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Implications of Different Types of Networking in the Sales Process

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Abstract

In different phases of the sales process different types of networking are useful. Based on the concept “Better Sales Networks” by *Üstüner* and *Godes* sales-related social business networks like *Xing*, *LinkedIn* or *BoardEx* are examined and compared. These networks support salespeople in different phases and to varying degrees. A more precise model with seven phases for non-consumer goods in business-to-business sales is introduced. Aspects for further research cover finer decomposition of phase modeling including after-sales-processes, improving network functionalities, adding role-concepts like the *Buying Center*, and new evaluation approaches like “network ability” or “imported networks value” for sales professionals in organizations.

Key words

Social business networks, sales process models; phases in sales process, improving the sales process, evaluating social business networks (social network analysis - sna).

1. Motivation and Research Base

Business networks such as LinkedIn¹, BoardEx², XING³, even Facebook⁴, can support companies to build new business relationships and generate business opportunities at the same time. Furthermore, networking is considered as an efficient strategy for improving the interactions with customers and suppliers.⁵

Tuba Üstüner and David Godes in *Better Sales network* of Harvard Business Review on Strategic Sales Management⁶ summarize merely four phases of the sales process and refer to four different types of networks as helpful⁷.

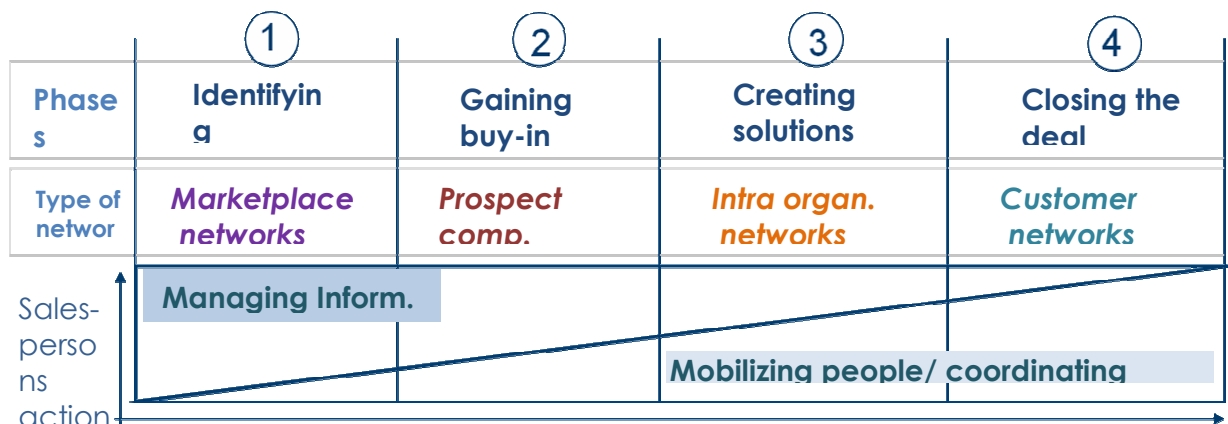


Figure 1: Type of networks in the sales process

Moreover Üstüner and Godes⁸ refer to three levers to encourage salespeople to use networks: *Sales force structure, compensation, and skills development.*

This paper aims at another focus: It takes up this four-phase framework, examines, and adds aspects from non consumer goods and business-to-business-Sales (B2B-sales) resulting in a seven-phase model, which is applied to widespread business networks.

2. Selection Process of Widespread Business Networks for this Research Paper

¹ C.f. <http://www.linkedin.com> (2010-02-28)

² C.f. <http://www.boardex.com> (2010-02-28)

³ C.f. <http://www.xing.com> (2010-02-28)

⁴ C.f. <http://www.facebook.com> (2010-02-28)

⁵ C.f. http://en.wikipedia.org/wiki/Business_networking (2010-02-06)

⁶ C.f. Üstüner, T.; Godes, D. (2007): *Harvard Business review on strategic Sales Management*, Better Sales Networks, Harvard Business School Publishing Corporation, USA, pp. 97-121.

⁷ Ibid.

⁸ Ibid.

The following scheme gives an insight how the authors have selected the business networks Xing, LinkedIn and BoardEx as specific networks of a variety of existing networks by using an evaluation scheme covering various criteria:

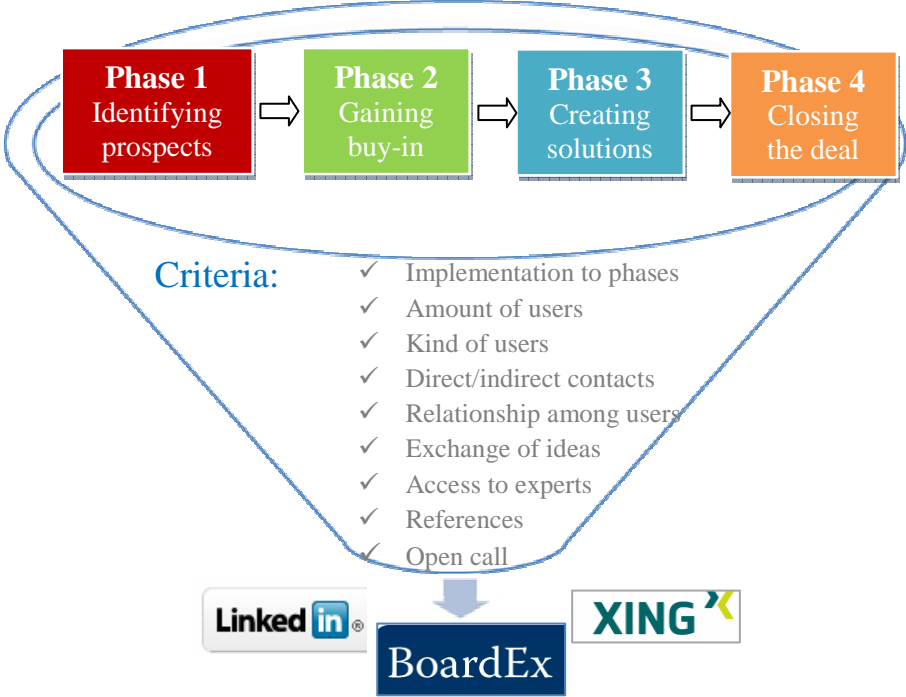


Figure 2: Scheme of evaluating networks

At first the authors consider internationally based and used networks in order to keep an international character of global sales. Secondly, the authors set up criteria, that support the effect of the given four phases of *Üstüner* and *Godes*. In conclusion the networks LinkedIn, BoardEx, as well as, Xing are conform to the authors’ established criteria, as well as, to the four phases. “Crowdsourcing” which considers integrating nearly the whole world as input can be interpreted as a generally underlying principle behind all these networks.

3. Application of the Four-phase Sales Model to the Selected Business Networks

As one result the authors have discovered, that in the selected networks already valuable supporting features are included. But hardly any of them provide profound support in all the four sales phases, as the following table shows:

Social Business Network	<u>Phase 1</u> Identifying prospects	<u>Phase 2</u> Gaining buy-in	<u>Phase 3</u> Creating solutions	<u>Phase 4</u> Closing the deal
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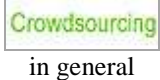
	<i>Used to find past and present colleagues and to discover connections when a company is looking for business opportunities.</i>	<i>Rather not useful</i>	<i>Used to find the people, experts and knowledge a company needs to create solutions for the customer's unique problem.</i>	<i>Rather not useful</i>
	<i>Identifying prospects through compile lists of their direct connections/ use these to identify connections to others and turn their connections in</i>	<i>Identification of key decision makers, other influencers through profiles.</i>	<i>Rather not useful</i>	<i>Rather not useful</i>
	<i>Used to find new business contacts, -partners, -relations and -partnerships.</i>	<i>Used to find out the key decision makers, engineers and purchasers of the prospect company.</i>	<i>Used to create solutions through the exchange of ideas and the access to industry expertise of multi-lingual groups and XING forums.</i>	<i>Used for closing the deal through references that are managed in XING</i>
	<i>useful up to some extend</i>	<i>Rather not useful</i>	<i>Creating solutions through an open call</i>	<i>Rather not useful</i>

Table 1: Evaluation of Sales Related Business Networks in contribution to Sales Processes

With regard to our focus on non-consumer goods and typical B2B-sales processes the four-phase model needs to be expanded and detailed as well.

4. Introduction of the Seven-Phase Model

The three more detailed phases beside the four phases of *Üstüner* and *Godes* compose a seven-phase model. They are presented in the table and the further explanations below.

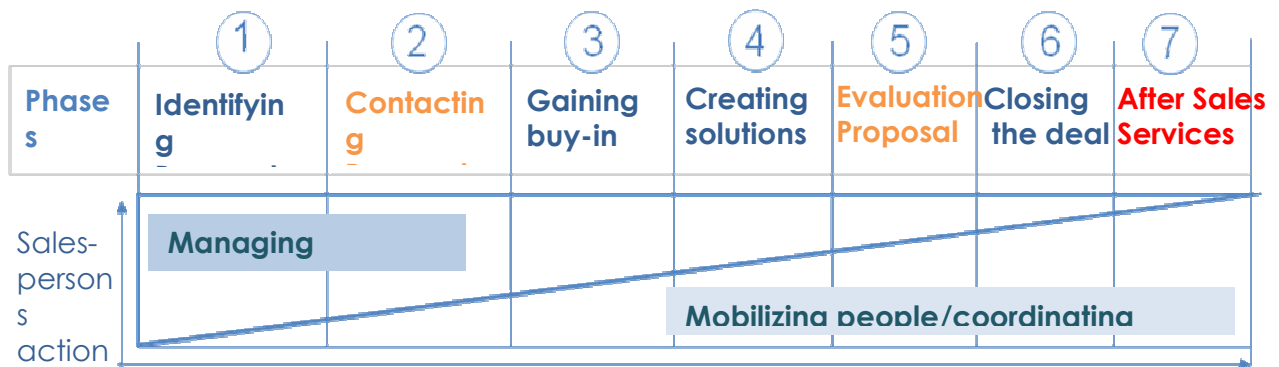


Table 2: Model for B2B sales of durable industrial goods incl. after sales service

By adding the more detailed phases *contacting the prospects*, *evaluation of the proposal*, as well as, the *after sales services*, the enlarged sales process samples the following advantages:

Contacting prospects (phase 2): After identifying prospects a sales person can take the possibility of contacting prospects through networks. The way to contact the prospects through networks can be more cost efficient and faster. Furthermore, there is a change from the generally held sales process to a more specialized sales process with a B2B nature.

Evaluation proposal (phase 5): Due to the fifth phase, the *evaluation of the proposal*, e.g. prospects are able to give their opinion regarding the price of the product in comparison to other suppliers. The prospects also can see this as a possibility to discuss the proposal, before closing the deal.

After sales service (phase 7): With regard to non-consumer goods, sales persons can provide life cycle products and services like spare parts and maintenance services up to recycling or disposal to the customer, thus closing the loop by recursion to early stage sales phases.

In general, this specialised sales model can be seen as a cycle in which at least some of the already mentioned phases recur when another product is sold to the same organization. That means, after closing the deal and very often stimulated by the after sales phase a repeated purchase will go through some of the phases as well.

5. Implications for Further Research

According to the gathered insights into the implementation of networking in the sales phases, the authors assume that there is considerable potential to research the following aspects in detail and in further steps on different levels:

General aspects	Model related aspects	Network- or Case-related aspects
<ul style="list-style-type: none"> ✓ <i>Add role concepts like Buying-Center⁹ or Selling-Center approaches</i> ✓ <i>Research new abilities and re-evaluation of sales professionals due to social network analysis (sna) and “individual economic network value” within an organization.</i> 	<ul style="list-style-type: none"> ✓ <i>Screen markets and the internet for new social business networks that fit the new added phase model</i> ✓ <i>Qualitative phase modeling by subdividing phases in more sales-adapted (sub-) phases</i> ✓ <i>Refer to internationalisation e.g. cultural and personal aspects.</i> 	<ul style="list-style-type: none"> ✓ <i>Verify the new model by sales process examples,</i> ✓ <i>Specialize on markets business types, regions, segments etc.</i> ✓ <i>Recommending/ adding useful applications or useful functions to the networks and their softwares themselves.</i>

Table 3: Considered Research in the model and network / case themselves

⁹ C.f. Webster, F.E.J.; Wind, Y. (1972): Organizational Buying Behaviour, Englewood Cliffs, NJ.

Moreover knowledge-based networks like German “www.competence-site.de” or “www.brainguide.de” have not been subject to significant research. This also demands for new approaches in social network analysis (sna) defining “network ability” and “imported networks value” of sales professionals for an organization.

6. Conclusion

In conclusion, the following table shows benefits and different aspects of the sales model of *Üstüner* and *Godes* in comparison to the proposed precised sales model:

Four phases sales model Üstüner/ Godes	Proposed precised sales model
<ul style="list-style-type: none"> • <i>The model is very general and not restricted to organizations, branches or special goods.</i> • <i>Four basic phases are considered.</i> • <i>The model is easy to understand and to employ.</i> 	<ul style="list-style-type: none"> • <i>This model is specialized on (international) B2B sales of non-consumer goods.</i> • <i>The seven phases allow a more differentiated view on sales processes.</i> • <i>It includes the crucial after-sales phase.</i> • <i>Up-selling and cross-selling can be explained by recursive loops – often triggered by after-sales</i> • <i>The model is upgradeable with regard to the proposals made for further research .</i>

Table 4: Four phase sales model of Üstüner/ Godes and precised sales model of the authors

To sum up, the presented seven-phase sales model can be considered as an enrichment to the one of *Üstüner* and *Godes*, as it allows to state the different types of networking in the sales process more precisely especially in international B2B-relations selling non-consumer goods.

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