is in great demand. A sales strategy needs to reflect this with particular approaches towards relationship building and maintaining. A strategy for building up a network of relationships – a sales network – needs to be elaborated and implemented. Sales channels are important in order to meet the expectations a customer has if he is ready to buy. Sales channels should also have a low barrier for buying. In general a systematic use of multiple sales channels is advised in order to conduct sales, distribution as well as service activities. Such channels could be sales force, distributor, direct mail, toll-free number, telemarketing or the internet. (Panagopoulos & Avlonitis, 2010). In order to sell effectively via sales channels companies need to understand their customers in terms of their composition. These segments are by definition composed of customers (Leigh & Marshall, 2001). From our perspective we answered the second research sub-question in the antecedent passages.

The third sub question will be answered in the following. International networks and international sales literature complement each other. The network approach is hereby representing a macro perspective on markets and how they are constructed whereas sales and especially the modern approach of relationship management is employing a micro perspective which adds to our understanding of the specific relations between market actors. Macro as well as micro environment underlie a two way influence.
As sales networks and sales strategy were concern of the study the elaborated model reflects the influence of sales networks on sales strategies and vice versa whereas the company performance is interconnected. For visualization reasons a cycle model was set up as repeatedly shown in figure 10. The sales network with its different characteristics and sales strategy with the four dimensions are interconnected and we argue with the help of extensive propositions that the sales network influences the sales strategy of the firm. In appendix 1 the tested propositions can be found. We also argue that a fit between sales network and sales strategy is aspired by the firm. This adjusted fit refers to the aspiration of the firm to meet the external requirements towards the sales function efficiently and effectively.

The model explains that the sales strategy affects the performance of the company. For born globals performance might be measured as the degree of internationalization or revenue. The performance itself has influence on the sales network as if the firm’s value increases more potential network partners are interested to become part of the firm’s sales network. This leads to changes in the sales network of the firm – the fit between sales strategy and sales network is not given anymore. For this reason the sales strategy adjusts to the changed sales network characteristics. In accordance with that we expect an increasing performance of the firm. In case a firm is not able to create an adjusted fit the performance of the company can decline which will also lead to changes in the sales network. Therefore the theoretical model works in both directions: if a company is able to answer the challenges of a changed sales network or if they are not able to do so.

The case company which provided the needed data for our empirical analysis and model testing was a Finnish-based, born global company which can be regarded as late starter in its market following Johanson & Mattson’s (1997) categorization scheme. They are producing a technical product for a niche market in which only few competitors exist. Those competitors are much bigger and are not only concentrating on this niche market segment as the focal firm does. The competitors
are multinational firms competing in marketplaces all over the world. The born global firm we are focusing on instead had no international contacts during inception in December 2010. The international sales activities developed over time and in August 2013 it can be stated that the company internationalized to a high degree. A development from late starter to an international among others took place.

Figure 10: Adjustment model regarding Sales Strategy to Sales network changes

The sales network of the case company changed considerably during time of observation from December 2010 to August 2013. The density of the network declined during internationalizing from high to low. In December 2010 mainly the Finnish home market was served which itself is a very dense market. After that a development of internationalizing to different international and distant markets took place. Those are rarely interconnected and therefore the density of the sales network is low. As indicated before the effective size is expected to develop contrarily to the density of a network. This was verified in this study as well: the
focal sales network started with low effective size due to the highly interconnected home market and increased during the evolving of the sales network. Finally different international and independent markets were served which led to high effective size. The network position also changed – in December 2010 the centrality of the focal company was very low as it just entered the market. Due to that the company suffered from liabilities of newness. At this point a distinction between domestic market and international markets is needed. In the domestic market the focal firm reached a central position until August 2013 whereas the centrality is still low in international markets as those are only little developed. From the intentionality – point of view also considerable changes occurred as the set up of the sales network was planned to a high degree during inception of the company whereas the intentionality declined to a low degree until August 2013. Many contacts were given by sellers who were already part of the sales network and those contacts were always utilized even if that was against the original planning process. The reason for that are problems with implementing the actual plan of who is selling the products. The fifth characteristic of a sales network – durability – also developed between December 2010 and August 2013. In the beginning of the sales activities the ratio of durable relationships was high whereas the ratio in August 2013 is regarded as low. One reason for that is the definition of “durable” as half of the time the company is existing but also little international marketing support.

In general we acknowledge that changes in the sales network took place. Due to the nature of born globals severe developments occurred in rather short time. On the basis of the assessed developments and changes of the distinct sales network characteristics our propositions regarding the sales strategy in response to changes in the sales network were tested. Hereby a significant impact was only granted to those propositions in which both propositions of the proposition pair were found to be true.

Our results indicate that density affects the relationships objectives of the sales strategy. So high density leads to a better recognition of sales opportunities and exploitation of those opportunities as if density of the sales network is low. In other
words the relationship is formed in a way that facilitates information exchange and is open enough to recognize opportunities from the side of the sales function. In low density networks relationships are shaped different as less information exchange and opportunity recognition takes place.

Effective size as a characteristic of the sales network had impact on relationship objectives as well as prioritization issues of the sales strategy of the firm. If the effective size of a firm is high and therefore many independent sales contacts exist the maintenance of the relationship is due to the prioritization of the particular partner. In other words the firm having a high effective size rather maintains its network and allocates its resources according to prioritization when it comes to serve and support sellers. On the other hand a low effective size leads to an emphasis on expanding the network and therefore to efforts on increasing the effective size of the network. The effective size also affects the sales strategy dimension of prioritization. Having a high effective size leads to an emphasis on prioritization guidelines in order to allocate resources most efficient. Low effective size on the contrary leads to only little emphasis on prioritization issues within the sales strategy.

Centrality as indicator of the network position a company is capturing is influencing the following dimensions of a sales strategy: segmentation, relationship objectives and prioritization issues. Hereby a central position in the network leads to high importance of segmentation and prioritization rules used by the sales persons. Due to a higher exposure to opportunities and possible sales partners a segmentation into different segments is regarded as meaningful in order to market efficiently and effectively. The same reasons can be named for having prioritization rules – the firm needs to allocate resources in a meaningful way to the most promising accounts. On the other hand segmentation and prioritization issues lose importance if the centrality of the firm is low in the sales network. The sales strategy towards relationship objectives is that with high centrality an emphasis on relationship maintaining is prevalent. From the sales perspective there is no need for focusing on expanding the network as the firm is already in a good network position and
holds important sales contacts. Additionally due to the high centrality other companies are approaching the firm. Therefore an expansion of the network is rather reactive which reflects in the sales strategy. Low centrality and therefore a rather bad position in the network leads to a focus on setting up new relationships and to expand the sales network. As the network position is crucial in order to gain access to scarce and needed resources (Johanson & Mattson, 1997) this is a meaningful strategy.

The intentionality in setting up and forming a sales network affects the sales channel, relationship objectives as well as prioritization components of the sales strategy. If the intentionality is high and therefore the degree of planned activities in contrast to evolved actions in regard of the sales network the planned sales channels will define the network partners. In other words first the way of approaching customers is defined in the sales strategy and afterwards the suitable network partner is chosen. The situation is different if the network rather evolves but is not intentionally shaped by the company. In this case the sales channel strategy is in accordance with the existing network partners and utilizes their sales channels. Relationship development in the sales strategy focuses on planned segments and channels in case the intentionality of the sales network is high. Hereby the development of relationships is driven by intentional planned business ideas. This is not true if intentionality is low as a focus on adaptation of channels and segments according to existing relationships is existing. In this case the existing relationships are utilized in order to enter sales channel and opportunities which are provided by the partner firm. This approach is rather reactive than proactive which goes along with the low intentionality of how the sales network evolved. Also prioritization is affected and especially the point of time prioritization is important is different. High intentionality leads to a focus on prioritizing issues in the sales strategy before the sales network as such exists. On the contrary low intentionality means that prioritizing issues become relevant when the network is already existent in order to allocate resources optimally.
Durability as last but not least characteristic of a sales network influences the sales strategy twofold: regarding relationships objectives and prioritization issues. In case that there is a high ratio of durable relationships the sales strategy emphasizes the building and maintaining of few but strong relationships. In this context the counterparts are regarded as partners with extensive information exchange and support for each other. In case the ratio of durable relationships is low the sales strategy is adjusting towards an emphasis on rather weak but many relationships. The character of those relations is rather transactional than on a partnership-level. Within the sales strategy many durable relationships lead to an prioritization of long-term relationships as those are regarded as strategically important. In the other hand less durable relationships lead to prioritization to other figures than length of the relationship. In this case economic figures like revenue become relevant.

Figure 11: Modified Adjustment Model

In conclusion we found out that all sales network characteristics influence at least one dimension of the sales strategy. In this connection especially relationship objectives and prioritization issues are object of influence by the sales network. For future research it might be worth to study which characteristics have the strongest
impact and to prioritize the characteristics. We also explained how changes in the sales network influence the sales strategy. In this regard we came much closer to the answer of the posed main research question. As in our initial model no distinction between the influence of the different characteristics on the sales strategy dimensions was done we need to modify our model according to the empirical data. This modified model is shown in figure 11.

Regarding the performance of the case company oppositional signals were received. The number of international markets served increased significantly during the time of observation from two to thirteen. Going along with this the sales network expanded. On the other hand the turnover per month of the firm decreased. For this development several reasons were accounted. On the one hand the sales function might have been unsuccessfully in adapting to the changed sales network. As proposed the sales network changes with every new actor and therefore calls for adjustments in the sales strategy in order to serve customers most efficient and effective. The company might have had problems to adapt its sales strategy optimally to the sales network and therefore the performance of the turnover went down. On the other hand there were internal implications as management change, postponed new products as well as problems with the purchasing of parts. This issues also had an effect on sales performance even if they are not under direct control of the sales function. This notion also shows the challenges of using a single case study as specific events have a significant impact on the results of the study. Future research should therefore focus on bigger samples in order to validate the proposed model and findings.

The main research question was thoroughly answered on a theoretical level in this research. We argue that the sales network characteristics have influence on particular sales strategy dimensions and elaborated a cycle model in order to explain the impact on the performance of the firm. Nevertheless it was not possible to validate and answer the research question completely on an empirical level. The available empirical data allowed for testing the interrelatedness between sales
network and strategy but not the entire model as a bigger sample of case companies as well as a longer period of observation would have been needed.

7.2 Managerial implications

This study also has managerial implications which will be pondered briefly in the following. With the help of the elaborated model managers can gain a better understanding of the influence a sales network has on their sales strategy. The model can be used as a framework for analysing the firm’s sales network and to assess the current situation the sales function is in. To understand the own position is inevitable for a firm in order to plan and execute actions. As this framework can be updated on a continuous basis it might be valuable for sales directors in order to keep a thorough overview on the sales function in regard of its network and strategic direction. As not every sales network characteristic has an influence on each sales strategy dimension it also gives a guideline or at least an initial point of what to adjust in order to react on changes in the sales network. By implementing this knowledge the sales performance might be affected positively by the sales manager. In our opinion it is especially important for managers of born global companies who are very busy with setting up a sales network and have pressure to increase turnover quickly that they have an idea of the dynamics between network and strategy and that they know about the factors they are able to influence in order to increase the performance of the sales function.

It became clear that the sales strategy is not static but changes due to changes in the sales network occurred. As born global networks are exposed to significant dynamics an understanding that the sales strategy needs to be reviewed constantly is important. The sales strategy has implications for the firms performance which on the other hand will lead to more or less attractive network partners – therefore a closer look on the adaptation of the firms sales strategy to the current sales network is inevitable in order to be successful and to meet the need of rapid and sustainable growth as born global companies are faced with. This framework might
also decrease the uncertainty regarding the own sales network which can lead to a less complex decision making as more information is available.

7.3 Reliability and Validity

There are different dimensions to be considered if we come to evaluate the trustworthiness of this study. In order to assess the conducted research we will focus on reliability and validity. For a qualitative study as executed validity and reliability are measurements which help the author and reader to understand to which degree the result is trustworthy. As theory was to be tested a case study was regarded as proper choice as Eisenhardt (1989) advises.

Even if the aim of qualitative study is rather to provide the reader with new information and knowledge than generalization it is important to use methods which minimize the possibility of faults and wrong information dissemination. In this regard we feel the importance of understanding our research and its degree of reliability and validity in order to assess the limitations of the results.

Reliability is defined as the extent to which the measurement procedure produces the same kind of results repeatedly and is able to avoid random results (Miller, 2009). In other words reliability refers to the ability of the research method to create the same results every time it is conducted assumed no variable is changing. According to Miller (2009) there are three dimensions of reliability. Equivalence is the extent of agreement between two or more used instruments. A high correlation is needed in order to have a high standard of equivalence. In order to reach this a standardized set of questions for interviews should be utilized. In our research the guideline for assessing secondary data as previous research was kept the same in order to prioritize and refer to references equally. The second dimension is stability and means that for example in an interview the same answers appear when the question is repeated. So the content of the measurement is constant over time. In our study questions were repeated during the interview or asked in a similar way in order to test consistency of the answers and therefore ensure stability of the
empirical data. The third dimension of reliability is homogeneity. This means that the used methods and instruments are measuring the same. Hereby several measurement methods do increase the homogeneity and therefore reliability significantly. In this research, interviews and observations as primary sources were utilized. The focus was on collecting data about the sales network and sales strategy changes over time and therefore clearly defined. This led to a high degree of homogeneity in utilizing the mentioned methods.

In general there was attention to collect the empirical data carefully in order to ensure reliability. So the questions for the interview were planned beforehand and in congruence with theoretical framework and there was also a review of interpretations and data collected by the interviewee in order to prevent wrong assumptions and interpretations as well as misunderstandings. However, reliability solely is not enough – the study also needs a satisfying level of validity.

Validity is the extent to which the employed method measures what it is supposed to measure. In this study especially construct validity is important as it refers to the consideration if the method actually collects data for testing the theoretical construct as it is supposed to collect. (Miller, 2009). In order to obtain a high degree of construct validity in this study a collection of different sources was utilized. As construct validity serves to corroboration of theoretical models (Eisenhardt, 1989) we employed data triangulation as Yin (2009) proposes. This was achieved by using interview and personal experience as primary information source. Additionally results from previous research were also utilized as secondary source for our thesis. Hereby the interview questions were constructed in a flexible and open way as they should allow for further questions and appropriate replies on interviewees answers. Interviewing this way is called controlled opportunism and is leading to a richer and broader base of data as Eisenhardt (1989) reports.

Beside construct validity, validity is also differentiated into internal and external validity. Internal validity indicates the internal logic and consistency of the interpretations. Hereby theory and the collected empirical data should be
consistent and refer to the same content. In other words: internal validity concentrates on the causality of the research setting. (McQuarrie, 2004). The theoretical part in this thesis is based on previous academic work and models. This theoretical framework was used to elaborate an own theoretical framework for describing the dynamics between sales network and sales strategy. This model was thereinafter used for developing the interview body that was utilized for collecting the empirical data. So the empirical part is built on theory which ensures consistency and therefore high degree of internal validity of this study.

External validity on the other hand refers to the relationship between conclusions and actual data and if this relationship can be regarded as valid or not (Yin, 2009). Therefore external validity refers to limitations and focuses on generalizability of the conducted research (McQuarrie, 2004). In our case the external validity can be seen as decreased due to the single case study and that the number of companies assessed is just one. Our research setting negated the advice from Yin (2009) who regards multiple case studies as best suited for qualitative research. As there was only one case company there are only limited possibilities to validate our data and results. The external validity could have been improved by choosing more case companies. This would have been especially in order to validate the proposed theoretical framework. To generalize the findings of this research might be a fruitful goal for future research. Hereby a focus should be on multiple case companies in order to reach a good extent of validity.

Nevertheless the goal of qualitative research is not to provide generalizations but a good picture of reality which is basis for further research discussions. Therefore we do not regard our study as failed. As Eisenhardt (1989) explains qualitative research usually provides new information and increases the understanding of certain phenomena than to strive for generalizations (Eisenhardt, 1989).

Our research reached its goal from a theoretical viewpoint but there are shortcomings in the richness of the empirical data and therefore the external validity is regarded as poor. We expect the reliability of our study on an at least
satisfying level whereas the validity is expected as rather low. Therefore the
drawing of general conclusions should be done carefully and with respect to the
limitations of our study. Nevertheless we expect that this study gives a rather
reliable and precise depiction of the phenomenon in question.

7.4 Limitations and Suggestions for further research

As in every research also in ours limitations occurred. This is true on empirical as
well as on theoretical level. There are limitations in the theoretical part as only a
limited amount of references was used. It was not possible in the scope of this
thesis to utilize every academic work related to international network and
international sales. Since finishing the theoretical part of this work even new and
valuable academic articles might be published that did not find their way into this
work. It is also based on the judgement of the author if a reference was included in
elaborating the theoretical framework of this research. It is possible that
misprioritizations and misunderstandings during literature review occurred.
Therefore it is likely that suited references for this research were not taken into
account although they would have add valuable insights.

For the empirical part limitations are mostly connected with the collection of the
empirical data. As the research is a single case study only limited validity as
explained before can be expected. Additionally data were imposed by interviews.
The answer to those are narratives following Eriksson & Kovalainen (2008). This
means that the point of view of the interviewee is most likely subjective and biased.
Also only data from the side of the selling company but not the sales network
partners were utilized. This restricts our view on the company but neglects the
opinions and observations of the other members of the network. It is also not
possible to assess every network dimension correctly as networks are complex and
to capture the complex network situation is not possible by definition (Reither,
1997).
Another limitation is connected with the chosen case company. Their performance and sales strategy were heavily influenced by several factors not related to the sales network. During time of observation the general management changed and a phase of re-orientation took place. This was also connected to less sales activities. Also severe quality problems arose which affected sales negatively. Additionally the R&D department did not hold deadlines for the development of a new product generation which was asked by the end customers. These problems show clearly which kind of issues arise when only one case company is used for analysing. We expect that a bigger sample of companies will lead to better and more valid results.

Another limitation of our research is connected with the kind of proposed model. It is idealized as most simple models are. We assume an adjusted fit between sales strategy and sales network. This is an ideal process which might not hold in every case as the available information for the strategist is limited and uncertain.

Concerning future research some ideas came up during the process of this study. We feel that it would be valuable for future research to test the proposed model with a bigger sample of born global companies as a single case study is not sufficient for generalizing. Possibly with the help of a bigger sample more patterns become obvious and add to the proposed model or even neglect it. Anyway, it would add considerably to the knowledge about international sales in the viewpoint of international networks.

As we were focusing now on born global companies we also think that a broadening to other kind of firms also will add to a deeper understanding of how the sales function is influenced by its environment. Therefore mature companies could be assessed. They might provide long-term insights into the development of their sales network and also how they adjusted their sales network.

Another interesting research direction might be to study the priorities when several sales network characteristics are affecting sales strategy components. So which characteristic has the strongest influence on which sales strategy dimension. This
will add considerably to the practical knowledge for managers in charge and therefore has valuable managerial implications from our point of view.

Future research could also focus on the sales contacts in the network rather than the focal company in order to get a thorough picture of how the sales network functions and what kind of dynamics are taking place. This would add to our understanding of the network as a whole and could be conducted with the help of extensive interviews.
8 REFERENCES


http://www.welt.de/wirtschaft/article121247233/Startups-erweisen-sich-als-wahre-Jobmaschinen.html


## APPENDIX 1

<table>
<thead>
<tr>
<th>Network characteristic</th>
<th>Sales Channel Segmentation</th>
<th>Relationship objectives</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Density</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 1a</td>
<td>Proposition 1c</td>
<td>Proposition 1g</td>
</tr>
<tr>
<td></td>
<td>High sales network density leads to use of significant higher amount of sales channels.</td>
<td>High sales network density leads to segmentation according to customer’s channel preference.</td>
<td>High sales network density leads to better recognition of sales opportunities and exploitation.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 1b</td>
<td>Proposition 1d</td>
<td>Proposition 1h</td>
</tr>
<tr>
<td></td>
<td>Low sales network density leads to no significant influence on sales channel strategy.</td>
<td>Low sales network density leads not to segmentation according to customer’s channel preference.</td>
<td>Low sales network density leads to prioritizing according to economic and rather short-term measures.</td>
</tr>
<tr>
<td><strong>2 Effective Size</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 2a</td>
<td>Proposition 2e</td>
<td>Proposition 2c</td>
</tr>
<tr>
<td></td>
<td>High effective size of the sales network leads to utilization of sales channels provided by network partners solely.</td>
<td>High effective size of the sales network leads to segmentation according to sales channels.</td>
<td>High effective size of the sales network leads to strong emphasis of prioritization as guideline for sales people.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 2b</td>
<td>Proposition 2f</td>
<td>Proposition 2d</td>
</tr>
<tr>
<td></td>
<td>Low effective size of the sales network leads to utilization of provided sales channels as well as setting up new sales channels.</td>
<td>Low effective size of the sales network leads to no segmentation according to sales channels.</td>
<td>Low effective size of the sales network leads to little emphasis on prioritization in sales strategy.</td>
</tr>
<tr>
<td><strong>3 Centrality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>Proposition 3a</td>
<td>Proposition 3e</td>
<td>Proposition 3c</td>
</tr>
<tr>
<td></td>
<td>High centrality in the sales network leads to fast adaptation of new sales channels and a significant higher number of sales channels.</td>
<td>High centrality in the sales network leads to high importance of segmentation in sales strategy.</td>
<td>High centrality in the sales network leads to high importance of prioritization rules in sales strategy.</td>
</tr>
<tr>
<td>Low</td>
<td>Proposition 3b</td>
<td>Proposition 3f</td>
<td>Proposition 3h</td>
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<tr>
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<tr>
<td></td>
<td>Low centrality in the sales network leads to significantly less employed sales channels and a slow adaptation of new sales channels.</td>
<td>Low centrality in the sales network leads to low importance of segmentation issues in sales strategy.</td>
<td>Low centrality in the sales network leads to focus on building and developing new relationships</td>
</tr>
</tbody>
</table>

### Intentionality

<table>
<thead>
<tr>
<th>High</th>
<th>Proposition 4a</th>
<th>Proposition 4e</th>
<th>Proposition 4g</th>
<th>Proposition 4c</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High intentionality leads to choosing network partners according to sales channel strategy.</td>
<td>High intentionality leads to focus on segmentation before a networks is existent.</td>
<td>High intentionality leads to adaptation of relationships according to planned segments and channels.</td>
<td>High intentionality leads to focus on prioritization before a networks is existent.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low</th>
<th>Proposition 4b</th>
<th>Proposition 4f</th>
<th>Proposition 4h</th>
<th>Proposition 4d</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low intentionality leads to choosing sales channels according to network partners and their channel offerings.</td>
<td>Low intentionality leads to focus on segmentation when a network is already existent.</td>
<td>Low intentionality leads to adaptation of channels and segments according to existing relationships.</td>
<td>Low intentionality leads to focus on prioritization when a network is already existent.</td>
</tr>
</tbody>
</table>

### Durability

<table>
<thead>
<tr>
<th>High</th>
<th>Proposition 5a</th>
<th>Proposition 5e</th>
<th>Proposition 5g</th>
<th>Proposition 5c</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A high ratio of durable relationships leads to a focus on very limited number of partners within one sales channel.</td>
<td>A high ratio of durable relationships leads to segmentation according to duration of relationships.</td>
<td>A high ratio of durable relationships leads to emphasis on building and maintaining few strong relationships.</td>
<td>A high ratio of durable relationships leads to prioritization according to length of relationship.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low</th>
<th>Proposition 5b</th>
<th>Proposition 5f</th>
<th>Proposition 5h</th>
<th>Proposition 5d</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A low ratio of durable relationships leads to an utilization of multiple partners within one sales channel.</td>
<td>A low ratio of durable relationships leads to segmentation according to other figures than relationship length.</td>
<td>A low ratio of durable relationships leads to emphasis on building and maintaining many weak relationships.</td>
<td>A low ratio of durable relationships leads to prioritization according to economic figures solely.</td>
</tr>
</tbody>
</table>
APPENDIX 2

Semi-structured interview

The questions are written down around different topics. The interviewer allows the interview to take its own course depending on the direction of the answers and if interesting and new topics arise during conversation. The interview as such is meant to gain knowledge about the topics indicated below. The questions are for guiding and inspiring the interviewee if needed.

A Understanding the company and its selling environment

1. Could you please describe about your personal background and experience?
2. Can you please tell a little bit about the company? What are you selling? What is your target group?
3. Due to your comparable newness in the market: what kind of effects did you notice when it comes to sales? How did you handle arising issues?
4. How would you generally describe the market you are engaged in? Are there any special features you would attribute to your market? If yes, how does that reflect in your selling behavior / process?
5. Are there any particular challenges in selling your products?

B Understanding the sales network of the company during inception Dec 2010

1. As your company was founded in the end of 2010: How would you describe your sales and marketing activities in order to prepare for your launch?
2. How would you describe your perception of your selling partners during this time?
3. How would you describe the markets during this time in respect of the sellers in the market?
4. Do many of the dealers know each other? If yes, how did this situation occur? By what is this facilitated / restricted?
5. How would you describe your position in this market in December 2010?
6. How many seller contacts did you have? And how many sellers finally started to sell your product?
7. How did the development of the relationship to sellers go? (intentional, evolving)
8. How durable were those relationships to the sellers in retrospective?

C Understanding the sales strategy in December 2010

1. What kind of sales channels did you utilize? Were there any restrictions or special limitations due to your product or the target market? How would you describe your approach on launching the product in regard of sales channels?
2. How did you segment your customers? How would you describe your selling approach to the different segments?
3. How did you understand the relation to your sellers? What was important for you in handling your sellers? How did you approach potential sellers?
4. How did you prioritize different sellers? What role did that play in your daily work?

D Understanding the sales network of the company in February 2013

1. How would you describe the markets during this time in respect of the sellers in the market? Did any changes occur from inception of your selling activities?
2. Do many of the dealers in your target market know each other? If yes, how did this situation occur? By what is this facilitated / restricted?
3. How would you describe your position in this market in February 2013?
4. How many seller contacts did you have? And how many sellers were selling your product in February 2013?
5. How did the development of the relationship to sellers go? (intentional, evolving) Do sellers approach you? If yes, please explain the process? Did anything change in approaching potential customers in comparison to the situation in December 2010?

6. How durable were those relationships to the sellers in retrospective?

E Understanding the sales strategy in February 2013

5. What kind of sales channels did you utilize? Were there any restrictions or special limitations due to your product or the target market?
6. How did you segment your customers at this point of time? How would you describe your selling approach to the different segments?
7. How did you understand the relation to your sellers? What was important for you in handling your sellers? How did you approach potential sellers?
8. How did you prioritize different sellers? What role does that play in your daily work?

F Understanding the sales network of the company in August 2013

1. How would you describe the markets in respect of the sellers in the market? Did any changes occur from February in selling activities?
2. Do many of the dealers in your target market know each other? If yes, how did this situation occur? By what is this facilitated / restricted?
3. How would you describe your position in this market in August 2013?
4. How many seller contacts do you have? And how many sellers were selling your product in August 2013?
5. How does the development of the relationship to sellers go? (intentional, evolving) Do sellers approach you? If yes, please explain the process. Did anything change in approaching potential customers in comparison to the situation in December 2010?
6. How durable are those relationships to the sellers / how durable do you expect them to be in your point of view?

G Understanding the sales strategy in August 2013

1. What kind of sales channels do you utilize in the moment? Are there any restrictions or special limitations due to your product or the target market?
2. How do you segment your customers at this point of time? How would you describe your selling approach to the different segments?
3. How do you understand the relation to your sellers? What is important for you in handling your sellers? How do you approach potential sellers?
4. How do you prioritize different sellers? What role does that play in your daily work?

H Wrapping up

1. Do you feel that your sales network changed significantly since inception of your sales activities? Please explain and give some numbers if possible.
2. Did your approach towards building up a sales network developed since inception? How would you describe this development?
3. Did you adjust your sales strategy? If yes, how did you adjust your sales strategy? What were the reasons to adapt – internally and externally?
4. How would you position yourself to this statement: Managing a sales network is not possible. Please explain a bit.
5. Were there especially important sellers? If yes, what role did they play during the evolving of the sales in your company?
6. As how important would you regard the sales strategy for the performance of the company as such?