

Ilari Lehtinen

INFLUENCING A PUBLIC CUSTOMER IN PRE-TENDER STAGE TO IMPROVE SALES

Master's Thesis
Faculty of Management and Business
Examiner: Dr. Jouni Lyly-Yrjänäinen
Examiner: Prof. Teemu Laine
September 2021

ABSTRACT

Ilari Lehtinen : Influencing a public customer in pre-tender stage to improve sales
Master of Science Thesis, 111 pages, 1 appendix
Tampere University
Industrial Engineering and Management
September 2021

Business-to-government (B2G) markets present a substantial sales opportunity for private suppliers; public procurement alone represent for twelve percentage of gross domestic product in OECD countries. Despite, literature has focused on public procurement from public buyer's perspective in which the private supplier's or sales organization's role is to help the public buyer in the procurement instead of doing active and even proactive sales to their benefit.

This research focused on fulfilling part of the gap in literature by answering to following research questions: 1) How should the private supplier influence the governmental customer in pre-tender stage to improve sales 2) What kind of benefits does B2G influencing in pre-tender stage result in? 3) What kind of prerequisites are there for B2G influencing in pre-tender stage?

The research questions were answered and the research objectives were fulfilled via a literature review and an empirical study. A B2G sales process was developed based on the literature by combining theory of public procurement, business-to-business (B2B) sales process, customer relationship management and modern sales approaches. In the empirical study ten employees of a Finnish company in IT-service business were interviewed in a qualitative research form of a theme interview.

The findings of the study show influencing as an integral part of B2G sales in pre-tender stage. Influencing in pre-tender stage can be split into three levels: strategic, tactical and formal influencing. Strategic influencing is a continuous activity in which the supplier continuously advises and consults the customer with a motivation of guiding the customer to a favorable direction and creating demand. As the public customer initiates the public procurement, the supplier begins tactical influencing in which the supplier's focus is in influencing the content of the upcoming request for quotation (RFQ) to maximize their chances of getting awarded. Formal influencing refers to buyer-led activities such as market and technical dialogues that are organized by the buyer before publishing the RFQ. The power of supplier's influence decreases as the publishing of the RFQ approaches.

In addition to creating demand and influencing the content of the RFQ, the supplier can benefit of the interaction and consulting involved in the influencing by improving their image, anticipating resource needs, getting to know the customer and in an individual-level the perception of the influencer's expertise can improve. However, especially the directly sales-related benefits are hard to distinguish as one's own since many stakeholders, within and outside the customer's organization, try to influence.

The prerequisites for influencing relate to individual and organizational level customer relationship management (CRM) and technical expertise. Influencing happens in an individual-level and having trust-based relationships with customer's key contacts is crucial for influencing to succeed. Two distinctive influencer roles were distinguished: an enabler and an expert. Enabler owns the key contacts and has the ability to arrange meetings with customer's decision-makers and influencers. Expert has the technical expertise, which is needed for establishing credibility. Organizational-level relationship merely has a supporting role in influencing.

The study contributes to the sales literature by showing that B2G sales has very similar characteristics to B2B sales as suppliers form long-term relationships and partnerships with governmental customer. The study also adds to the literature of early supplier involvement (ESI) in service specification by providing a framework of influencing in pre-tender stage for cross-industrial use.

TIIVISTELMÄ

Ilari Lehtinen: Myynnin kehittäminen julkiseen asiakkaaseen vaikuttamalla ennen tarjouspyynnön julkaisua
Diplomityö, 111 sivua, 1 liite
Tampereen yliopisto
Tuotantotalous
Syyskuu 2021

Julkinen hankinta on merkittävä myyntimahdollisuus yksityisen sektorin toimijalle. Julkinen hankinta yksinään muodostaa 12 prosenttiyksikön osuuden OECD maiden bruttokansantuotteesta. Siitä huolimatta kirjallisuus on keskittynyt lähinnä julkisen ostajan näkökulmaan, jossa yksityisen sektorin toimittajan rooli on auttaa julkista ostajaa hankinnassa, eikä tehdä aktiivista myyntiä omaksi edukseen.

Tämän tutkimuksen tarkoitus oli täydentää kirjallisuutta vastaamalla seuraaviin tutkimuskysymyksiin: 1) Miten yksityisen sektorin toimittajan tulisi vaikuttaa julkiseen asiakkaaseen ennen tarjouspyynnön julkaisua kehittääkseen myyntiänsä? 2) Millaisia hyötyjä yksityisen sektorin toimittaja voi saavuttaa vaikuttamalla julkiseen asiakkaaseen ennen tarjouspyynnön julkaisua? 3) Millaisia edellytyksiä yksityisen sektorin toimittajalla on oltava vaikuttaakseen julkiseen asiakkaaseen ennen tarjouspyynnön julkaisua?

Tutkimuskysymyksiin vastattiin kirjallisuuskatsauksen ja empiirisen tutkimuksen avulla. Myyntiprosessi julkiselle asiakkaalle muodostettiin yhdistämällä teoriaa julkisesta hankinnasta, yksityisen sektorin toimijoiden välisestä myyntiprosessista, asiakassuhteen hallinnasta ja moderneista myyntitavoista. Laadullisessa empiirisessä tutkimuksessa haastateltiin teemahaastattelun muodossa kymmentä työntekijää, jotka työskentelevät Suomessa toimivassa IT-palveluita tarjoavassa yrityksessä.

Tulokset osoittivat, että julkiseen asiakkaaseen vaikuttaminen on olennainen osa myyntityötä tarjouspyynnön julkaisua edeltävässä vaiheessa. Vaikuttaminen voidaan jakaa kolmeen tasoon: strategiseen, taktiseen ja viralliseen vaikuttamiseen. Strateginen vaikuttaminen on jatkuva aktiviteetti, jossa toimittaja neuvoo ja konsultoi julkista asiakasta ohjatakseen asiakasta toimittajalle mieluisaan suuntaan ja luoden kysyntää. Kun julkinen asiakas aloittaa hankintaprosessin, toimittaja aloittaa taktisen vaikuttamisen, jossa vaikutustyö kohdentuu tulevaan tarjouspyyntöön. Toimittaja pyrkii näin maksimoimaan mahdollisuutensa voittaa tuleva hankinta. Virallinen vaikuttaminen viittaa julkisen ostajan järjestämiin vuoropuheluihin, joita järjestetään ennen tarjouspyynnön julkaisua. Tulokset osoittavat, että yksityisen sektorin toimittajan vaikuttamisen teho laskee tarjouspyynnön julkaisun lähestyessä.

Kysynnän luonnin ja tarjouspyyntöön vaikuttamisen lisäksi yksityisen sektorin toimittaja voi hyötyä vaikuttamiseen kuuluvasta vuorovaikutuksesta ja konsultoinnista parantamalla omaa imagoansa, ennakoimalla resurssitarpeita ja tutustumalla asiakkaaseen. Yksilötasolla asiakkaan käsitys vaikuttajan osaamisesta voi myös parantua. Kuitenkin vaikuttamisen suoria myyntihyötyjä on vaikea erottaa toimittajan omaksi, koska monet julkisen asiakkaan sisäiset ja ulkoiset sidosryhmät koittavat vaikuttaa.

Vaikuttamisen edellytykset voidaan kategorisoida yksilö- ja organisaatiotason asiakassuhteisiin sekä teknisen osaamiseen. Organisaatioiden välisellä asiakassuhteella on vaikuttamisessa ainoastaan vaikuttamista tukeva rooli. Vaikuttaminen tapahtuu pääasiassa yksilötasolla ja luottamuksellisia yksilötason suhteita asiakkaan avainhenkilöiden kanssa tarvitaan onnistuneeseen vaikuttamiseen. Avainkontaktien haltijalla on mahdollistajan rooli. Mahdollistaja on asemassa, jossa hän voi sopia tapaamisia julkisen asiakkaan päätöntekijöiden ja vaikuttajien kanssa. Yksilötason teknistä osaamista tarvitaan uskottavuuden luomiseksi. Asiantuntijaroolissa olevalla on teknistä osaamista, mutta mahdollistajan ja asiantuntijan roolit voivat olla samalla henkilöllä.

Tutkimus täydentää nykyistä myyntikirjallisuutta osoittamalla, että julkiselle sektorille myynnissä on monia samankaltaisuuksia yksityisen sektorin väliseen myyntiin kuten pitkäaikaiset asiakassuhteet ja kumppanuudet. Tutkimus myös tukee kirjallisuutta toimittajan aikaisesta osallistuttamisesta tarjouspyyntöä edeltävään vaiheeseen tarjoamalla vaikuttamisen viitekehyksen poikkeoimialaiseen käyttöön.

PREFACE

First, I want to thank the case company for providing an interesting topic, support and resources for the thesis. In addition, I want to thank Dr. Jouni Lyly-Yrjänäinen for the professional guidance during the whole research process. However, the greatest support came from home; thank you Laura, family and friends.

Graduating represents a turn of another page in life as a long period of education comes to its end. The time of university studies were great. The studies taught me a lot new knowledge that I look forward to apply in working life. However, for me, the time of studies gave me so much more than just professional knowledge. Many friends, experiences and lessons later I cherish all that happened during the past years.

All good comes to its end at some point. Let's turn another page with gratefulness, hunger and joy.

Tampere, 6 September 2021

Ilari Lehtinen

CONTENTS

1. INTRODUCTION	1
1.1 Background.....	1
1.2 Research questions and objectives.....	2
1.3 Research process and methodology	3
1.4 Structure of the thesis	5
2. PUBLIC PROCUREMENT	7
2.1 Procurement	7
2.2 Public procurement.....	13
2.3 Public procurement regulation in Europe.....	17
2.4 Process of public procurement.....	20
3. SELLING TO A PUBLIC CUSTOMER	26
3.1 B2B-sales and traditional sales process.....	26
3.2 B2B buyer-supplier relationship	32
3.3 Sales approaches	35
3.4 Evolved sales process	38
3.5 Characteristics of business-to-government (B2G) sales.....	41
3.6 B2G sales process.....	43
4. INFLUENCING A PUBLIC BUYER IN THE PRE-TENDER STAGE	49
4.1 Early supplier involvement	49
4.2 Early supplier involvement in the pre-tender stage.....	55
4.3 Preliminary framework	57
5. DATA	60
5.1 The case company.....	60
5.2 Data gathering	62
5.3 Perception of influencing.....	65
5.4 Benefits of influencing	66
5.5 Prerequisites for influencing.....	71
5.6 How to influence a public customer in the pre-tender stage to improve sales	77
6. ANALYSIS & DISCUSSION	82
6.1 Starting point for the analysis	82
6.2 Results of the study.....	83
6.3 Framework of influencing a public customer	94
6.4 Assessment of the study	96
7. CONCLUSIONS.....	98

REFERENCES..... 102
APPENDIX A: INTERVIEW QUESTIONS 110

LIST OF FIGURES

<i>Figure 1: Research questions and objectives</i>	3
<i>Figure 2: Research process</i>	4
<i>Figure 3: Procurement as a part of supply chain</i>	7
<i>Figure 4: Procurement types in supply chain</i>	8
<i>Figure 5: Linear procurement process model (Van Weele 2018, p. 8)</i>	9
<i>Figure 6: Linear procurement process model in supply chain</i>	9
<i>Figure 7: Buying center types for different procurements (Van Weele 2018, p. 26)</i>	10
<i>Figure 8: Broad procurement model</i>	12
<i>Figure 9: Dual and triad stakeholder setting in public procurement (Holma et al. 2020)</i>	17
<i>Figure 10: Public procurement principles and governance in Finland</i>	18
<i>Figure 11: Available procurement procedures in Finland</i>	19
<i>Figure 12: Public procurement process</i>	22
<i>Figure 13: Comparison of public and private procurement processes</i>	24
<i>Figure 14: Different sales processes in the literature</i>	27
<i>Figure 15: Traditional sales process</i>	28
<i>Figure 16: Traditional sales and order processes</i>	31
<i>Figure 17: Process of customer relationship development (Jap & Ganesan 2000; Palmatier et al. 2013; Lyly-Yrjänäinen et al. 2018)</i>	33
<i>Figure 18: Customer relationship development in time</i>	33
<i>Figure 19: Modern sales approaches</i>	36
<i>Figure 20: Evolved sales process by Marshall and Mocrief (2005) and corresponding activities of the traditional sales process</i>	39
<i>Figure 21: B2G sales process in relation to public procurement process</i>	44
<i>Figure 22: Supplier's design influence in NPD process (Handfield et al. 1999; Trent 2007, p 223)</i>	49
<i>Figure 23: Extents of supplier involvement (Petersen et al. 2005)</i>	51
<i>Figure 24: Supplier involvement in service specification (Selviaridis et al. 2013)</i>	52
<i>Figure 25: Supplier's role in service specification (Selviaridis et al. 2013)</i>	53
<i>Figure 26: Model of supplier involvement in service specification</i>	55
<i>Figure 27: Supplier involvement in pre-tender stage (Holma et al. 2020)</i>	56
<i>Figure 28: Preliminary framework of influencing a governmental customer in pre-tender stage</i>	58
<i>Figure 29: Organization chart of the case company's sub-BU in which the empirical study was made</i>	60
<i>Figure 30: Interviewees in organization chart</i>	64
<i>Figure 31: Example of key contacts between the case company and a governmental customer</i>	75
<i>Figure 32: Processes of pre-tender stage in demand creation</i>	78
<i>Figure 33: Starting point for the analysis</i>	82
<i>Figure 34: Sales related benefits of influencing work from the empirical study and literature</i>	86
<i>Figure 35: Prerequisites of influencing work from the empirical study and literature</i>	88
<i>Figure 36: Triad stakeholder environment in pre-tender stage influencing</i>	93
<i>Figure 37: Framework of influencing a governmental customer in pre-tender stage</i>	95
<i>Figure 38: Main findings of the research</i>	98

LIST OF TABLES

<i>Table 1: The activities and related stages of the procurement process (McKevitt & Davis 2015; Patrucco et al. 2017)</i>	<i>21</i>
<i>Table 2: Benefits of ESI in NPD</i>	<i>50</i>
<i>Table 3: Supplier involvement in service specification (Axelsson & Wynstra 2002, pp. 143-148)</i>	<i>51</i>
<i>Table 4: Interviewees of the empirical study</i>	<i>63</i>
<i>Table 5: Interviewees' answers on sales-related benefits of influencing.....</i>	<i>66</i>

LIST OF SYMBOLS AND ABBREVIATIONS

B2B	Business-to-business
B2G	Business-to-government
BU	Business unit
CRM	Customer relationship management
ESI	Early supplier involvement
EU	European Union
IT	Information technology
KAM	Key account management
MEAT	Most economically advantageous tender
NPD	New product development
RFI	Request for information
RFQ	Request for quotation
VfM	Value for money

1. INTRODUCTION

1.1 Background

Public procurement represents a huge opportunity for private suppliers accounting for twelve percentage of gross domestic product in OECD countries (OECD 2021) and globally approximately 1,3 trillion euros (European Commission 2021a). Furthermore, governmental and public bodies are regarded as reliable customers who provide a stable flow of demand throughout recessions and are very unlikely to get bankrupted (Williams & Smellie 1985; Loader 2007). Still, no extensive research has been made on business-to-government (B2G) sales although they represent lucrative customers for private businesses.

One reason behind the lack of research can be that in B2G private businesses are regarded as suppliers who answer to the demand impulse of the governmental or public customer and do not do proactive sales. Contrary to private procurement, public procurement is very highly regulated; in Finland public authorities are regulated by Public Procurement and Concession Contracts Act of Finland and European Union's Directive 2014/24/EU on public procurement depending on the value of the procurement. The regulation requires public authorities to treat all suppliers equally and transparently so that each supplier is given the same information and no suppliers are favoured over others. Hence, a quick conclusion is that proactive sales work does not work in the B2G setting, which might explain the lack of research in B2G sales.

Public procurement can be split into three stages: pre-tender, tender and post-contract award (McKevitt & Davis 2015). In the pre-tender stage the public authority prepares for the procurement by scanning the market and engaging with potential suppliers. Tender stage begins as the request for quotation is published after which the buyer-supplier interaction becomes formal and procedural (Callender & Matthews 2004). Thus, proactive sales activities have to be conducted in the pre-tender stage since the buyer-supplier interaction is not restricted then.

Both buyer and supplier have their own motivations to interact in the pre-tender stage. Early supplier involvement (ESI) is a procedure in which the buyer relies on one or several suppliers to co-operate in, for example, new product development (Trent 2008, p. 222). ESI is a phenomenon also in service specification (Axelsson & Wynstra 2002)

and public buyers conduct ESI in specifying the RFQ in the pre-tender stage (Holma et al. 2020). Public buyer's motivation in ESI in the pre-tender stage is to get access to the industry knowledge to draw a better RFQ specification (Uyarra 2010). ESI happens in a form of a market survey which can include market and technical dialogues. In market dialogue the buyer can consult interested suppliers to provide information of their solutions and perceptions on the future procurement (Kontio et al. 2017, p. 92). In technical dialogue the focus is more on the content of the RFQ (Holma et al. 2020).

The supplier also has its motivation to engage with the public buyer in the pre-tender stage. Singh et al. (2013) recognized that one motivation of the supplier is to influence the RFQ specification to their own benefit and, thus, improve the chances winning. . Lindholm et al. (2019) discussed the challenges of procuring value for money (VfM) in public procurement and the case company of the research tried to convince the public buyer to specify the RFQ in a way that would benefit both parties. For the supplier to influence the public customer, there has to be a trustful buyer-supplier relationship in place (Singh et al. 2013).

1.2 Research questions and objectives

Literature recognizes that public buyers engage with private suppliers in the pre-tender stage of public procurement. Holma et al. (2020) studied the engagement from ESI point of view and discussed that how the public buyer should involve the supplier meaningfully to succeed in the procurement. Literature has also studied the supplier's motivation of engaging with the public buyer in the pre-tender stage. The study of Singh et al. (2013) and Lindholm et al. (2019) recognized that private suppliers try to influence the specification of the RFQ in the pre-tender stage to get awarded.. However, the existing literature has only discussed the supplier's motivation to influence the content of the RFQ and no studies have been made on the actual process of influencing the public customer in the pre-tender stage. In addition, the benefits and prerequisites for influencing a public customer are in need of research.

To fulfill the part of the gap in sales literature, this thesis answers to the main research question: *How to influence a public customer in the pre-tender stage to improve sales?*

In addition to the main research question two additional research questions will be answered to study the benefits and prerequisites of influencing a public customer. The re-

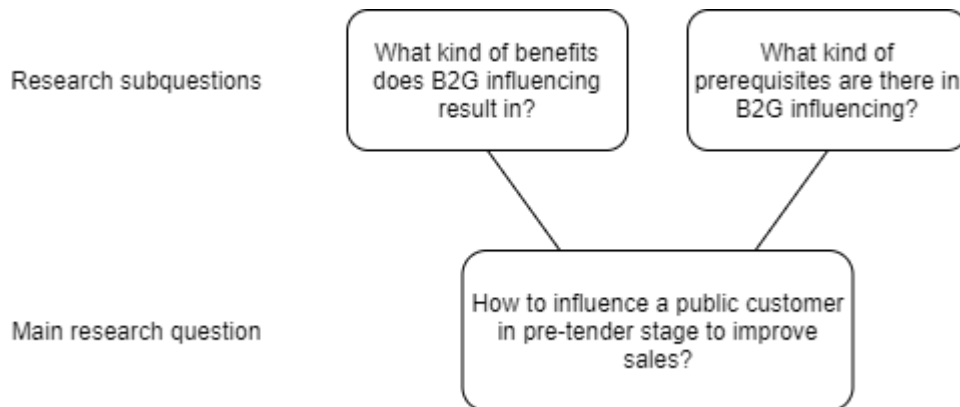


Figure 1: Research questions and objectives

search questions have been visualized in Figure 1.

Building on top of the studies by Singh et al. (2013) and Lindholm et al. (2019), this thesis answers to the following research subquestion: *What kind of benefits does B2G influencing result in?* Singh et al. (2013) and Lindholm et al. (2019) recognized the possibility to influence the content of the RFQ to maximize the opportunities of getting awarded.

In order to study the premises of successful B2G influencing, following research question will be answered: *What kind of prerequisites are there in B2G influencing?* Singh et al. (2013) recognized that influencing a customer requires a long-term and trust-based buyer-supplier relationship.

To answer the research questions a thorough literature review is made to discuss public procurement, B2B and B2G sales and ESI on basis of which a preliminary framework is formed. The following empirical study will provide insights of B2G influencing.

1.3 Research process and methodology

The study was done using an abductive research approach which is an approach where the study starts with theory, goes back to data and ends up to the theory (Suddaby 2006). Similarly, this thesis begins with a literature review followed by an empirical study and, lastly, the results of the empirical study are discussed in relation to the literature review. The abductive approach is a commonly used research approach in the management literature (Saunders et al. 2016, p. 148).

The research process was initiated in November 2020 when the author approved the job offer from a Finnish subsidiary of a global information technology (IT) service provider (later referred to as “the case company”). Although the job began in January 2021 the finding of the topic started before the contract with the management of the case company. The business unit, in which the author worked, handled governmental customers and the top management had lately emphasized the importance of influencing the customers. Thus, the topic of the thesis was chosen and the case company’s motivation was to raise their awareness and competencies in influencing a public customer to improve sales. A case study was chosen as a research strategy, which is an in-depth inquiry into a topic in a real-life setting (Yin 2014). Underlying Figure 2 visualizes the research process.

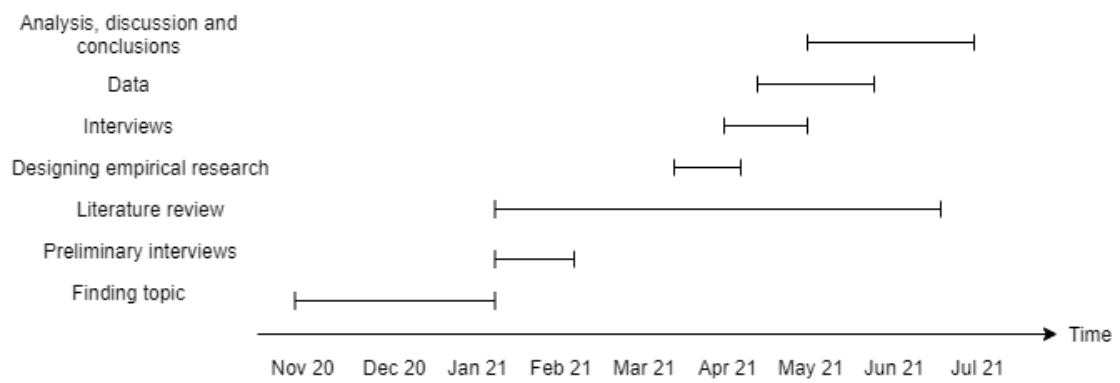


Figure 2: Research process

To raise expertise on the topic, preliminary interviews were held at the end of January 2021 with the key account managers of the author’s department. The preliminary interviews gave valuable information about influencing a public customer.

The literature review began immediately as the topic was chosen and the preliminary interviews gave information on what areas of literature should be covered in the literature review. It was quite quickly found out that the literature regarding influencing a public customer was not easy to find and the topic was in general relative new to the literature. The literature review was mostly done in the spring of 2020, but the literature review was apparent during almost the whole research process.

Most of the literature review was finished by April 2021 and the author began actively to design the empirical research in terms of research methods. The author assumed that a query or a structured interview would not reveal the stories, examples and knowledge of the employees. The author also wanted the data collection to be flexible since the author knew that he would not be able to ask all the right questions immediately. Thus, a data collection method of theme interview was chosen. In theme interviews the themes are pre-determined, but the questions can be varied depending on

the situation (Valli & Aarnos 2018, p. 29). The author formed initial themes and initial questions for each theme. The interview structure is presented in Appendix A.

After deciding the methodology and planning the interview structure, the author started to book interviews with the employees of the case company. The interviews began at the end of April and the last one was held at the end of May. The interviews were held via Teams – collaboration tool due to the COVID-19 pandemic. One hour was booked for each interview, although one and a half hours would have been ideal. However, the tight working schedule of the case company's employees had to be respected. The author reached out to the interviewees via calendar invitation in which the study and the interview themes were explained briefly. Thus, the interviewees had a possibility to prepare for the interview and supplying relevant information, such as interview themes, prior to the interview is also seen as a way to awake credibility (Saunders et al. 2019).

All the interviews were recorded and the author re-listened all the interviews and made detailed notes of every interview. Based on the interviews the author wrote the rest of the thesis during the early summer of 2021. The first version of the thesis including all the chapters was returned at the end of June 2021.

1.4 Structure of the thesis

The thesis is divided into seven chapters. The content and objectives of the chapters are as follows:

- 1) Chapter 1 introduces the phenomenon and background of the study. In addition, the research process and methodology are presented
- 2) Chapter 2 introduces what procurement is in general. It discusses the main characteristics of public procurement, regulation in public procurement and the main differences compared to private procurement. The main objective of the chapter is to form a public procurement process.
- 3) Chapter 3 first discusses sales in B2B context covering sales process, buyer-supplier relationship, different sales approaches and an evolved sales process. The information is of B2B sales and public procurement is then applied to form a B2G sales process, which is the main objective of the chapter.
- 4) Chapter 4 first discusses ESI in B2B context in new product development (NPD) and in service specification. The use of ESI in service specification in public procurement and the data from previous chapters are used to form the preliminary framework

- 5) Chapter 6 introduces the case company and the data that was gathered in the empirical study.
- 6) Chapter 7 discusses the main findings and results of the study.
- 7) Chapter 8 concludes the thesis.

2. PUBLIC PROCUREMENT

2.1 Procurement

Van Weele (2018, p. 7) defines procurement as “the management of the company’s external resources in such a way that the supply of all goods and services, capabilities and knowledge which are necessary for running, maintaining the company’s primary and support activities is secured at the most favorable conditions covering the materials, information and money flow up to the point of consumption”. Purchasing and procurement are often regarded to be the same and they are often used in similar situations, but the common perception is that procurement is the totality of the activities to provide a company with the goods and services it requires but does not produce itself (Iloranta & Pajunen-Muhonen 2015, p. 50). The focus of purchasing and procurement are somewhat different as purchasing focuses more on cost and functionality whereas procurement focuses on Total Cost of Ownership (TCO) (Iloranta & Pajunen-Muhonen 2015, p. 152; Van Weele 2018, p. p. 10), which can, for example, mean transferring the focus from the investment cost to cost per output. Nowadays procurement is seen as a function that creates sustainable competitive advantage as a large part of the value chain is created downstream in the supply chain (Iloranta & Pajunen-Muhonen 2015, p. 33).

A supply chain is a path from raw materials to the final product and the activities of a company in the supply chain can be split into two categories: make or buy, and the proportional relation of making determines the vertical integration of the producers and the rest are procured (or purchased) from suppliers (Fleming 2019, p. 5; Darr 2020, p. 1). The share of the supply chain that is not made within the organization is procured from external suppliers, which Figure 3 visualizes.

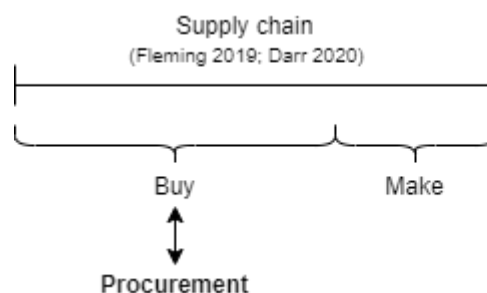


Figure 3: Procurement as a part of supply chain

Iloranta and Pajunen-Muhonen categorized 5 main procurement types:

- regular production
- project-natured
- investment
- indirect
- dealer merchandise.

Procurement can be categorized into five types (Iloranta & Pajunen-Muhonen 2015, pp. 59-61). Figure 4 shows the relation of the supply chain, procurement and procurement types.

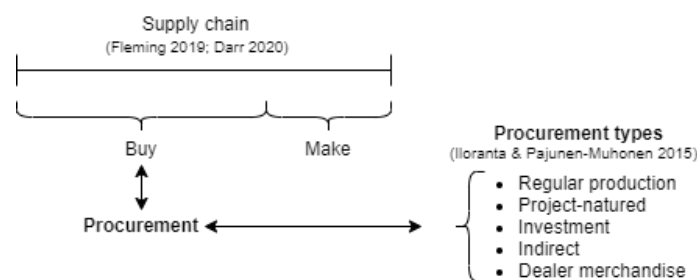


Figure 4: Procurement types in supply chain

First, regular production procurement refers to the materials, subcontracting, and services related to regular production. Second, project natured procurement refers to the materials, subcontracting, and services related to project-based production. Third, investment procurement is a procurement type that is not usually considered as a procurement but Iloranta and Pajunen-Muhonen (2015, p. 61) emphasize it has the same characteristics with the difference that investments are usually large-scale projects aimed to gain competitive advantage and thus they get extra attention from the management.

Fourth, indirect procurement refers to procurements that are not related to the end-product or –service of the organization. Examples of in-direct procurements are IT systems and buildings. Iloranta and Pajunen-Muhonen (2015, p. 62) add that in many organizations, indirect procurement consists of over 50 percent of the total procurement cost. Fifth, dealer merchandise is a procurement type that follows a different logic compared to other procurement groups as dealer merchandise consists of, for example, importing and franchise retail (Iloranta & Pajune-Muhonen 2015, p. 65). Dealer merchandise are procurements that are sold as they are bought, without processing.

According to Van Weele (2018, pp. 2-9), the procurement process can be split into two entities: sourcing and supply. First entity, sourcing, refers to finding the best possible

source for supplying based on the determined criteria. Second entity, supply, begins after the transaction has been completed. The supply is about managing the received goods or services. Figure 5 shows the linear procurement process model by Van Weele (2018, p. 8), which corresponds well with the procurement process models from other literature sources such as Nieminen (2016, p. 53). More detailed versions of the procurement process can be found in literature, such as the process by Pekkala & Pohjonen (2015, pp. 24-26), but the essence is still the same.

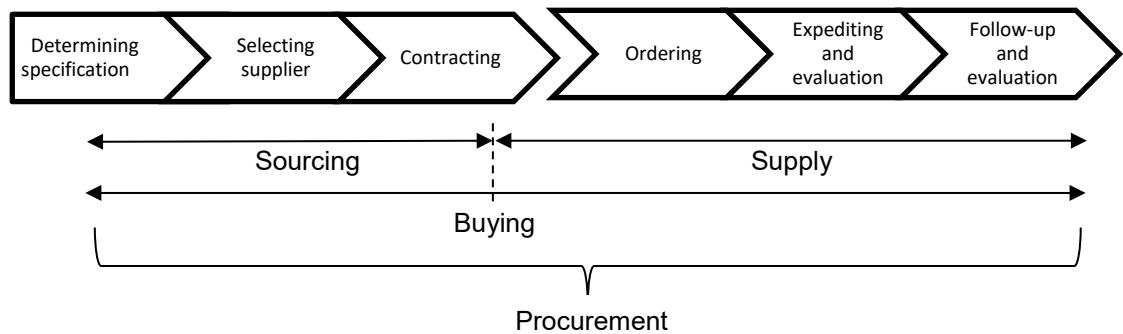


Figure 5: Linear procurement process model (Van Weele 2018, p. 8)

First, in determining specification -activity, functional specifications are made with the help of the supplier. Second, in selecting supplier -activity, a request for quotation is sent to the pre-qualified suppliers and a supplier is chosen. Third, in contracting -activity, a contract is made with the chosen supplier. Fourth, in ordering -activity, the order is made and order routines are established. Fifth, in expediting and evaluation -activity, the deliverables and performance of the supplier are checked and evaluated. Sixth, in follow-up and evaluation -activity, the supplier is assessed and rated. Figure 6 shows the interrelation of supply chain, procurement types and procurement process.

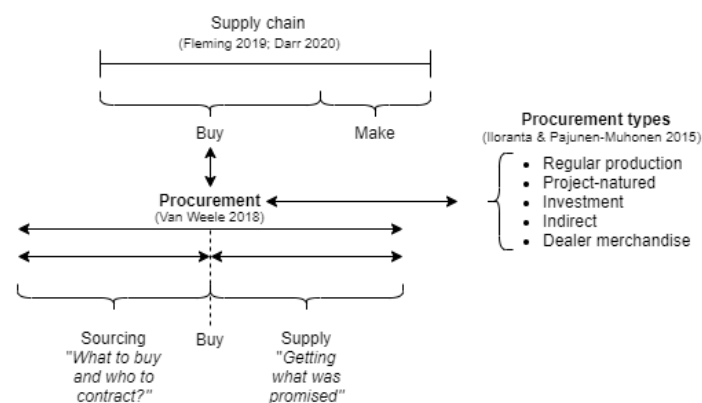


Figure 6: Linear procurement process model in supply chain

The definition of who is procuring is troublesome as procurement can be regarded as all activity for which the company receives an invoice. For terminology purposes, Van Weele (2018, pp. 26-27) defines the procurement department as the main organ that carries the procurement operation in the organization. The author adds, that procurement is usually a group effort and the functions and people involved in the procurement process depend on the product or service complexity and commercial uncertainty. The people and groups involved in the procurement decision-making process are referred to as a buying center (Robinson et al. 1967). The size of the buying center varies usually from five to dozen members (Webster & Keller 2004). Figure 7 visualizes the needed buying center for different procurements regarding product or service complexity and commercial uncertainty.

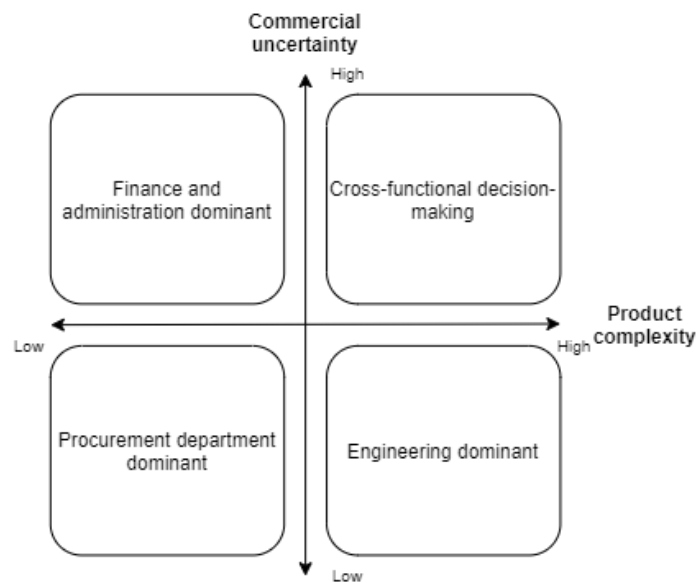


Figure 7: Buying center types for different procurements (Van Weele 2018, p. 26)

There are two extremities in Figure 7: procurement department dominant and cross-functional decision making. With low product complexity and commercial uncertainty, the procurement can be delegated to the procurement department (Van Weele 2018, p. 26). The procurement department can for example be dominant in handling regular production procurement as no external support is likely needed. The other extremity with high product and commercial uncertainty is the cross-functional decision-making, in which business leaders and financial managers are actively involved (Van Weele 2018, p. 26). Investments or strategically important in-direct procurements could be examples of procurement that require cross-functional decision-making in their buying centers. Finance and administration dominant and engineering dominant buying centers represent procurements with either high commercial uncertainty or high product complexity so either financial people or engineers are needed to support the procurement department, but not both.

In addition to the different types of buying centers, there are also several different roles in buying centers (Robinson et al. 1967):

- initiator
- user
- influencer
- decider
- approver
- buyer
- gatekeeper.

First, initiator is the one in the organization who can request something to be procured. Second, user is the person who uses the product so often they also act as an initiator and help in defining the requirements for the procurement. Van Weele (2018, p. 27) adds that users usually have a lot of influence on the specification and selection of the product. Third, influencer can have an impact on the buying decisions and they can for example be experts of the product technology. The advice and effect of influencers can be either solicited or unsolicited. Fourth, decider decides on product requirements or suppliers. In some cases, the decider can be a designer who can write the specification towards a preferred supplier due to past positive experiences.

Fifth, approver is the one who can authorize the proposed actions. Sixth, buyer has formal authority in selecting the supplier and negotiating the contract. According to Van Weele (2018, p. 27), in smaller companies, the buyers can be the same individuals as users. Furthermore, buyers are responsible for conducting the procurement process. Seventh, gatekeeper can allow and deny information flow in the organization. A gatekeeper could for example be a procurement agent who gets to choose whether to convey the message of the salesperson forward or not. In some cases, the buyer can be a gatekeeper with the power to decide whether to share some supplier information within the organization or not. Webster and Wind (1972) emphasize that the roles are not unique; multiple people can have the same role and the other way around, one person can have multiple roles.

As different individuals with differing opinions, status, and authority are in charge of the procurement, it is quite natural that there are conflicts of interest (Kotler et al. 2016, p.

269; Van Weele 2018, pp. 26-27). The engineers are interested in the product performance, some want the ease of use, finance people are interested in the cost, and the procurement department is interested in operating and replacement costs.

Different roles and motives in the buying center raise the question of who is actually buying. Webster and Keller (2004) claim that ultimately the individuals make buying decisions, not organizations. The claim of the authors is based on the fact that personal needs motivate people and that one of the two main motivations of buying is to obtain individual achievements and rewards. According to the authors, another main motivation is to solve the organization's economic and strategic problems. Nevertheless, the buying motivation is a mix of serving the organization and own interests. Figure 8 presents the broad procurement model that summarizes the main concepts of procurement.

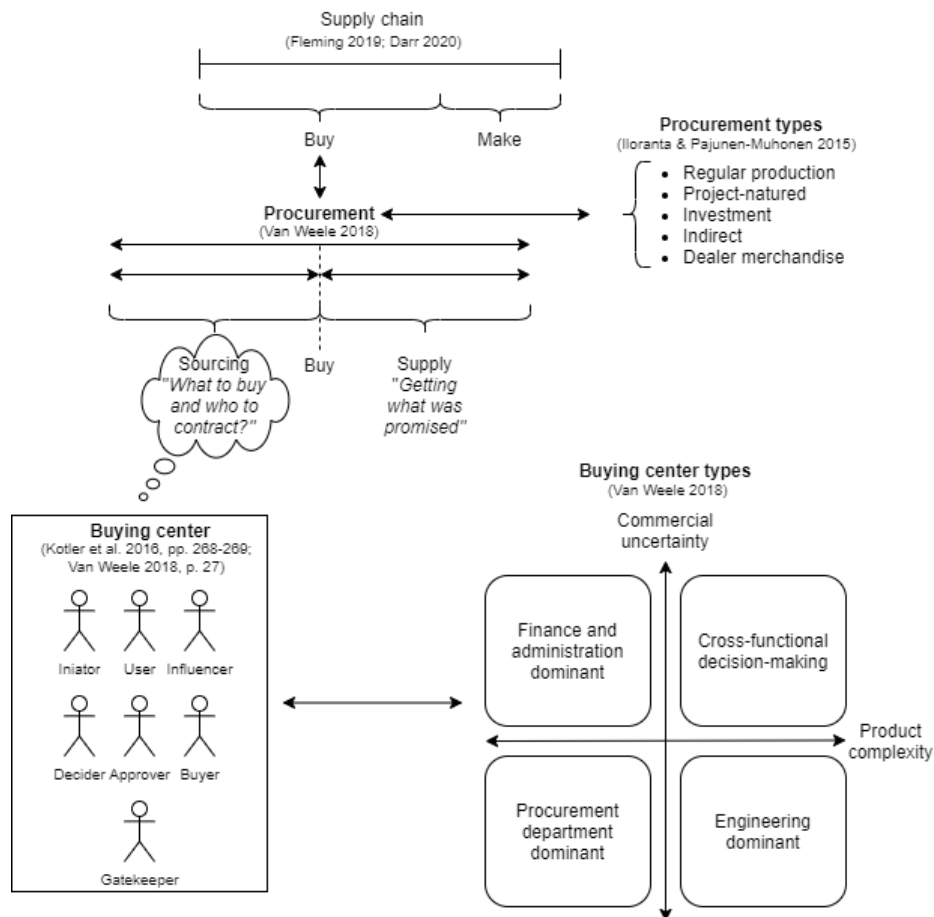


Figure 8: Broad procurement model

Procurement a vast entity that nowadays represents a large share of the supply chain and create competitive advantage (Iloranta & Pajunen-Muhonen 2015, p. 33). The procurement process is split into two entities: sourcing and supply (Van Weele 2018, p. 8). Buying center is the decision-making unit in the procurement process (Robinson et al. 1967).

2.2 Public procurement

Procurement can be split into private and public procurement. Private procurement is business-to-business (B2B) where in public procurement the transactions happen between a public authority and a private supplier. The main difference between private and public procurement is that the tendering process of public procurement is defined by law and directives whereas in the private sector the tendering process isn't regulated by legislation (Van Weele 2018, p. 122). Another major difference is that private buyers can make choices intuitively, but public buyers must seek to objectivize their decision-making in procurement (Kiiver & Kodym 2015). Furthermore, the objective of buying is different; in private businesses procurement is seen as a source of competitive advantage and the objective is to maximize the total profit whereas in public procurement the objective of procuring is to support the public authorities and to execute social-economic policies (Wang & Bunn 2014)

Before defining what public procurement is, it is good first to define the scope of public procurement. According to Van Weele (2018, p. 121), public procurement refers to the procurement of public authorities, such as states and municipalities, that are governed by public law. In addition, public utility sector, which consists of for example public transport and water control, is not under the same regulation. In Finland public authorities are defined as a body corporate (Kontio et al. 2017, p. 47):

- who are mainly financed by public authorities,
- who are managed under the regulatory control of a public authority, or
- of whose administrative, managerial, or regulatory organs a public authority appoints more than half of the members

Uyarra and Flanagan (2010) define public procurement as the acquisition of goods and services by government or public sector organizations. The general definition is especially suitable for procuring products or services that are already in the markets and the price and performance information is available for the procurer (Edquist et al. 2000, p. 5).

Arrowsmith et al. (2000, pp. 8-9) claim that due to the large economic impact, public procurement influences many different stakeholders. The authors add that in the center of all stakeholders is the source of funding for public procurement, usually the taxpayers. Thus, the authors conclude that it is of every taxpayers' interest to secure the best possible value for money (VfM) in the way public procurement is conducted. In practice VfM means awarding the quote with the best price-quality ratio instead of awarding the

quote with the lowest price (Dimitri 2013; Kiiver & Kodym 2015). McKeivitt and Davis (2015) state that VfM aims to award the Most Economically Advantageous Tender (MEAT) which is the most advantageous tender in terms of price, quality, environment and society.

Quotes can be evaluated based on (Kontio et al. 2017, pp. 218-223):

- cheapest price
- lowest cost
- quality-price ratio (MEAT).

First, cheapest price favours the tender with the lowest price. Second,, lowest cost favours the tender with the lowest cost, for example, lowest TCO. Third, the quality-price ratio is the most commonly used evaluation way for other than goods. With the quality-price ratio the public authority chooses the weights for quality and price and the total points for a supplier consist of the weighted points of price and quality. The quality is evaluated using choice criteria, and more precisely, minimum requirements and evaluation criteria. The minimum requirements should be fulfilled to participate in the tender and evaluation criteria are then used to score the suppliers. Two models are used in the scoring of evaluation of price and quality criteria (Kontio et al. 2017, pp. 218-223):

- The cheapest price gets full points and the other prices are scored in relation to the cheapest price using the formula: $\text{cheapest price} * \text{total points} / \text{comparative price}$
- The cheapest price gets full points and the highest price gets the no points and the other prices are set linearly in between the two points (lowest and highest prices) proportionally to the price differences.

In the search for MEAT, the public organizations conduct a call for tender to reduce the collusion between the public organization and private businesses, and to ensure fair treatment for all supplier candidates (Mamavi et al. 2015). The procedure of call of tender lies on four main organizing principles (Kontio et al. 2017, p. 105; Van Weele 2018, p. 123):

- Non-discrimination
- Equality
- Transparency
- Proportionality.

First, non-discrimination should grant access to government contracts for every supplier, regardless of their nationality or country (Van Weele 2018, p. 123). The non-discrimination principle does not allow to evaluate suppliers based on former contracts nor based on product name or brand (Kontio et al. 2017, p. 29). The only exception is that the public authority can set language requirements with certain justification (Kontio et al. 2017, p. 29; Van Weele 2018, p. 123). Second, equality relates to the previous principle of non-discrimination as it should grant that each supplier is treated similarly and that each supplier is given the same information (Van Weele 2018, p. 123).

Third, transparency holds that public authorities publish the procurement notice well in advance, the procurement decision is available for each supplier and that, in general, all documents are mainly public (Kontio et al. 2017, p. 29). The principle of transparency also states that the procurement procedure should be published upfront (Van Weele 2018, p. 123).

Fourth, proportionality states that the requirements, conditions, and choice criteria are reasonable and in balance with the scope, features, and volume of the procured product or service (Kontio et al. 2017, p. 30; Van Weele 2018, p. 124). The public authority cannot, for example, require the supplier to have experience of building skyscrapers in case the construction procured is a small cottage. The idea of tendering and living up to the principles is to guarantee the effective use of taxpayers' money and to give everyone an equal opportunity to race for the tenders (Pekkala & Pohjonen 2015, p. 22).

Public procurement does not just affect the citizens but also the contractors. Some companies are heavily dependent on public procurement. Taking the defense industry as an example, where the only customer is usually the government although in the defense industry it is common for the contractor to supply for foreign governments as well. Arrowsmith et al. (2000, pp. 9 & 11) claim that the government also can choose contractors that fulfill its social and environmental goals and, thus, for example, promote green development or the development of disadvantaged ethnic groups. The studies regarding the power of green procurement show that public procurement can make a difference in driving new innovations. For example, the study of Alvarez and Rubio (2015) concluded that the inclusion of carbon footprint in the Green Public Procurement initiative has acted as a strong stimulus for green innovations.

The understanding of budget management in the governmental sector is crucial in order to better understand public procurement. Van Weele (2018, p. 124) states that in some countries the ministries need to spend the budget within the year in which it is allocated to them. In those types of countries, ministries are very eager to issue extra

contracts at the end of each year as not using the whole budget might result in a lower budget for the next years to come. Furthermore, another interesting factor in governmental budgeting is that budgets for investments and exploitation are separated which drives the contracting authority not to think of the operating expenses when considering an investment. Hence, the concept of Total Cost of Ownership (TCO) related to procurement, in general, can be troublesome in public procurement.

Val Weele (2018, p. 124) says that technical experts, legal specialists, and policymakers form the buying center in public procurement. Also, legal specialists have an especially large role, as the tendering process is much more subject to legal regulation than in the private sector. The procurement experts usually locate low in the organization and usually have limited visibility to the top management (Val Weele 2018, p. 124). The low visibility between procurement experts and top management can result in a situation where the decision-makers and experts do not communicate regularly. There are some situations where a centralized procurement unit, for example, Hansel in Finland, does the procurement on behalf of a public authority, which mixes the concept of a clear buying center. The use of a centralized public procurement unit has become increasingly more popular during past years (Keränen 2017). The study of Keränen (2017), Uenk and Telgen (2019) and Holma et al. (2020) introduced a triad stakeholder setting of public procurement, in which there are three stakeholders:

- End customer
- Centralized procurement unit
- Supplier(s).

First, end customer consists of those who use what the centralized procurement unit buys and influence the specification process (Giunipero & Pearcy 2000). The definition corresponds well with the buying center role of the user of Kotler et al. (2016, pp. 268-269) and Van Weele (2018, p. 27). Second, centralized procurement unit refers to the centralized procurement department of a public authority that is also responsible for carrying out the public procurement process (Keränen 2017). The focus of the procurement unit is in conducting the procurement process in a legal and formal manner with a focus on contractual items (Holma et al. 2020). Third, supplier is a private institution that is bidding for the tender. Two different stakeholder settings from the literature are presented in Figure 9.

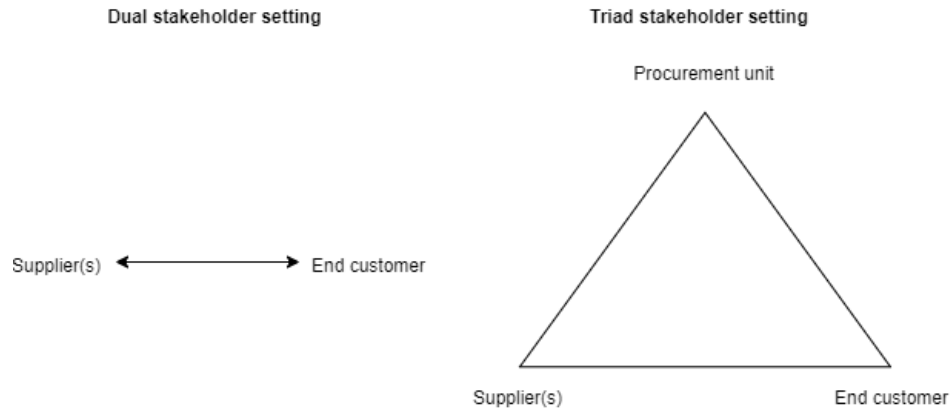


Figure 9: Dual and triad stakeholder setting in public procurement (Holma et al. 2020)

In the triad stakeholder setting one can conclude that the core of the buying center consists of an end customer and a possible centralized procurement unit. In Finland, Hansel is an example of a centralized procurement unit that carries out the procurement procedure on behalf of the end customer, resulting in a triad stakeholder setting. In case the end customer also carries out the procurement there is a dual stakeholder setting.

2.3 Public procurement regulation in Europe

European Union has its own directive that states the way public procurement should be conducted in its member countries. The directive 2014/24/EU on public procurement is the latest directive concerning public procurement by European Union although some updates have been made since.

Article 4 in the procurement directive (2014/24/EU) states certain thresholds for the different contract types. The thresholds are updated every two years based on the Agreement on Government Procurement (GPA) (Pekkala & Mikkonen, p. 34). If the highest estimated value of the contract is equal to or greater than the threshold, the directive shall be applied and the request for quotation has to be raced EU-wide. These sorts of procurements are so-called EU-procurements. The thresholds for the two main contract types presented in the bottom of Figure 10 are from the update made at the beginning of 2020. The thresholds differ between different contract types that are (2014/24/EU; Becker et al. 2019):

- public works contracts
- public supply contracts
- public service contracts

- subsidized services.

First, public works contract is defined as the execution, or both design and execution of a work, for example, building or civil engineering works. Second, public supply contract is for example a purchase, lease, rental, or hire-purchase with or without the option to buy, of a product. Third, public service contract consists of the other public contracts than public works or supply works, for example, a consultancy. Fourth, subsidized service contract is a service contract that is subsidized by procuring authority by more than 50 percentage of the estimated value.

In addition to the regulation of the European Union’s directives, member countries have their own legislation for public procurement as well. For example, The Public Procurement and Concession Contracts Act of Finland came into force at the beginning of 2017, and the law is based on the directives of the European Union and the Government Procurement Agreement of World Trade Organization (Kontio et al. 2017, p. 27).

Public Procurement and Concession Contracts Act of Finland has its own thresholds that are presented in the bottom of the underlying figure. Figure 10 also states the used governance for different contract values. The act is applied for procurements that fall between the thresholds of the 2014/24/EU directive and the Public Procurement and Concession Contracts Act (Kontio et al. 2017, p. 28). These kinds of procurements are so-called national procurements. The act is not applied for procurements under the national thresholds, small procurements, but the principles of the public procurement – non-discrimination, equality, transparency, and proportionality – have to be followed nonetheless (Public Procurement and Concession Contracts Act 1397/2016; Kontio et al. 2017, p. 28).

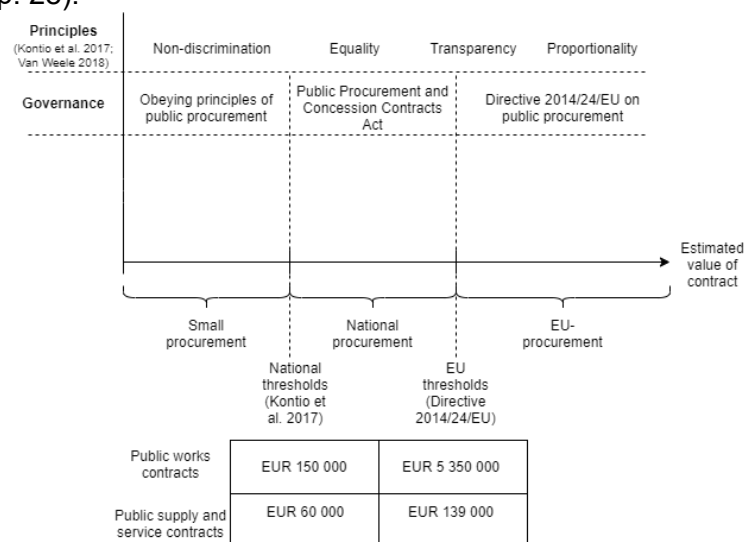


Figure 10: Public procurement principles and governance in Finland

The thresholds of the European Union’s directive and Public Procurement and Concession Contracts Act determine the possible procedures for public procurement. According to Kontio et al. (2017, pp. 105-106), for public procurements under the national thresholds of Finland, so-called small procurements, no tendering process is needed. The authors add that for procurements in between the national and European Union’s thresholds the contracting entity can freely choose the procurement procedure which can for example be a mix of EU-procurement procedures. For procurements that surpass the thresholds of the European Union the Directive 2014/24/EU is applied and the used procurement procedure has to be chosen from the defined procedures in the Directive.

Figure 11 visualizes the entity of public procurement regulation in Finland consisting of the principles of public procurement, governance and procurement procedures available.

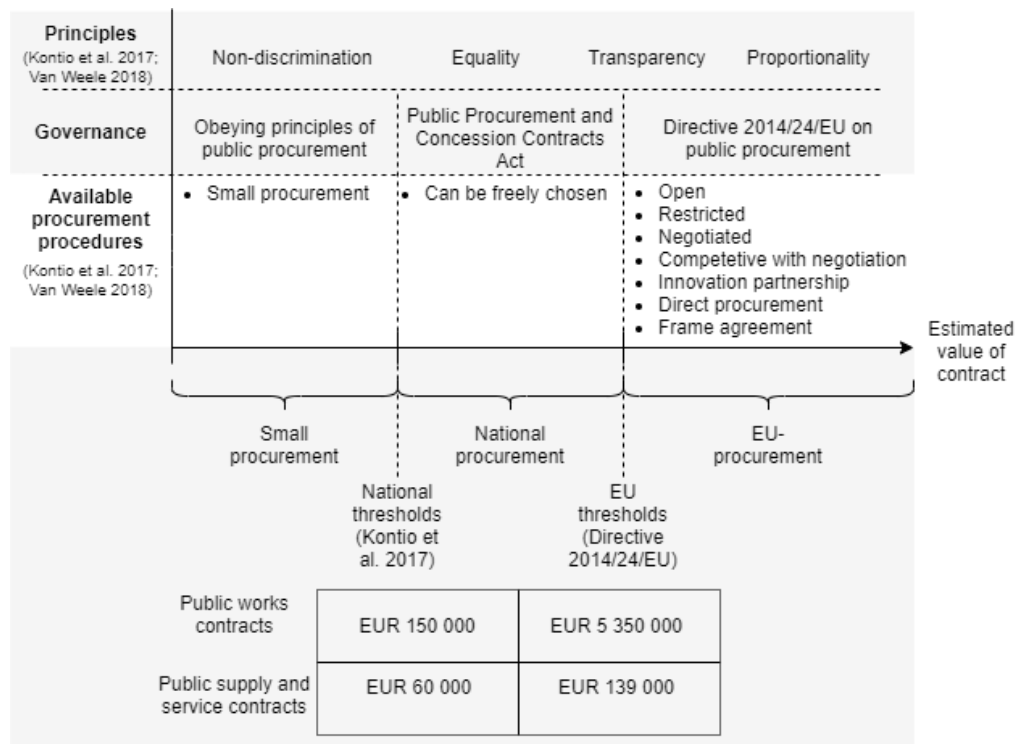


Figure 11: Available procurement procedures in Finland

The idea of the above figure is to visualize what sort of regulation has to be taken into account with a certain estimated value of the contract. In case the estimated value of the procurement is under the national threshold, the regulation is very light although the principles of public procurement have to be obeyed. Public Procurement and Concession Contract Act governs national procurements that have to be raced but the procurement procedure can be freely chosen which gives freedom to the procuring authority. EU-procurements are very strictly regulated and the procuring authority has to race the tender using one of the procedures in the Directive.

2.4 Process of public procurement

Although the procurement procedure makes a difference (Kontio et al. 2017, p. 158), the process of public procurement still has a formula that it follows. The public procurement process can be split into activities that form stages. Directive 2014/24/EU splits the public procurement process into three stages: preparation, publication & transparency and choice of participants, and award of contracts. A slightly more generalized division of stages by McKeivitt and Davis (2015) is following: pre-tender, tender and post-contract award, which is the used terminology in this thesis. The public procurement process definitions by Ilokari & Pajunen-Muhonen (2015, p. 385) and Van Weele (2018, pp. 134-137) also correspond with the division of stages by McKeivitt & Davis (2015). The literature review of public procurement research by Patrucco et al. (2017) identified 10 separate activities that can be connected to the stages of McKeivitt and Davis (2015). Table 1 below describes the activities and stages.

Table 1: The activities and related stages of the procurement process (McKevitt & Davis 2015; Patrucco et al. 2017)

<i>Activity</i>	<i>Description of activities</i>	<i>Stage</i>
<i>Budget and demand management</i>	Planning of procurement needs and specifications	Pre-tender
<i>Definition of requirements</i>	Definition of technical properties and characteristics	
<i>Supplier scouting</i>	Scanning the supply market for available solutions and qualifying suitable suppliers ready to fulfill the buying need	
<i>Bid design</i>	Preparing and processing main procurement document	
<i>Bid evaluation and supplier selection</i>	Establishing choice criteria for evaluating the submitted bid and selecting the suitable supplier	Tender
<i>Negotiation and awarding</i>	Defining the contract awarding to the supplier and eventually further discussion of terms and conditions	Post-contract award
<i>Contract management</i>	Preparing the contract for execution, establishing a legal and binding agreement	
<i>Order management</i>	Following activities related to the order-delivery cycle	
<i>Supplier relationship management</i>	Managing interactions and interfaces with suppliers during the duration of the contract	
<i>Vendor rating</i>	Evaluating supplier performance	

The public procurement activities by Patrucco et al. (2017) lack essential activities and the order of the activities can be questioned. For example, establishing choice criteria

has to be done before processing the main procurement documents such as the RFQ since the awarding criteria are published as a part of the RFQ (Kontio et al. 2017, p. 204). In addition, the activities by Patrucco et al. (2017) lack essential milestones and activities presented by Kontio et al. (2017) such as RFI, RFQ and procurement decision. A new public procurement process model is needed to fill the gaps and limitations of Patrucco et al. (2017). The public procurement process model below in Figure 12 is a combination of the activities presented in the literature review by Patrucco et al. (2017), the book of Kontio et al. (2017) and the study of Holma et al. (2020). The stages of McKevitt and Davis (2015) have also been applied. The rectangles in Figure 12 with multiple activities present a time when multiple activities are on simultaneously.

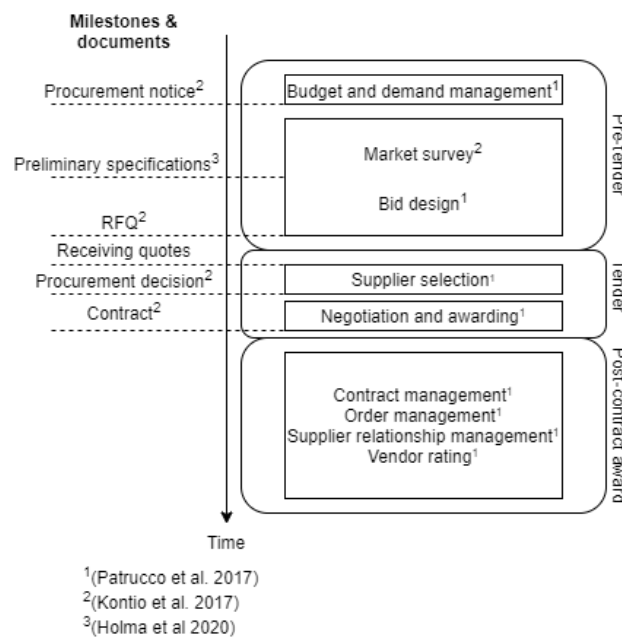


Figure 12: Public procurement process

In the pre-tender stage, the goal of the public authority is to develop a value-creating and legally correct service or product specification in a form of RFQ. As in the B2B procurement process, public procurement starts with identifying the procurement needs and budgeting the procurement (Patrucco et al. 2017). The ideal is that the demand management is driven by the end customer (Holma et al. 2020). Roughly at this phase of the process, the public buyer publishes a procurement notice which, depending on the estimated contract value, is published in EU's Tenders Electronic Daily - system (TED) and in a national system, such as Hilma in Finland (Kontio et al. 2017, p. 161).

As the public authority prepares for the tendering they can perform a market survey as a part of the supplier scouting activity in which they consult external sources in scouting the available solutions in the market and possible suppliers (McKevitt & Davis 2015;

Public Procurement and Concession Contracts Act § 65). As a result of successful demand management and market survey preliminary specifications are created (Holma et al. (2020). As a part of the market survey, the public authority can also arrange market and technical dialogues and RFI in where the public authority can discuss the available solutions, service or product specification and contractual items with the suppliers (Van Weele 2018, p. 38; Holma et al. 2020). Officially, the market survey is the first activity where suppliers are involved in the process. As a part of the market survey, the public authority might ask for workload and cost estimates (Kontio et al. 2017, p. 93). As visualized in Figure 12, the formation of the bid design is on simultaneously with the market survey. With the information gathered the public authority should be able to publish the RFQ. An RFQ consists of the description of the procurement, choice criteria and the contract terms (Kontio et al. 2017, p. 205).

The tender stage begins after the RFQ is published. As the tendering stage begins the informal communication with suppliers changes to a more formal and procedural form as the regulation of tendering process steps in (North; Callender & Matthews, cited in McKeivitt & Davis 2015). After publishing the RFQ, the suppliers are given a timeframe during which they can submit questions regarding the RFQ to which the public authority will answer and the RFQ can be modified if the public authority chooses to do so (Kontio et al. 2017, p. 240). Nevertheless, as the tender stage is on all the questions and answers are sent to every supplier in order to secure an equal treatment for all suppliers. The RFQ also states the deadline for submitting quotes and as the public authority receives the quotes, they evaluate the quotes based on the choice criteria and publish a procurement decision where the awarded supplier is stated (Kontio et al. 2017, p. 258). The tender stage ends in contract negotiations between the public authority and the supplier resulting in signing a binding contract (Kontio et al. 2017, pp. 250-257).

As the contract has been signed, the post-contract award stage begins. Post-contract award stage consists of simultaneous activities stated in Figure 12. In the post-contract award stage the main focus is in managing the order delivery according to the contract (McKeivitt & Davis 2015; Patrucco et al. 2017). In post-contract award stage, the buyer-supplier interaction isn't restricted by public procurement legislation and can thus be more unrestricted compared to tender stage (Wang & Bunn 2004).

Underlying Figure 13 presents the comparison of public and private procurement processes and summarizes the main distinctiveness of public procurement. Although the activities of both processes have been distributed evenly in time for comparison purposes, the timing of activities between public and private procurement processes can vary.

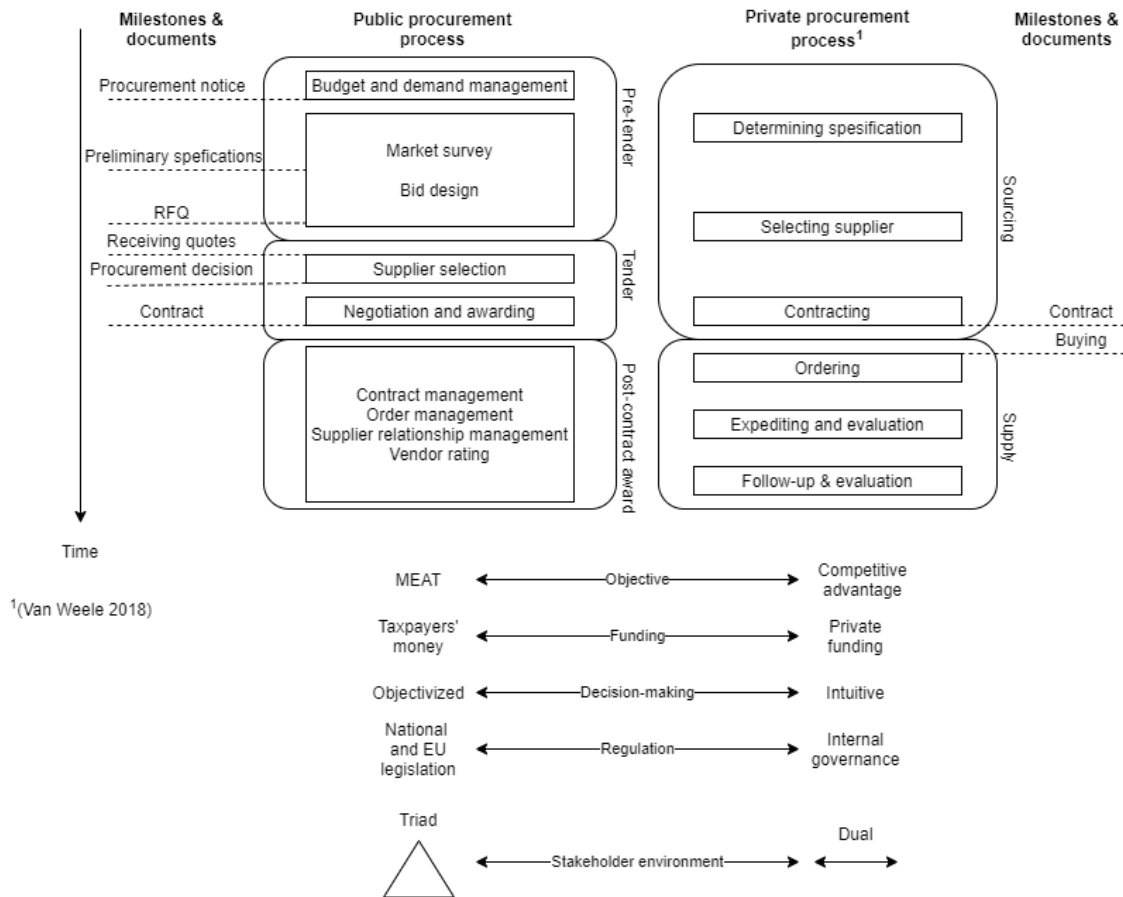


Figure 13: Comparison of public and private procurement processes

The comparison of public and private procurement processes in Figure 13 shows multiple differences in the processes. The first main difference is in the division of stages as in private procurement formal tendering is not part of the process. As aforementioned, in private procurement, the procurement process is divided into sourcing and supply (Van Weele 2018, p. 8) instead of pre-tender, tender and post-contract award (McKevitt & Davis 2015). In addition to the difference in terminology, activities in private procurement focus on finding the best-suited supplier (sourcing) and manage the deliverables (supply) without a mandatory tender stage (Van Weele 2018, pp. 2-8).

Due to the lack of regulation in private procurement, the amount of activities is lower and the process can be more flexibly adapted to different procurement situations compared to public procurement. For example, a renewal of an annual or frame agreement might not require such as extensive sourcing-stage as the supplier and buyer have done business together and no regulation, such as European Union's public procurement regulation, require to do so. The lengths of the contracts are also not regulated as in public procurement. Nevertheless, private procurement also aims for contracting the

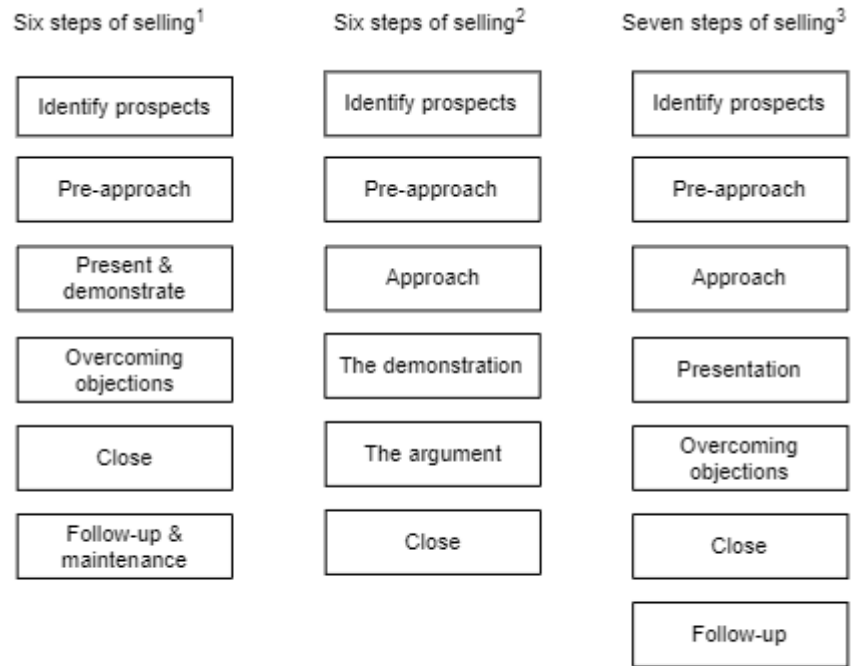
best possible supplier as does public procurement (Van Weele 2018, p. 9). Other similarities also exist. For example, RFQ is used in private procurement (Lyly-Yrjänäinen et al. 2018, p. 68), but it can just be a verbal request to the already chosen supplier for documentation purposes. Supply and post-contract award stages are also quite similar to each other, which is natural as the post-contract award stage isn't that regulated as the tender stage.

3. SELLING TO A PUBLIC CUSTOMER

3.1 B2B-sales and traditional sales process

In the book of Hänti et al. (2016, p. 10), sales is broadly defined as an action where through the interaction of individuals value is created that leads to solving customer's challenge and thus creates economic transactions. The goal of sales is to develop a situation where value is created for both parties involved. The definition of Hänti et al. (2016, p. 10) emphasizes the thought that sales belong to everyone who works in the customer interface and interact. The backbone of sales is demonstrating the value of the product or service being sold to the customer (Lyly-Yrjänäinen et al. 2018, p. 37). In most companies, the sales personnel are the most important interface to the customer (Jobber & Lancaster 2015, p. 4). In B2B sales, the focus should also be not just on the customer but also on the customer's customer because that is where the focus of the customer prospect is ultimately (Kotler et al. 2016, p. 270).

In the B2B context, the sales process can be thought to begin earlier than the purchase inquiry from the customer similarly as the procurement process does not usually begin with an order. Figure 14 shows the traditional B2B sales processes presented in the literature. The processes from left to right are the six steps of selling by Kotler et al. (2016, pp. 702-703), six steps of selling from the book "How to increase your sales" (cited in Moncrief & Marshall 2005) and seven steps of selling by Dubinsky (1980). The source of the six steps of selling is from the year 1920, which well demonstrates the almost non-existing development of traditional sales process in past decades. The only major change is practically the emerge of the follow-up step in the processes of Dubinsky (1980) and Kotler et al. (2016, pp. 702-703). The process can be interpreted to be the sales process for new customer sales as the whole process begins with new customer acquisition. As an entity, the sales process can be thought of as a funnel, where the number of customers involved decrease towards the end of the process (Järvinen & Taiminen 2016).



¹(Kotler et al. 2016)

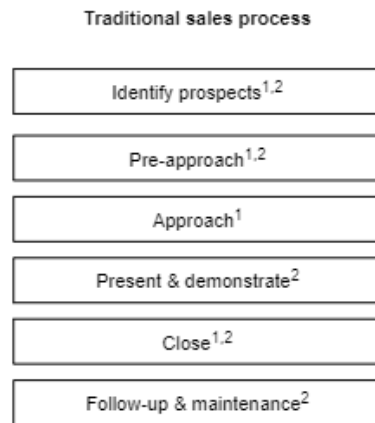
²(How to increase your sales, cited in Moncrief & Marshall 2005)

³(Dubinsky 1980)

Figure 14: Different sales processes in the literature

The traditional sales processes represent outbound sales. Outbound in general means moving away from a particular place. Thus, outbound sales means that the sales organization approaches the potential customer.

For clarity, one unambiguous traditional sales process has to be formed for this thesis. Although the processes presented in Figure 14 have a lot in common, there are small differences. The six steps of selling by Kotler et al. (2016, pp. 702-703) lacks the approach step, which represents the first contact of the sales and customer prospect organizations (Moncrief & Marshall 2005). As it is a relevant step and it has got attention in sales literature, it should be included in the traditional sales process of this thesis. The follow-up step should also be included as it highlights continuous customer service and long-term customer relationship building. The steps in between approaching and closing differ in all processes but essentially the idea is to convince the customer in buying by presenting, demonstrating, overcoming objections and winning the arguments. It is safe to claim that the aforementioned means of convincing the customer differ between sales cases. Thus, for the purposes of forming a traditional sales process for this thesis, present and demonstrate step includes the entity of convincing the customer. The traditional sales process, which is a combination of the processes by Dubinsky (1980) and Kotler et al. (2016), is presented in underlying Figure 15.



¹(Dubinsky 1980)

²(Kotler et al. 2016)

Figure 15: Traditional sales process

First, for identifying customer prospects -step the sources are versatile nowadays. One modern tactic is inbound marketing in which the idea is to attract buyer attention by using relevant and helpful content which is matched to the buying journey of the potential client (Tyre & Hockenberry 2018, p. 182). The traditional way of doing marketing, outbound marketing, is to push the product to the customers by, for example, buying advertisements (Patruti-Baltes 2016). A more traditional way is to gather information from magazines, trade shows, or references from business partners, such as current customers (Lyly-Yrjänäinen et al. 2018, p. 44).

Second, pre-approach -step is all about shortlisting the customer prospects with the largest potential. In other words, the salesperson has to get to know the prospects more in-depth. The salesperson can use their network, gather knowledge of the prospect company and try to evaluate the current suppliers of the prospect and thus gain knowledge of the sales potential, weaknesses of current suppliers, find out whether the company is financially solvent and who to contact (Lyly-Yrjänäinen et al. 2018, pp. 52-57). Figuring who to contact is more or less equal to figuring out the structure and the participants of the customer's buying center (Moncrief & Marshall 2005). The layering of the approach is also a variable in planning the approach. According to Kotler et al. (2016, p. 270), small sellers prefer to approach the key influencers of the buyer whereas larger sellers go for a multi-level in-depth approach to reach as many members of the prospect's buying center as possible. Nowadays it is common to contact multiple people from the buying center of the prospect (Moncrief & Marshall 2005). Naturally, the approach also depends on the stage of the buyer-seller relationship as it is different to acquire a new customer than it is to maintain a customer relationship.

Third, in approach -step, the salesperson approaches the prospects with the best potential. The approach depends on where the lead came from. According to Lyly-

Yrjänäinen et al. (2018, pp. 58-60), in case the customer hasn't shown any interest in the products or services being sold the approach is called a cold call, which is done by calling or visiting the customer. The authors add that in case the customer prospect has, for example, visited the company's website the lead can be described as a hot lead and the approach is very different and likely to lead to prosperous discussions with the customer. Leads from inbound marketing can be categorized as hot leads. The approach itself is a situation for which there are no pre-written guidelines or "to do"-lists as the correct depends on the salesperson, contact person of the prospect, and their chemistry.

Fourth, in present and demonstrate -step, the salesperson or the sales team should be able to convincingly communicate the benefits in the prospect's context. It is also common nowadays that the presentations are held to multiple individuals of the prospect's buying center. The understanding of the prospect's context, problems, and needs is vital and thus the meeting should be mostly about listening to the customer's stories. (Moncrief & Marshall 2005; Lyly-Yrjänäinen et al. 2018, pp. 61-62) Thus, the ability to listen is regarded as the most important attribute for new sales recruits (Marshall et al. 2003). The understanding enables the salesperson to properly communicate the features and especially the relating benefits the company could offer (Lyly-Yrjänäinen et al. 2018, p. 62). The term used for identifying and communicating the selected set of benefits to the prospect is a value proposition (Kotler et al. 2016, p. 275). It is vital in this stage for the salesperson to understand the different layers of needs as the contact person might not give the actual need or demand at first but the salesperson has to see deeper (Hänti et al. 2016, pp. 138-139). The salesperson should also be able to answer the customer prospect's many questions as the questions might be a signal of interest (Lyly-Yrjänäinen 2018, pp. 64-65). The aforementioned matters target on fulfilling the rational motives of the prospect but as mentioned in the sub-chapter "Procurement" the buying decision is also highly motivated by more emotional individual motives (Webster & Keller 2004), which suggest great importance for the salesperson to fulfill not just the rational needs but also the emotional needs of the customer prospect.

Fifth, close -step is the most important step of the process since without closing there are no sales. In the B2B world the closing isn't that much about clever closing lines but about helping the customer with the decision-making by taking advantage of the key benefits identified in previous stages (Lyly-Yrjänäinen 2018, pp. 65-66).

The order process following a successful closing step depends on the formality of the procurement process of the customer. The formality of the process is common as the B2B sales and procurement processes include staff from multiple departments (Lyly-

Yrjänäinen 2018, p. 68). Nevertheless, the process can also vary with different deliverables. There is no shipment needed for intangible services for example. After the sales has been closed the order process could for example be the following (responsibility in brackets) (Bade & Johnson 2015):

1. request for quote (buyer)
2. quote (supplier)
3. order (buyer)
4. order confirmation (supplier)
5. shipment (depends on the contract)
6. invoice (supplier)
7. payment (buyer)

First, the buyer sends the RFQ to the supplier. Second, the supplier's answer to the RFQ is a quote, which is an official and detailed offer for the products and services described in the RFQ. Depending on the deliverables, quoting can be a complicated task. According to Lyly-Yrjänäinen et al. (2018, pp. 69 & 76), the salesperson has to coordinate the manufacturing of the products or services with procurement and production, make sure that the quote corresponds to the requirements in the RFQ, and establish a delivery time estimate. The authors add that in case the customer changes the specification or the quote does not satisfy the customer, the quote process might have to be done several times until the customer is happy with the quote.

Third, as the possible price negotiations are successfully over, the customer does the order which is usually created using an IT system of some sort. Fourth, as the supplier receives an order, an order confirmation is made to be sent to the customer. The order confirmation should include the same information as in the order so the customer can double-check by comparing the order confirmation to the order. Fifth, the product is shipped to the customer if it is a tangible product. Sixth, an invoice is sent to the buyer. Seventh, the buyer does the payment. The steps of the order process depend on the deliverables as already mentioned. A forest machine, for example, is invoiced once the shipment arrives and the customer handles the payment. A construction project on the order hand cannot be "shipped" in the traditional sense and the delivery of the deliverables can take years. Then the invoicing and payment can be based on the maturity of the construction project.

Sixth, follow-up and maintenance -step in traditional sales process is about ensuring customer satisfaction and continuity of the customer relationship (Kotler et al. 2016, p.

703). With complicated deliverables, the customer might also want to purchase training and maintenance services from the supplier. After-sales can provide a continuous and profitable revenue stream for the supplier (Durugbo 2020) in addition to maintaining the customer relationship.

The process can vary depending on how familiar the customer is with the supplier and the product or service being purchased. Kotler et al. (2016, pp. 265-266) present three different buying situations:

- new buy
- rebuy
- modified rebuy.

Underlying Figure 16 presents the different buying situations in terms of sales and order processes. The order process can vary depending on the deliverables and the accustomed way of working between the supplier and buyer.

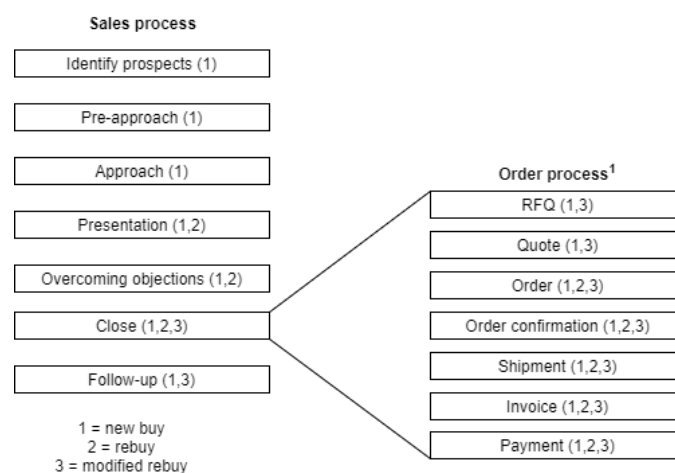


Figure 16: Traditional sales and order processes

First, new buy happens when the customer has not done business with the supplier and they have not procured anything similar in the recent past. As it is visualized in Figure 16, with a new buy the sales –and order processes are gone through in their entirety. Second, rebuy is the next purchase of the same product or service. In rebuy the sales and order processes are usually lighter as the product is familiar and the buyer-supplier relationship is established. Third, modified rebuy is a situation, where the old customer purchases something they have not purchased from the same supplier before. The modified rebuy has also its own characteristics as a process as the value of the new product has to be demonstrated. Besides, the new product has to be quoted and such formality as down-payment might be part of the process in the case of modified rebuy.

3.2 B2B buyer-supplier relationship

As the focus shifts from single transactions to creating long time value, the development of buyer-supplier relationships becomes important. It is true that transaction-focus does bring in revenue, but in the long-term, in B2B environment the profitability tends to come from customer relationships (Lyly-Yrjänäinen et al. 2018, pp. 83-84). In customer relationships, the focus is on customer lifetime value, which is the value the seller captures from the relationship during its lifetime (Kotler et al. 2016, pp. 393-395). The lifetime value of a customer can be calculated by discounting the sum of current and future profits that the customer generates (Lyly-Yrjänäinen et al. 2018, p. 89). A concrete way of maintaining continuous sales with one customer is to make a frame agreement, where the interaction between the two parties, buyer and supplier, is defined for a certain period of time, for example, in terms of prices per unit (Lyly-Yrjänäinen et al. 2018, p. 78)

Customer relationship management (CRM) is the term used for managing long-term customer relationships profitably. The reasoning behind CRM is that the customers are the only source of revenue for a company and that customers are much scarcer than products or services (Peppers & Rogers 2011, p. 38). It has also been recognized that making sales is easier for an existing customer than it is for a new customer (Lyly-Yrjänäinen et al. 2018, p. 85). The literature recognizes four stages in customer relationship development: exploration, build-up, maturity, and decline (Jap & Ganesan 2000; Palmatier et al. 2013). Figure 17 presents the process of customer relationship development.

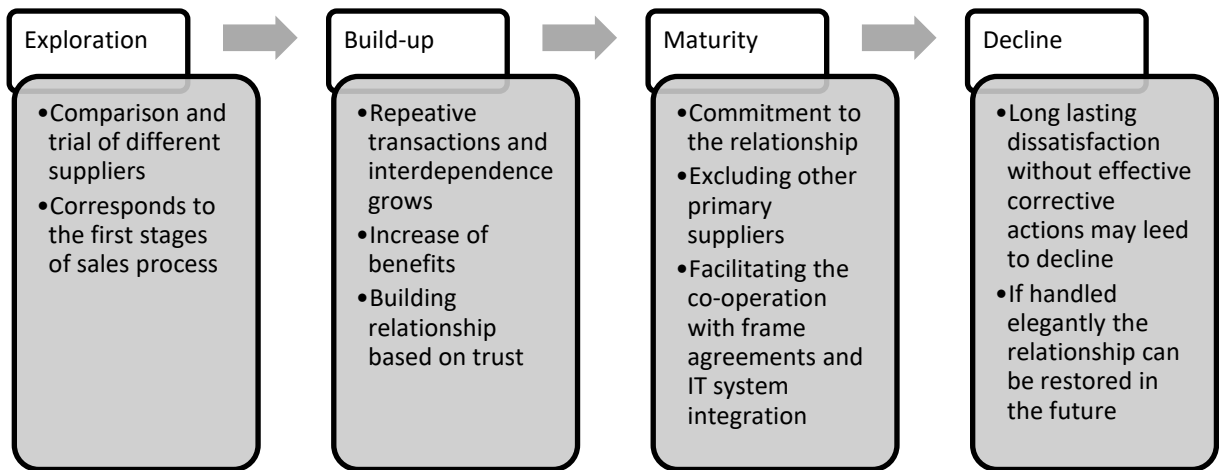


Figure 17: Process of customer relationship development (Jap & Ganesan 2000; Palmatier et al. 2013; Lyly-Yrjänäinen et al. 2018)

As the process of customer relationship development in Figure 17 implicates, customer relationship development and transactions between the buyer and the supplier are interconnected. Figure 18 demonstrates an example of the development of the customer relationship of a customer and a supplier in two different scenarios: first one in left demonstrating a continuous supply of regular production supply and second one in right demonstrating a project-natured supply. Each of the signal-in arrows represents separate sales processes.

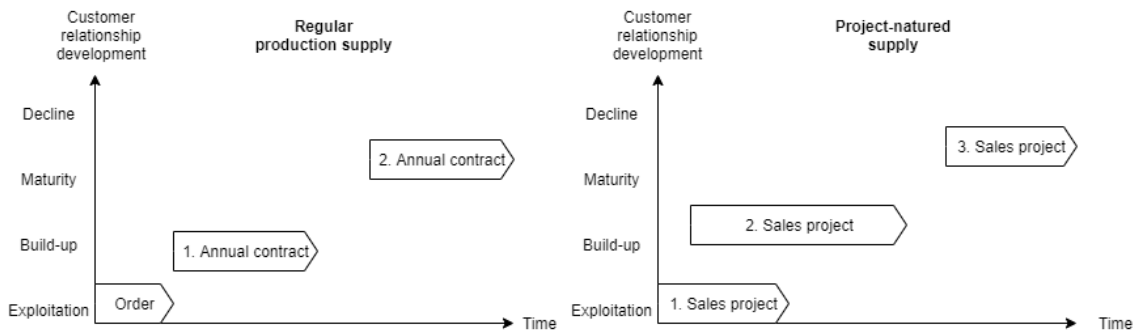


Figure 18: Customer relationship development in time

In supplying regular production supply, the relationship can begin with a single order, which can be extended to an annual contract in case the co-operation satisfies both parties. The same applies to project-natured environment, but in procuring large project-natured entities a “trial order” as a significant commitment is needed from both parties. Figure 18 also tries to illustrate the fact that multiple sales processes can be on simultaneously, which implicates to look at the customer relationship development from a larger perspective than from the point of view of just one sales process. There can be discontinuities. Discontinuity is quite natural in project-natured supply but there can

also be pauses in supply of regular-production supplies as the buyer can trial with another supplier or the demand of the buyer can decrease, which can result in a temporary pause in supply. The discontinuities still do not mean that the customer relationship should not be maintained and nurtured.

While the CRM recognizes that customers and customers only bring revenue, the reality is usually that a small proportion of customers bring the most of the sales and profits (Wengler 2006). The term used for focusing on the most important customers is called key account management (KAM) (Wengler et al. 2006). The most important customers, key accounts, can be selected using the following criteria: customer size, customer profitability, lifetime value, strategic alignment, and early adopters (McDonald & Woodburn 2007, pp. 30-37). Key accounts are managed by key account managers, who, according to McDonald and Woodburn (2007, p. 289) have two roles:

- Implementation
- Facilitation.

First, the authors define the implementation role as deciding and planning what should happen with the account and making sure it is delivered. Second, the authors define facilitation as developing the customer relationship that will enable the business strategy by, for example, building relationships to several functions of the customer's organization.

According to Rauyruen and Miller (2007), the relationship between two organizations forms in two levels: employee and organizational. Four factors contribute to the quality of the relationship: trust, commitment, satisfaction, and service quality. The main goal in maintaining and developing a high-quality buyer-supplier relationship is achieving customer loyalty, which according to Lam et al. (2004), is considered to correspond with a steady stream of revenue and rejection of competitors' offers. Customer loyalty can be split into two distinct dimensions: behavioral loyalty which corresponds to purchase intentions and attitudinal loyalty which in practice means recommending the supplier to others (Rauyruen & Miller 2007).

Organizations are interested in what distinct components affect customer loyalty the most positively. The empirical study of Rauyruen and Miller (2007) recognized that only two relationship quality factors, satisfaction and perception of service quality, influence purchase intentions. Another finding of the study was that attitudinal loyalty is affected by trust in the supplier, commitment to the supplier, satisfaction, and perception of service quality. Probably the most interesting finding in the research is that employee-level relationship quality does not have a significant effect on either dimensions of customer

loyalty. The study of Lam et al. (2004) showed similar results in terms of customer value and satisfaction and that switching costs also have an impact on both behavioral and attitudinal customer loyalty.

Do all the components have to be there simultaneously in order to achieve customer loyalty? The research of Russo et al. (2016) found three interesting combinations of perceived switching costs, returns management (managing returned products), customer value, and customer satisfaction that can generate customer loyalty:

- absence of satisfaction, customer value, and perceived switching cost
- presence of perceived switching cost and absence of satisfaction and returns management
- presence of customer value, perceived switching costs, and inadequate returns management.

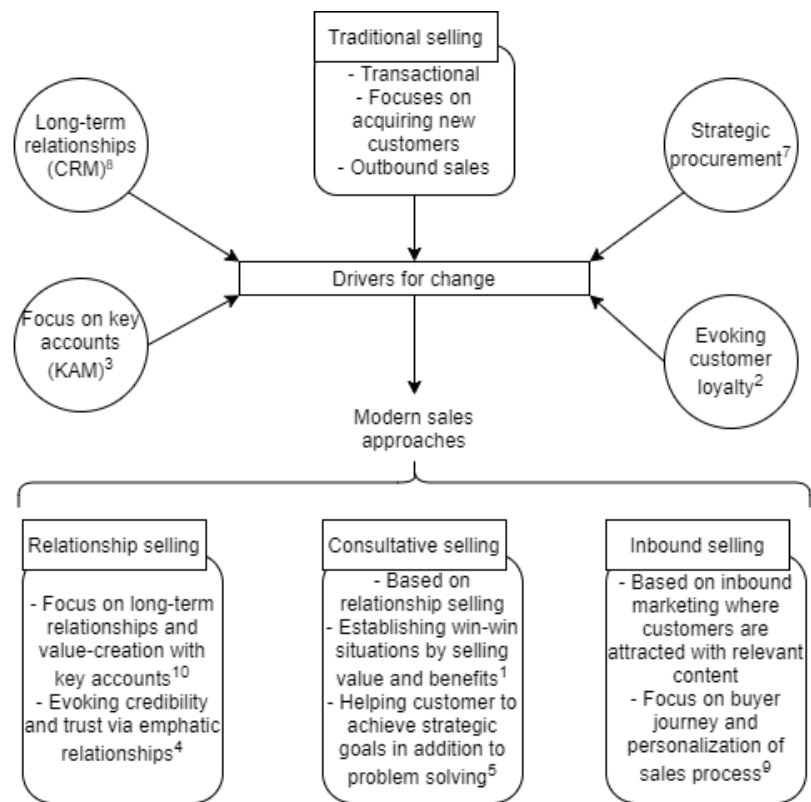
The authors explained the first finding can be with the laziness of the customers as even in the absence of customer value they stick to the supplier even if the perceived switching cost is low. Other conclusions of the study are that perceived switching cost and customer value are relevant factors in creating customer loyalty.

While the research of Rauyruen and Miller (2007) recognized no connection between the employee level relationship quality and customer loyalty, many studies have shown that the employee level relationship is usually stronger than the organizational level relationship (Czepiel 1990; Gwinner et al. 1998). Bendapudi and Leone (2002) studied the characteristics of what customers value in key-contract employees of the suppliers. The findings were a combination of soft and hard skills. The customer appreciates that they are treated as individuals with trust and loyalty even to an extent of a professional friendship. On the other hand, customers value the key-contact knows their businesses, and have technical competencies. A competent key contact is a valuable linkage between two organizations and a critical element in supplier satisfaction in many cases. Thus, the buyer-supplier relationships that are dependent mostly on the key-contact at the employee level are quite vulnerable for key-contact employee turnover. For avoiding the risk companies should create multiple linkages and highlight the organizational level relationship which is more long-lasting.

3.3 Sales approaches

In addition to the traditional transactional selling methods, in recent years organizations have adopted new selling approaches. The need for change had stemmed from the

buyers as they nowadays perceive procurement as a strategic function and buyers demand more value from the supplier relationships (Marcos Cuevas 2018). The common nominator in almost every selling approach developed in recent decades is that they try to move from transactions towards the problem-solving orientation of sales (Inks et al. 2019). The problem-solving orientation changes the buyer-supplier relationship from two separate organizations to a “we” type of thinking (Rackham, cited in Inks et al. 2019). “We” positioning requires the salesperson to work as an extension of the customer’s organization, which highlights the importance of the relationships (Moncrief & Marshall 2005). The changing sales environment has been illustrated in Figure 19.



¹(Hanan 1995) ⁶(Drollinger & Comer 2013)
²(Lam et al. 2004) ⁷(Cuevas 2018)
³(Wangler et al. 2006) ⁸(Lyly-Yrjänäinen et al. 2018)
⁴(Cathcart 2007) ⁹(Tyre & Hockenberry 2018)
⁵(Töytäri et al. 2011) ¹⁰(Inks et al. 2019)

Figure 19: Modern sales approaches

Today, the space of different sales approaches in literature is vast. There are relationship, adaptive, strategic, consultative, and inbound selling, and many others. It’s important to realize that the sales approaches are not exclusive but complementing one another. For this thesis the sales approaches presented in Figure 19 are discussed in-depth:

- Relationship
- Consultative
- Inbound selling.

First, relationship selling focuses on long-term customer relationships with multiple customer interactions and value-producing transactions over time (Inks et al. 2019). Inks et al. (2019) claim that relationship selling is a sort of basis for many other sales orientations such as consultative selling. The approach of relationship selling builds on the benefits and features mentioned in the last chapter of long-term and high-quality buyer-supplier relationships with the key accounts.

Relationship selling is a vastly researched phenomenon in literature. Some regard relationship selling as an orientation (Inks et al. 2019) while some see it as a model or as a process (Jolson 1997; Cathcart 2007, p. 10). Regardless, relationship selling emphasizes the relationship and the interaction of the buyer and supplier involved in the sales activities. Relationship selling emphasizes the soft side of things; Marvin (1997) even compared relationship selling to a marital sequence that is governed by awareness, credibility, trust, and chemistry. In a business context the aimed relationship is more of a friendship, but the same “rules of law” still apply (Marvin 1997). According to Cathcart (2007, pp. 16-18), in relationship selling credibility is first established by presenting oneself as a viable resource, which is followed by the formation of relationship and trust. The author also emphasized the constant emphasizing and listening of the customer in buyer-supplier interaction. Active and emphatic listening of the customer was also found as a significant factor in building trust and improving relationship quality by Drollinger and Comer (2013). The findings further strengthen the importance of listening in customer interaction already emphasized in the traditional sales process described in the section “B2B sales and traditional sales process”.

Second, consultative selling builds on top of the foundation of relationship selling. Sometimes referred to as a solution, strategic or value-based selling, consultative selling is a multi-stage process that emphasizes personalization, win-win outcomes, and long-term customer relationships with empathy (Lamb et al.; cited in Inks et al. 2019). The focus in consultative is not in selling products nor services but in selling the quantifiable impact they have on the customer’s business, which enables the consultative seller to price themselves based on the value they produce (Hanan 1995, p. 1). The win-win situation is created by the quantifiable value – cost cuts or revenue improvements – of the product being tried to sold to the customer (Hanan 2004, p. 23). In addition to the profit-orientation emphasized by both books of Hanan, consultative sales

also aims in helping the customer to achieve its strategic goals (Töytäri et al. 2011). Hence, the approach of consultative selling goes beyond pure problem solving (Inks et al. 2019). Consultative sales is a proven approach; according to the research of Newell et al. (2011), the consultative tasks of a salesperson positively correlates with the perception of the salesperson's expertise and relationship loyalty.

Third, inbound sales stems from inbound marketing. According to Tyre and Hockenberry (2018, p. 136), modern marketers realized the change in buyer behavior as the majority of buyers used the internet as the main source for information in planning future procurements. In inbound sales the whole setup is turned upside down as it is not anymore the salespeople who reach the customer but the other way around. Tyre and Hockenberry (2018, p. 152) recognize two distinctions in inbound selling: focus on coordinating the buyer journey and personalizing the sales process for each customer. The authors also claim that in inbound sales the focus is on the ideal customers and in leads further in the sales process, which is a clear similarity to relationship selling and to KAM theory in general. The consultative approach in inbound sales is also highlighted by the authors as the buyer is constantly advised and informed after the selling organization gets involved in the process.

3.4 Evolved sales process

Moving the orientation from outbound selling, transactions and acquiring new customers towards buyer-supplier relationships, customer relationship management (CRM) and key account management (KAM) raises the question of whether the traditional sales process is adequate despite the different sales process configurations of new buy, rebuy and modified rebuy.

As Parento's old 80:20 rule (80 percent of business from 20 percent of customers) is becoming reality in modern sales (Moncrief & Marshall 2005) a new updated sales process model is needed. The evolved sales process by Moncrief and Marshall (2005) is an updated version of the traditional sales process with an emphasis on long-term and profitable customer relationships instead of focusing on acquiring new customers and transactions.

The activities of the evolved sales process are not necessarily sequential as they are in the traditional sales process. The evolved sales process is presented in Figure 20. The activities of the evolved sales process are in the rectangle below and the corresponding steps of the traditional sales process are in the above rectangle with a dashed line. As the evolved sales process has one extra activity compared to the traditional sales

process marketing the product and problem-solving activities have been thought to correspond with the present and demonstrate activity in the traditional sales process. The activities will be presented in the same order as the corresponding steps of the traditional sales process even though the activities are not sequential and multiple activities can be on simultaneously.

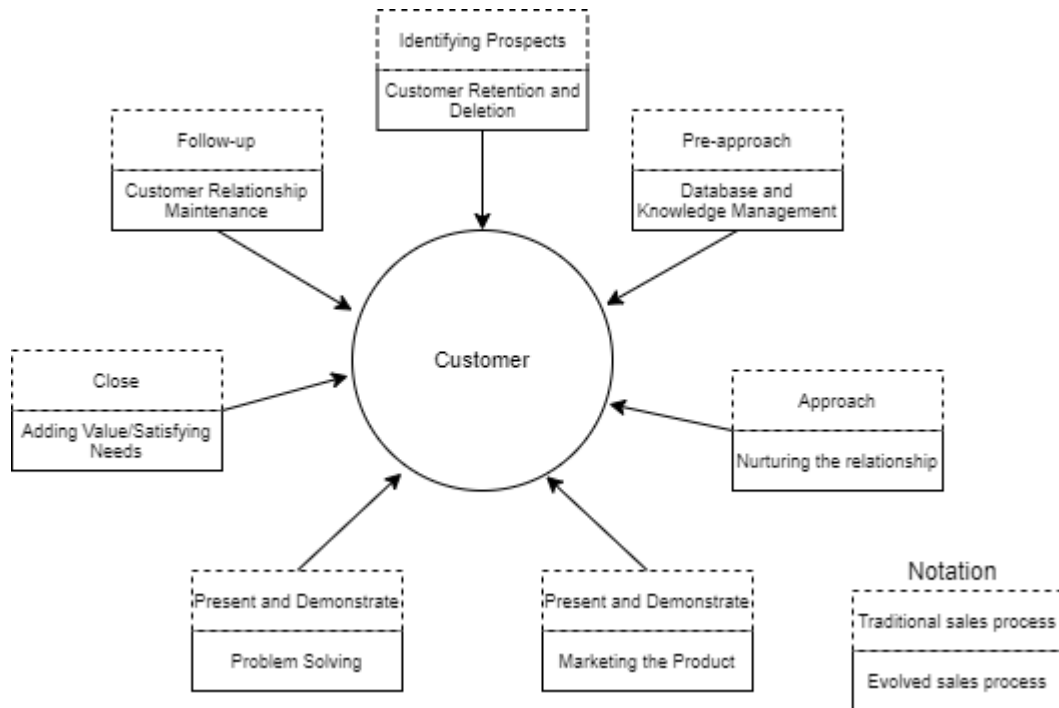


Figure 20: Evolved sales process by Marshall and Mocrief (2005) and corresponding activities of the traditional sales process

First, customer retention and deletion -activity focuses on current customers and deletion of unprofitable customers, instead of identifying new prospects as in the traditional sales process (Moncrief & Marshall 2005). The idea is similar to KAM as the resources are allocated to retain current key accounts instead of acquiring new ones. Other smaller and less profitable customer accounts can be deleted or outsourced (Moncrief & Marshall 2005). The lifetime value assessment is important in deciding the customers to focus on and new customers should only be acquired when the benefits outweigh the costs of doing business (Reichheld 2001).

Second, in database and knowledge management –activity, the customer data is utilized. As the focus is on dealing with familiar key accounts the company has likely gathered customer-specific data in its database. The database can include data of past purchases and future purchases as well (Moncrief & Marshall 2005). CRM technology has facilitated the change towards data and knowledge-based decision-making in sales (Moncrief & Marshall 2005; Lyly-Yrjänäinen et al. 2018, pp. 90-91).

Third, nurturing the relationship -activity corresponds to the approach -activity in the traditional sales process. Nurturing the customer relationship relates to the sales approach of relationship selling in which the focus is on long-term customer relationships with multiple customer interactions and value-producing transactions over time (Inks et al. 2019). As approach activity in the traditional sales process was all about opening a dialogue with the customer, in the evolved sales process the customer relationship already be in development which makes the approach inconsequential (Moncrief & Marshall 2005).

Fourth, marketing the product -activity is equivalent to the present part of present and demonstrate -activity. In the traditional sales process, the salesperson or salespeople would give a presentation to the customer (Lyly-Yrjänäinen et al. 2018, p. 61), in the evolved sales process the salespeople have become more engaged in marketing activities (Leigh & Marshall 2001). Moncrief and Marshall (2005) claim that the gap between sales and marketing has reduced and nowadays salespeople participate in such marketing activities as market segmentation and product development. The authors also add that salespeople still do customer presentations but in teams very often and the sources of presenting have become much more versatile as those can be delivered via web pages and advertisements, for example.

Fifth, problem-solving -activity corresponds to the demonstrate part of present and demonstrate -activity in the traditional sales process. While in the traditional sales process the demonstrating is about uncovering the reasons why the customer wouldn't like to close the sale and then satisfying their objections, the problem-solving stage in evolved sales process requires the salesperson to solve problems with the customer (Moncrief & Marshall 2005). The problem solving-stage requires the salespeople to practice a consultative selling approach.

Sixth, adding value and satisfying needs -activity corresponds to the close -activity of the traditional sales process. Although the evolved sales process also aims to close the sale the orientation is very different. According to Moncrief & Marshall (2005), in the evolved sales process the closing happens when a win-win situation is created and no closing techniques are needed. The authors emphasize that the creation of a win-win situation requires a value-adding solution to the customer's problem. The great importance of value-adding selling of Moncrief and Marshall (2005) complements the theory of customer value contributing to purchase intentions.

Seventh, customer relationship maintenance -activity has the most common with the corresponding activity of the traditional sales process, follow-up. The means of conducting the after-close period have changed primarily due to the increased effectiveness of technology and that some companies nowadays have designated individuals who take care of the customer relationship maintenance (Moncrief & Marshall 2005). The customer relation maintenance can be assigned to key account managers, for example.

3.5 Characteristics of business-to-government (B2G) sales

In general, public authorities can be perceived as tempting customers for suppliers. The public procurement is of high volume and the demand is stable. In developed countries, public procurement accounts for 30 to 40 percent of all supply contracts (Purchase et al. 2009). Another benefit of public sector customers is that they are not likely to get bankrupted and the demand is not that much affected by recessions (Williams & Smellie 1985; Loader 2007).

Josephson et al. (2019) claim that the tendering process of B2G is also a heavy process from the supplier's point of view. The authors add that, as a company tries to enter the B2G market, a substantial investment is needed to learn the procedures of the process. Furthermore, there are other costs related to compliance as expensive auditing might be needed and even getting a loan to government projects can be problematic. The costs related to the obedience of course depend on the regulation of the country and the B2G experience of the supplier.

Nevertheless, according to Josephson et al. (2019), some companies develop separate product lines in order to specialize in B2G. The authors claim that despite the relatively high learning and obedience costs, the net benefits of B2G outweigh the costs. However, the authors emphasize that the net benefits of B2G business tend to realize only for suppliers who have put a high emphasis on penetrating the B2G markets. Relationship-building tactics are also limited in B2G as potential and current suppliers cannot provide any incentives to procurement decision-makers (Josephson et al. 2019) even though such direct marketing tactics are regarded to be effective (Palmatier et al. 2007).

It is of great importance in public sector selling that the company's business is compliant as public sector bodies are very strict on who they do business with (Kotler et al. 2016, pp. 286-287). Josephson et al. (2019) also emphasize the ethics and law-abiding behaviour of the B2G supplier as disobedience can result in severe penalties.

B2B relationships and buyer-supplier relationships are research subjects that have got a lot of attention in the literature. The buyer-supplier relationship in the B2G environment on the other hand has not been a major subject in the literature (Wang & Bunn 2004; Patrucco et al. 2017).

The relevant stakeholders of public procurement have taken into account in buyer-supplier relationships in B2G context. In addition to the supplier and the end customer, the centralized public procurement unit can have a significant role that has to be taken into account. In a triad stakeholder setting the relationship is formed between the supplier, end customer and the centralized procurement unit (Heikkinen et al. 2007). The study of Keränen (2017) found out in the pre-tender stage the centralized procurement unit initiates the triad stakeholder setting to form the RFQ whereas the end customer and the supplier facilitate the relationship whereas in tender and post-contract award stages the centralized procurement unit facilitates the relationship and the end customer and the supplier have a role of a relationship builder. For the supplier the study suggests that a high-quality delivery of a product or a service can improve the building of the end customer's trust which is a key component in the long-term development of the buyer-supplier relationship. However, the study of Keränen (2017) had a scope of just one public procurement, which leaves a need for further study regarding long-term buyer-supplier relationship development in B2G context. Also, the study of Keränen (2017) studied the relationship from official dialogue activity onwards leaving the pre-tender stage before the official dialogue totally unhandled.

As mentioned earlier, high-quality buyer-supplier relationships create customer loyalty and many literature sources have identified the connection between relationship quality and behavioral customer loyalty (purchase intentions). Even though the CRM theory applies also in the B2G world the buyer-supplier relationships can't be regarded as so-called order-qualifiers (Wang & Bunn 2004). In other words, the connection of relationship quality and purchase intentions might still be applicable in B2G but due to the nature of the public procurement process, there is no guarantee that the business with a high-quality relationship will be awarded.

Nevertheless, the study of Mamavi et al. (2015) found out that the amount of contract awards in a given year correlates positively with the contract awards the following year. In other words, the study implies that the performance of the supplier would affect the long-term purchase intention after all even though the legislation does not allow to contract based on past performance. The study found out that the positive effect required between 5 to 12 contract awards annually so the positive effect can be explained by the learning effect; companies that have got awarded multiple times now have a high-

quality relationship with the public customer and are thus good in drafting quotes in the next round of the competition. The main implication of the study is that suppliers should consider the public customers, with whom they have had success before, as key accounts and reinforce those relationships, identify the expectations and how to satisfy them. The study of Mamavi et al. (2015) very well supplements the finding of Josephson et al. (2019) that the net benefits of B2G markets will not realize without a proper emphasis.

3.6 B2G sales process

In the traditional sales, the process varied depending on whether the procurement is a new buy, rebuy, or modified rebuy (Lyly-Yrjänäinen et al. 2018, pp. 75-75). In B2G sales, the history between the public authority and the supplier should not influence the tendering process, especially with EU-procurements. The tendering process is obligatory when the value of the procurement surpasses the national or European Union's thresholds (Kontio et al. 2017, p. 70). Thus, after a successful project with a supplier, the public authority still has to formally race the tender for the next project if the estimated value surpasses the national thresholds. Still, it can be concluded that the dynamics of the rebuy and evolved sales process presented in the last sections also apply in the B2G sales process in the pre-tender stage. However, two procurement procedures require no tendering: small procurement and direct procurement, but those are exceptions.

Figure 21 presents the B2G sales process in relation to the public procurement process. The sales processes have been made based on the traditional sales process, evolved sales process by Moncrief and Marshall (2005) and the process of public procurement. In the sales process to a new public customer, the process begins with identifying prospects, pre-approach and approach activities marked with dotted line in the underlying figure. Those steps are not necessary with an existing customer with a strong customer relationship and known contracts. The sales process consists of sequential, continuous and overlapping activities. It is also important to realize that all the activities do not necessarily occur with every customer (Moncrief & Marshall 2005). The customization of the process for each customer and each procurement situation is especially significant in the pre-tender stage so the process should not be considered as an absolute, but more of a general process. The timing of the beginning of the sales process in relation to the public procurement process is a factor of uncertainty. In the underlying B2G sales process the assumption is that the sales organization should be in contact with the public customer before the initiation of the procurement process.

The matter of timing in relation to sales and procurement processes is controversial and it has not been a major topic of discussion in B2G -or B2B sales literature. However, from a sales organization's perspective the value has to be demonstrated while the buying organization is recognizing their needs (Singh et al. 2013). Thus, in Figure 21, the B2G sales processes begin earlier than the procurement process and the actual sales efforts start simultaneously with the budget and demand management. The important milestones and documents from sales and procuring organizations' perspectives are on the top and bottom of Figure 21.

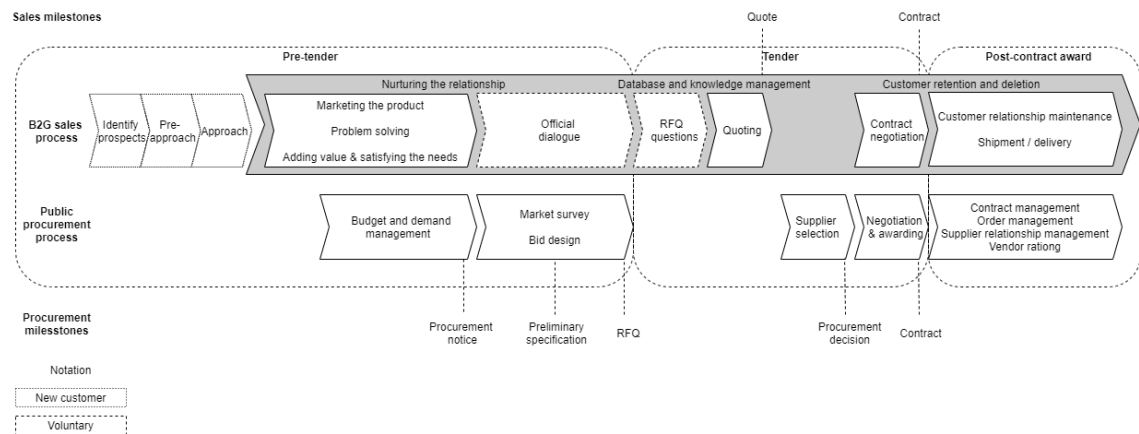


Figure 21: B2G sales process in relation to public procurement process

Customer retention and deletion, database and knowledge management, and nurturing the relationships (marked in grey arrow) in Figure 21 are continuous activities that go beyond a single sales project. According to Moncrief and Marshall (2005), the activities ensure that the sales organization focuses on the key public accounts (customer retention and deletion), updates its databases and knowledge of the public customer (database and knowledge management), and constantly practices relationship selling to develop and maintain a long-term and high-quality customer relationship with the public customer (nurturing the relationship). Literature does not recognize any differences between B2B and B2G regarding customer retention and deletion or database and knowledge management.

First, identifying prospects -activity is the first activity of the process in case the customer is a new one, is identifying prospects, which includes shortlisting the prospects with the best potential (Lyly-Yrjänäinen et al. 2018, pp. 44-57). In B2G sales, the potential prospects can be easily identifiable as some public authorities publicly communicate their future procurement needs. The Ministry of Finance in Finland for example maintains a list where the ongoing and future procurements are listed (Valtiovarainministeriö 2021). Other sources for leads are national budgets and budget proposals. The

national budget of Finland, for example, has been made available for everyone and European Union has set a directive (2019/1024) for driving the openness of the public data within the European Union (European Commission 2021b). According to Kontio et al. (2017, p. 97), constantly following the procurement communication of public authorities can reveal interesting opportunities for B2G sales. Authors also claim that, if the sales organization or the salesperson does not have experience in B2G sales, studying the public procurement procedures, legislation, and procurement strategy of the prospect improves the chances of succeeding to make sales. The lead of a customer prospect can also emerge in a form of a webpage visit by the customer prospect (Moncrief & Marshall 2005), which is a classic form of prospecting in inbound sales.

Second, pre-approach -activity is about identifying whom to contact from the prospect company (Lyly-Yrjänäinen et al. 2018, pp. 56-57). The concept of buying center is not that clear in the B2G world as a procurement office, such as Hansel in Finland, can handle the procurement on behalf of the actual customer. Thus, it is essential to recognize the stakeholder environment and whether the buying center consists of just the end customer (dual stakeholder setting) or of the end customer and centralized procurement unit (triad stakeholder setting). The salesperson's challenging task would be to identify the buying center of the customer and plan who to contact. Due to the procedural details in public procurement, the identification of the prospect's decision-makers can be more difficult than in the B2B world (MacManus, cited in Wang & Bunn 2004). On the other hand, modern CRM systems facilitate pre-approach quite well as all previous customer touchpoints can be recorded there, which helps in identifying whom to contact (Moncrief & Marshall 2005). The sales organization can choose to use the multi-level in-depth approach in order to approach multiple individuals from the buying center of the customer prospect. According to the study by Moncrief & Marshall (2005), salespeople nowadays often call multiple buying center members of the prospect. One task in the B2B pre-approach was to check the solvency of the prospect (Lyly-Yrjänäinen et al. 2018, p. 54), which might be unnecessary with B2G sales since public authorities are financed by the government.

Third, approach -activity does not differ from the B2B world as many of the same best practices can be thought to apply. It is important that even with a new customer the approach is based on a foundation of actual needs, problems, and issues of the prospect (Moncrief & Marshall 2005). However, developing a relationship with public authorities might be difficult since procurement personnel is discouraged from building close relationships with suppliers (Long 1994; Wang & Bunn 2004). Van Weele (2018, p. 135) also adds that suppliers involved in the preparation of the tender can be excluded as

they might have an unequal competitive advantage due to early involvement. Kotler et al. (2016, p. 287) on the other hand claims, that private companies need to help public authorities to see the bottom-line impact of products. Nevertheless, an approach is needed in order to get close to the customer and there are no conflicts with the principles of public procurement in approaching a public customer prospect, but it has to be kept in mind that the public customer prospect has to treat all the potential suppliers equally.

Fourth, marketing the product –activity is the first common activity with the sales processes to a new and existing customer in the evolved sales process. The activity of marketing the product is a combination of traditional presenting methods and marketing efforts (Moncrief & Marshall 2005). From a theoretical point of view, the activity of marketing the product does not differ from the B2B world. Important is that the marketing communicating is well directed for the public customer prospect. Well-conducted marketing and presenting efforts can lead to the creation of sales even in B2G markets. Budget management in many countries encourages overspending the budget (Van Weele, 2018, p. 124). Thus, at the end of the budget year, the public authorities might be interested in extra-procurements, which is good news for the salesperson. On the other hand, even though the salesperson succeeds to convince the public authority to procure chances are that the value of the procurement surpasses the national threshold and some other suppliers may be contracted.

Fifth, problem-solving -activity requires consultative selling skills from the salespeople. An effective way of demonstrating useful experience in a specific area of expertise is to present references and case studies from the past (Gormley, cited in Kotler et al. 2017, p. 287). The demonstration of references is an effective way of convincing the public customer prospect of the supplier's value-producing capabilities. High-performance consultative selling can enhance the relationship with the public customer as the skilled salespeople design and suggest value-producing solutions (Moncrief & Marshall 2005). A win-win situation in B2G selling is not so easily achievable, as no matter how good solutions the sales organization produces to the prospect, the tender still has to be raced except with direct and small procurements (Kontio et al. 2017). Another problem of consultative selling to public customers is quantifying the value of the solutions. Van Weele (2018, p. 124) claimed that, in many countries, the budget management does not recognize TCO savings as the budgets for investments and exploitation are separate. Thus, selling solutions that reduce exploitation costs but have high investment costs can be challenging in B2G. The principles of public procurement should also be kept in mind as the tender approaches since the sales organization does not want to be

disqualified from the upcoming tender because of an unfair competitive advantage compared to other suppliers.

Sixth, adding value and satisfying the needs -activity is all about creating a win-win situation between the buyer and the supplier (Moncrief & Marshall 2005). Although in B2G sales the creation of a win-win situation usually does not result in a closed deal, due to the mandatory tendering stage, it still is worth pursuing.

Seventh, official dialogue -activity is the last activity before the tendering stage. Official dialogue is not a mandatory activity. In the official dialogue the public buyer might, for example, ask for workload and cost estimates (Kontio et al. 2017, p. 93). The implication for the sales organization is then to be prepared to answer detailed questions, such as cost estimates, even before the actual quoting. Most importantly, the official dialogue also allows the sales organization to influence the minimum requirements, evaluation criteria and contractual and legal items of the RFQ in order (Kontio et al. 2017, p. 98). Thus, even though the official dialogue is not a mandatory activity the participation can be beneficial (Keränen 2017) as the sales organization can try to improve the contract draft to match their preferences and maybe change the choice criteria to their benefit. The official dialogue is the last chance to interact more freely with the public customer since after the RFQ is published the interaction becomes formal and the changes to influence are minimal (McKevitt & Davis 2015).

Eight, submitting questions -activity is the first activity of the tendering stage (Kontio et al. 2017, p. 225). All the questions and answers are available for every supplier to ensure equal information among the competitors. The activities at the beginning of the tendering stage depend on the procurement procedure used. For example, in the negotiated procedure, the tendering stage starts with a pre-RFQ and a pre-quote (Kontio et al. 2017, p. 117).

Ninth, quoting -activity has a slightly different focus in B2G tendering than in B2B as the purchasing criteria of the buyer are different as mentioned in Section 2.4. In B2G quoting the RFQ gives away the choice criteria that the public authority has to follow in scoring the suppliers (Kontio et al. 2017, pp. 250-257). For the sales organization, the focus of the quoting is then on maximizing the scores by fulfilling the evaluation criteria as well as possible. The sales organization should also make sure to submit the quote on time and to make sure that the quote answers to the RFQ well as possible as the quote can be disqualified by the public procurer (Kontio et al. 2017, pp. 243-245).

Tenth, contract negotiation -activity begins in case the sales organization is awarded as the supplier (Patrucco et al. 2017). A procurement decision is a document, published

by the public authority, that reveals the outcome of the tender in terms of awarded suppliers and supplier scores (Kontio et al. 2017, p. 257). The contract negotiation activity and the tender stage end as the contract have been signed.

Eleventh, shipment and delivery -activity begins as the contract has been signed (Bade & Johnson 2015). The delivery can be a shipment of a physical product, a complicated infrastructure project, or a continuous outsourcing service. Thus, the order of the activities in post-contract award depends on the product or service delivered, and with a continuous service or with a longer project, the delivery happens simultaneously with the activities of the public procurement process in the post-contract award stage.

Twelfth, customer relationship maintenance -activity requires the key accounts managers to maintain the customer relationship during and after a project or a continuous service. The focus of customer relationship maintenance is in consultative sales with a business building focus rather than just focusing on problem-handling (Moncrief & Marshall 2005).

4. INFLUENCING A PUBLIC BUYER IN THE PRE-TENDER STAGE

4.1 Early supplier involvement

Early supplier involvement (ESI) is defined as the “process of relying on suppliers, either physically or virtually, to provide support early on during strategic planning, demand and supply planning, continuous improvement projects (such as value analysis teams), project planning (such as developing new facilities), and the development of new technologies and products” (Trent 2008, p. 222). ESI has its root in the 1980s Japanese automotive industry where the parts and components suppliers had a high level of involvement in the development of new car models, which was considered as one of the primary reasons why the Japanese automotive manufactures outperformed the western competitors in almost every domain (Bidault et al. 1998).

Figure 22 presents the process of new product development (NPD) by Handfield et al. (1999). At the bottom of the underlying figure is the design influence of the supplier during the NPD process by Trent (2008, p. 223).

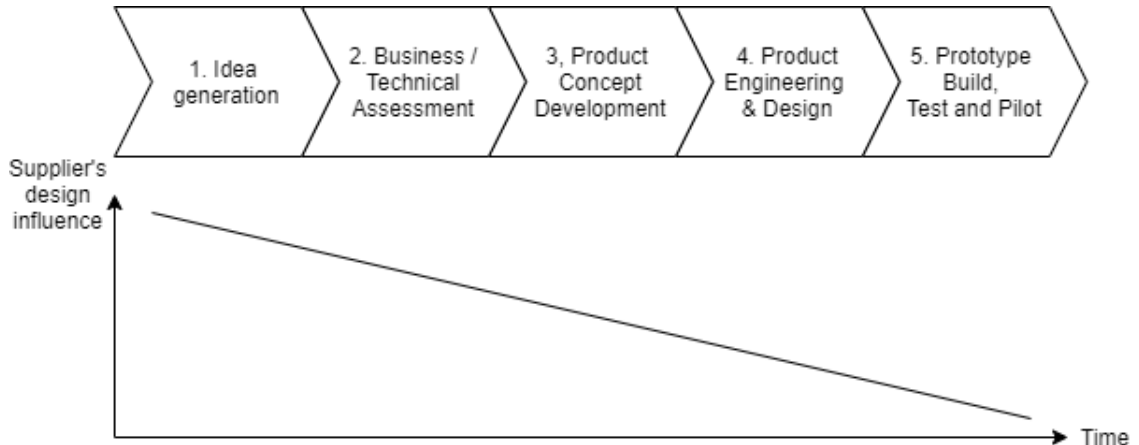


Figure 22: Supplier's design influence in NPD process (Handfield et al. 1999; Trent 2007, p 223)

The key takeaway is that the earlier the supplier is involved in the process, the more influence it has on the product or service design (Trent 2007, p. 223). In practice the ESI can take place anywhere in the NPD process but the fact that up to 80 percent of the total cost of product is established in the concept and design phases implies that the right decisions made early have an impact.

Two major drivers contribute to ESI according to Trent (2007, pp. 224-225). First driver

is continuing focus on outsourcing of noncore activities, capabilities, and competencies, claims the author. Second driver is the exponentially increasing cost of design changes as the product development process progresses. The author adds that the high cost of design changes has pushed the buyers to involve competent suppliers early so the design is sufficient from the beginning. Literature also recognizes that highly co-operative buyer-supplier relationships are more likely to lead to ESI (Birou & Fawcett 1994; Parker et al. 2008). More precisely, the study of Parker et al. (2008) found out that an established and trusting buyer-supplier relationship is associated with earlier and more extensive ESI.

From the buyer's point of view, ESI can result in multiple benefits. The benefits of ESI in the literature are presented in Table 2.

Table 2: Benefits of ESI in NPD

<i>Benefit</i>	<i>Focus area</i>	<i>References</i>
<i>Reduction in development lead time</i>	Short-term	(Wynstra 2001; Trent 2007, p. 224; Hölttä et al. 2009)
<i>Reduction in development costs</i>	Short-term	(Wynstra et al. 2001; Mclvor & Humphreys 2004; Trent 2007, p. 225)
<i>Reduction in the internal complexity of project</i>	Short-term	(Brown & Eisenhardt 1995)
<i>Increased product quality</i>	Short-term	(Hölttä et al. 2009)
<i>Reduction in product costs</i>	Short-term	(Wynstra et al. 2001; Hölttä et al. 2009)
<i>Increased product value</i>	Short-term	(Wynstra et al. 2001; Hölttä et al. 2009)
<i>Access to the knowledge of the supplier</i>	Long-term	(Bonaccorsi & Lipparini 1994; Trent 2007, p. 224)
<i>Improved buyer-supplier relationship</i>	Long-term	(Mclvor & Humphreys 2004)
<i>Reduced supply risk</i>	Long-term	(Zsidisin & Smith 2005)

In addition to the timing, the extent of ESI has to be planned by the buyer. Figure 23 presents 4 different extents of supplier involvement by Petersen et al. (2005).

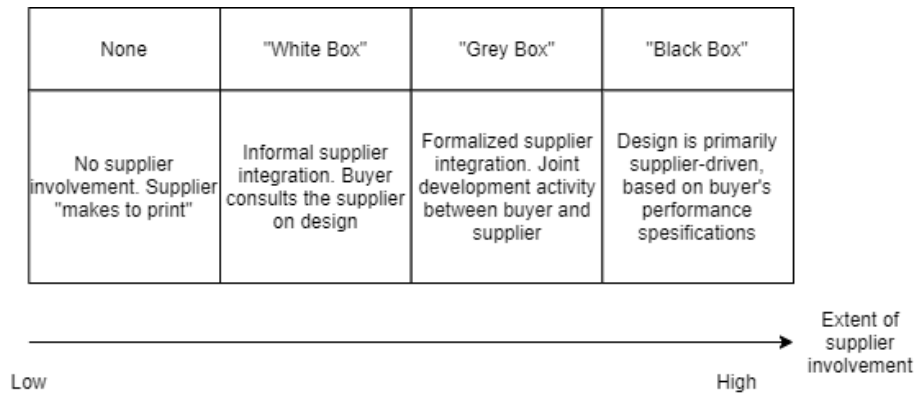


Figure 23: Extents of supplier involvement (Petersen et al. 2005)

Although many studies indicate the correlation between the high extent of supplier involvement and project success, the high extent of supplier involvement is no guarantee for success (Trent 2007, p. 225). Trent (2007, p. 225) highlights the importance of fitting the extent of ESI to the need of the customer organization.

Supplier involvement in service requirement specification also provides an interesting source of literature as, in addition to NPD, ESI is also used by buyers to specify the service requirements. The basis for the supplier involvement is the service specification types by Axelsson & Wynstra (2002, p. 143-148), which are presented in Table 3.

Table 3: Supplier involvement in service specification (Axelsson & Wynstra 2002, pp. 143-148)

<i>Orientations for service specification</i>	<i>Input</i>	<i>Process</i>	<i>Output</i>	<i>Outcome</i>
<i>Focus on...</i>	... resources and capabilities of the supplier	... processes / production of the service	... the function or performance of the service	... value in economic terms for the user

Depending on the orientation of the service specification, different level of ESI is needed in the specification of a service. For example in output- or outcome-oriented service specification the customer usually needs the supplier to translate the demanded output or outcome into activities (Axelsson & Wynstra 2002, p. 145).

Selviaridis et al. (2013) created a framework of supplier involvement in service specification on the basis of the book of Axelsson and Wynstra (2002) and other literature sources. Figure 24 presents the framework.

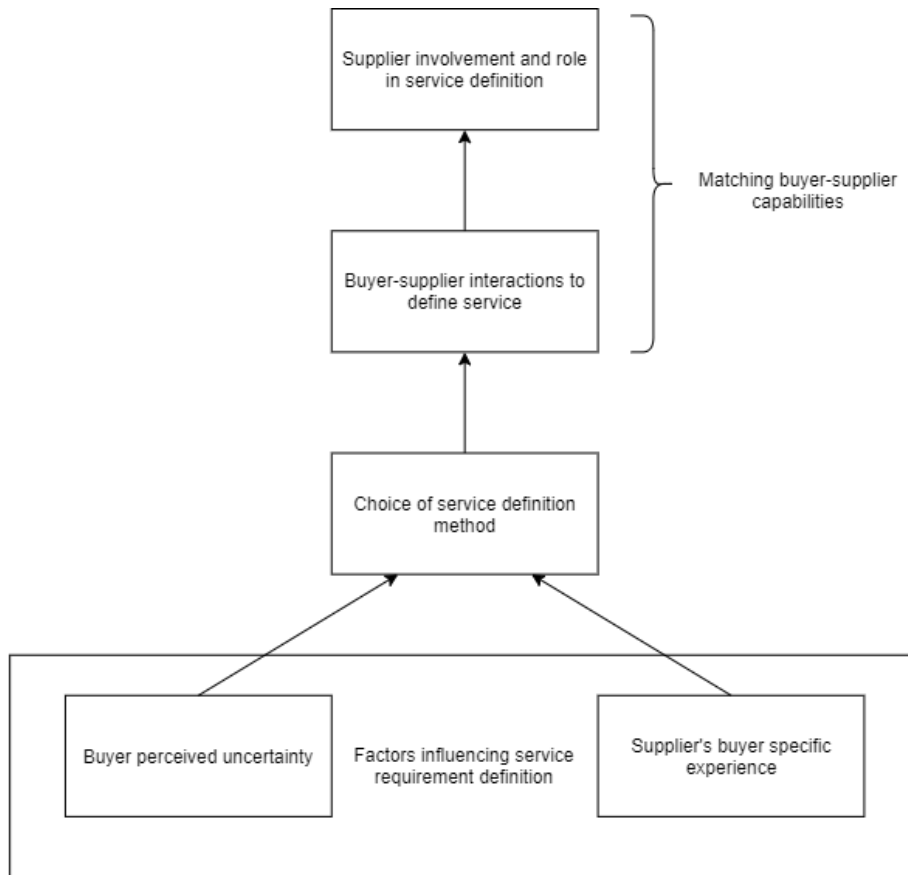


Figure 24: Supplier involvement in service specification (Selviaridis et al. 2013)

As presented in Figure 24 above, two factors have the most influence on the choice of service definition method: buyer perceived uncertainty and the supplier's buyer-specific experience. According to Axelsson and Wynstra (2002, pp. 141), buyer perceived uncertainty refers to the novelty of the sourcing situation, sourcing expertise and complexity of the service. The authors define buyer-specific knowledge as relational experience and knowledge of the buyer's business requirements. As the method for service definition has been chosen, the buyer-supplier interaction begins as they define the service together. On the basis of the framework, Selviaridis et al. (2013) created a four-quadrant matrix, which describes different ESI roles with limited and extensive buyer perceived uncertainty and supplier's buyer-specific knowledge. The matrix of Selviadiris et al. (2013) is presented in Figure 25. With different buyer perceived uncertainty and supplier's buyer-specific experience, the supplier can have a role of translating, re-engineering, developing, and fine-tuning.

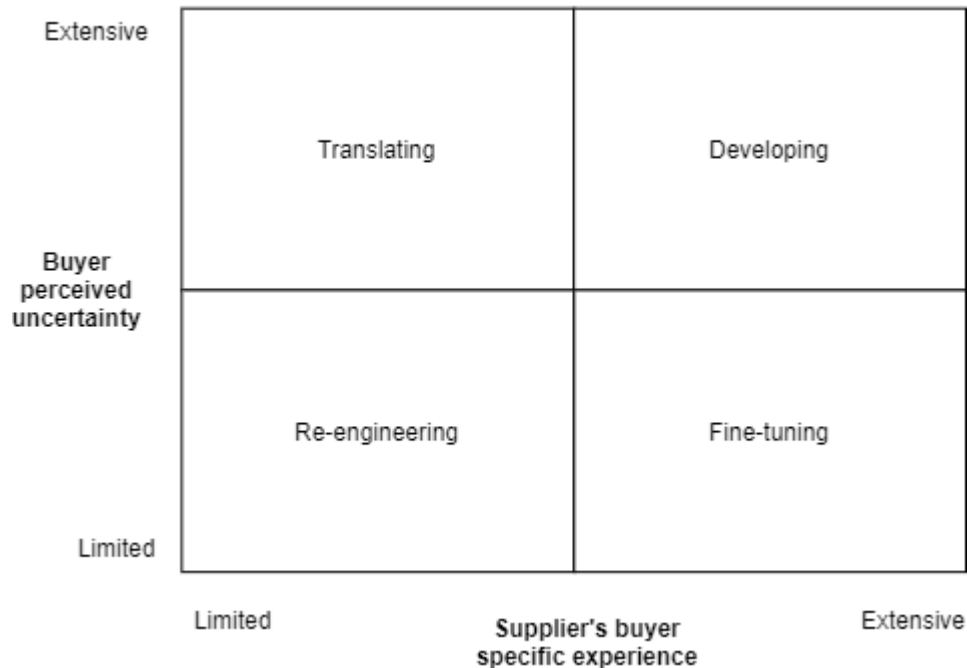


Figure 25: Supplier's role in service specification (Selviaridis et al. 2013)

As in the Selviaridis's et al. (2013) quadrant presented in Figure 25, in translating role the buyer perceived uncertainty is extensive due to the novelty and/or complexity of the sourcing situation and the supplier has limited knowledge and understanding of the buyer's requirements and needs due to lack of trading history between the parties. The authors add that in this kind of buying situation buyers prefer output-based service specification and the role of the supplier is to translate the desired output of the buyer to activities, processes, systems and resources. The findings of translating role by Selviaridis et al. (2013) of the supplier very well corresponds to the theory of Axelsson and Wynstra (2002, p. 145) in output-oriented service specification. The supplier can reduce the perceived uncertainty of the buyer through close interaction and knowledge building (Selviaridis et al. 2013).

Re-engineering role of the supplier suits situations where the buyer's perceived uncertainty and the supplier's buyer-specific experience are limited. As the buyer is familiar with the sourcing situation, a process-oriented service specification is preferred by the buyer (Selviaridis et al. 2013). The implication of Selviaridis's et al. (2013) study for the supplier is to focus on benchmarking the costs and re-engineering the existing operation using consultative selling approaches. There is no need for the supplier to translate the desired output to activities and processes since the buyer already has experience in the sourcing situation (Axelsson & Wynstra 2002, p. 145). A successful re-engineering and optimization of the service specification can also facilitate the building of a

foundation for the buyer-supplier relationship similarly as in translating role and the supplier can gain buyer-specific knowledge.

Developing role of the supplier suits situations where the buyer perceived uncertainty and supplier's buyer-specific experience are extensive resulting in an information asymmetry in favour of the incumbent supplier (Selviaridis et al. 2013). A modified rebuy situation could represent a situation where the buyer's experience in sourcing the product is limited but the two parties have already co-operated with other deliverables. The findings of Selviaridis et al. (2013) implicate that as in translating role the buyer relies on output-oriented service specification, which the supplier translates into activities, resources and processes. The authors add that a clear difference to translating role is that in developing role the past collaboration has resulted in trust, which mitigates the perceived risk of relying on the supplier's suggestions. In a developing role, the supplier is in a good position to defend against competitors in future bids.

Fine-tuning role of the supplier suits situations in which the buyer-perceived uncertainty is limited and the buyer-specific experience is extensive. The situation could for example be a rebuy of a service, which is also called a renewal of a service contract. Given the sourcing expertise, the buyer usually prefers input-oriented service specification so the supplier's task is then to fine-tune and optimize the planned resource use of the buyer (Selviaridis et al. 2013). It can be concluded that in fine-tuning role the supplier does not have much power in the service specification.

Figure 26 combines the service specification and supplier involvement roles in service specification by Selviaridis et al. (2013) and the service specification orientations by Axelsson and Wynstra (2002).

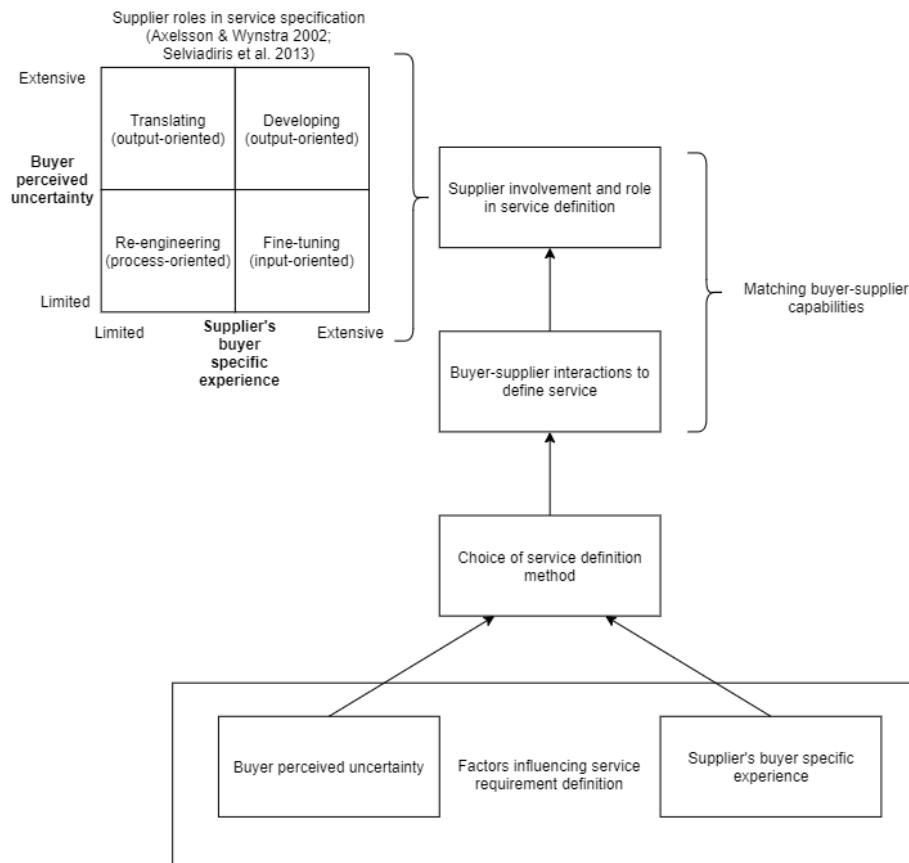


Figure 26: Model of supplier involvement in service specification

The model in Figure 26 shows that buyers with extensive perceived uncertainty prefer output- and outcome-oriented service specifications as those require less sourcing capabilities from the buyer. The role of the supplier is then to use their capabilities in reverse-engineering the desired output or outcome to activities, resources and processes. Another conclusion is that the larger the information asymmetry in favour of the supplier, the more the supplier has power in the service specification. However, in situations where the supplier's buyer-specific experience is limited, the supplier can use the service specification situation in building a buyer-supplier relationship. Also, in situations with low information asymmetry and low buyer perceived uncertainty the supplier can use the situation in further strengthening the relationship and showing expertise, which both complement future business between the two parties.

4.2 Early supplier involvement in the pre-tender stage

ESI is also present in public procurement although the goal of public procurement rarely is a development of a new product. ESI is especially relevant in the pre-tender stage, where the buyer-supplier interaction is at the greatest level during the public procurement process (McKevitt & Davis 2015). One of the main drivers for the public

buyer to engage with suppliers in an early stage is to access industry knowledge that can be used in drawing a better tender specification (Uyarra 2010). McKeivitt and Davis (2015) even claim that engaging with suppliers in the pre-tender stage is a prerequisite for successful tendering. However, the buyer-supplier interaction can be constrained by lack of skills, risk aversion or too rigid application of procurement procedures and practices (Erridge & Greer 2002). Thus, the ESI in the pre-tender stage of public procurement process balances between the access to industry-specific knowledge and behaving according to the principles of public procurement. As the foundation of ESI is to connect the user and the supplier, a centralized procurement department with no communication with the users can disconnect the potential supplier from the users in the pre-tender stage (Uyarra et al. 2014).

Building on top of the literature of ESI in service specification by Axelsson & Wynstra (2002) and Selviaridis et al. (2013), Holma et al. (2020) studied supplier involvement in the pre-tender stage of public procurement. The study was one of the only studies the author found of ESI in the literature of public context. The study provides a detailed example of the structure and the process of the pre-tender stage and how ESI works in public procurement. The case procurement of the study was an open procurement procedure. The structure of the pre-tender stage of Holma's et al. (2020) case procurement is presented in Figure 27.

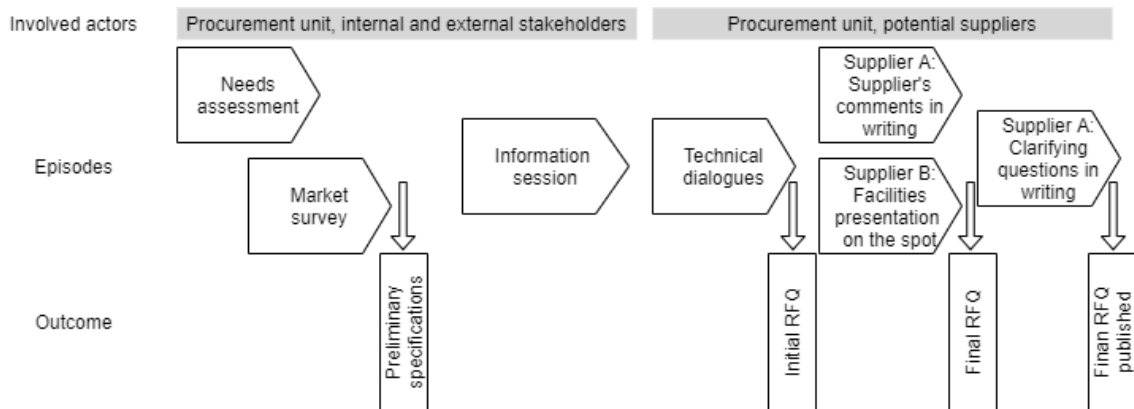


Figure 27: Supplier involvement in pre-tender stage (Holma et al. 2020)

The process of the pre-tender stage in Figure 27 quite well follows the activities described in Section 2.4. In the case study of Holma et al. (2020) the procurement unit, internal customers and neutral external sources are involved in the process of needs assessment and market survey that result in preliminary specifications. The potential providers, suppliers, are involved in the process as the official dialogue begins in a form of technical dialogues after which the initial RFQ is published and the suppliers have a chance to present comments and questions regarding the RFQ after which the final RFQ is published.

In the Holma's et al. (2020) study the incumbent supplier and the suppliers with previous experience in B2G sales had a fine-tuning role, creating cost savings and operational synergies, which complements the theory of Selviaridis et al (2013) that the buyer specific knowledge has an effect on the supplier role in ESI. The supplier with no B2G experience merely had a translating role, with minimum involvement in the official dialogue. A careful implication is that suppliers with more experience in B2G can act as better advisors for a public authority in the pre-tender stage. Overall, in Holma's et al. (2020) case study, the suppliers mostly helped the procurement unit in specifying the service to the RFQ correctly in order to ensure a fair tender process but the value creation of ESI lacked. Thus, Holma's et al. (2020) study recommended involving the supplier earlier in order to put forward innovative ideas and not just focus on developing a legally correct RFQ. However, no broad conclusions of ESI in public procurement cannot be drawn due to the lack of extensive research.

While the literature of ESI in private or public context researches the motives and different roles of the supplier, the supplier's side of things has been left almost untouched. The ESI literature demonstrates how the buyer can benefit from gaining market knowledge in service or product specification phase, but the motives of the suppliers to get involved early are somewhat mysterious. It is natural to assume that there is an initiative for the supplier as they are willing to give their knowledge and resources to a potential customer in the early stage of the sales process.

Although the literature from supplier's or sales organization's perspective is slim, the study of Singh et al. (2013) found out that the supplier with most of their specifications included in the RFQ stands a better chance to get awarded, which creates a motive for the supplier for ESI. The way to influence the buyer's requirements is to make early marketing efforts (Cova & Hoskins 1997). In order to influence the buyer's requirements and specifications the supplier needs to identify the buying center and more specifically, the influencers and decision-makers (Singh et al. 2013). The study of Singh et al. (2013) emphasized the importance of a long-term and trustful buyer-supplier relationship which can help in influencing the specifications and thus get awarded.

4.3 Preliminary framework

The goal of the literature review was to build a framework of how to influence the public customer in the pre-tender stage to improve sales. The framework is presented in underlying Figure 28. The basis for the framework is the public procurement process on which the B2G sales process is also based on. Influencing process is under the sales

process in Figure 28. Influencing process is split into two components of influencing informal and formal. The idea of the framework is to form a sort of recipe for all the eras and act as a tool for salespeople in B2G sales. The framework is filled with the information provided by the literature and the framework will be modified based on the results from the empirical study. The table underneath the timeline is split into activities, focus areas and goals. The activities describe the concrete action points for the era. The focus areas give extra information of the characteristics of the component of influencing. The goals tell what should be achieved. The dynamics of ESI in NPD can be thought to apply in the model in terms of the power of influence which decreases as the tender specifications become more frozen as the tender stage approaches (Trent 2007, p. 223).

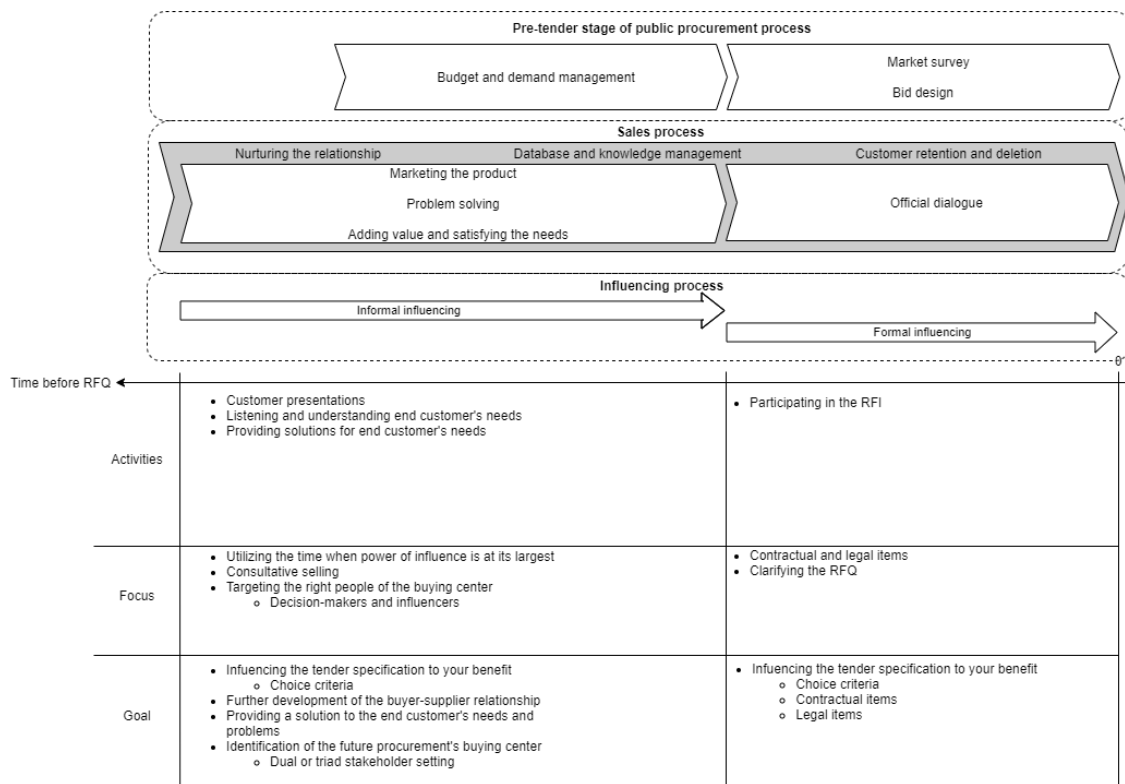


Figure 28: Preliminary framework of influencing a public customer in the pre-tender stage

First component of influencing process in Figure 28, informal influence, starts the determined influencing of the customer. It is important to be there when the customer are determining their future procurements needs (Singh et al. 2013). The power of influence is also at its highest during the time of informal influencing. The customer relationship developed earlier should facilitate the influencing work. However, especially with a new customer, the customer relationship should also be developed during the era of informal influencing. The literature recognizes the possibility to influence the service specification, but the empirical research can reveal also other areas of influence. The

needs and problems of the customer should be thoroughly listened to (Marshall et al. 2003; Lyly-Yrjänäinen et al. 2018, p. 62). The informal influence is done by providing a solution to the customer's needs and problems as in the evolved and B2G sales processes. If the customer is impressed with the solution, it is likely that they will aim the tender specification for the solution. However, the actual dynamics of influencing the tender specification have to be confirmed with the empirical research. Important is that the presentation is targeted to the right audience, which requires the identification of the buying center of the upcoming procurement in terms of whether the end customers conduct the procurement or if the procurement is managed by a centralized procurement unit (Holma et al. 2020). In triad stakeholder setting the sales organization needs to be aware of the shared responsibilities between the end customer and the centralized procurement in order to know who to influence. The end customer is interested in satisfying their operational needs with the procurement whereas the centralized procurement unit is more concerned of the legal and contractual items (Holma et al. 2020). Second component of influencing process in Figure 28, formal influence, begins as the RFQ approaches and the public customer involves suppliers in market survey activities. The formal influence is recognized in the ESI literature as the time when the public buyer consults the suppliers and the supplier can influence the tender specification. For example, according to the study of Holma et al. (2020), the era of formal influence represents the first point of interaction between the public buyer and the suppliers. In RFI there is an opportunity for the suppliers to influence the choice criteria, contractual items and legal items (Holma et al. 2020).

However, a customer relationship is needed for effective influencing. A high-quality relationship helps in influencing the customer's specification (Singh et al. 2013). Regardless of whether the customer is a new or an existing one, the primary goal is to develop the customer relationship. Four factors are known to contribute to the customer relationship quality: trust, commitment, customer satisfaction and service quality (Rauyrueen & Miller 2007). With a new customer with no past business, the concrete demonstration of the factors is hard although reference projects can help. Another important goal is to recognize the buying center of the customer as the decision-makers and influencers, who should be targeted when influencing the customer (Singh et al. 2013).

5. DATA

5.1 The case company

The case company is a subsidiary of a global IT-service provider. The services include for example IT consulting, solutions for IT-infrastructure, information system integration and outsourcing. The parent of the case company has global operations and geographically the parent organization is divided into several strategic business units (SBU) one of which is the case company. The case company has a business unit (BU) for public customers in Finland and within there is a Sub-BU for Finnish central government customers. The Sub-BU practices B2G sales as they do business with public authorities belonging to the central government of Finland. This thesis was made in the context of the central government Sub-BU. Figure 29 visualizes the simplified version of the organization chart of the central government Sub-BU in the case company. The abbreviations used in the organization chart are explained in the left-bottom corner of Figure 28.

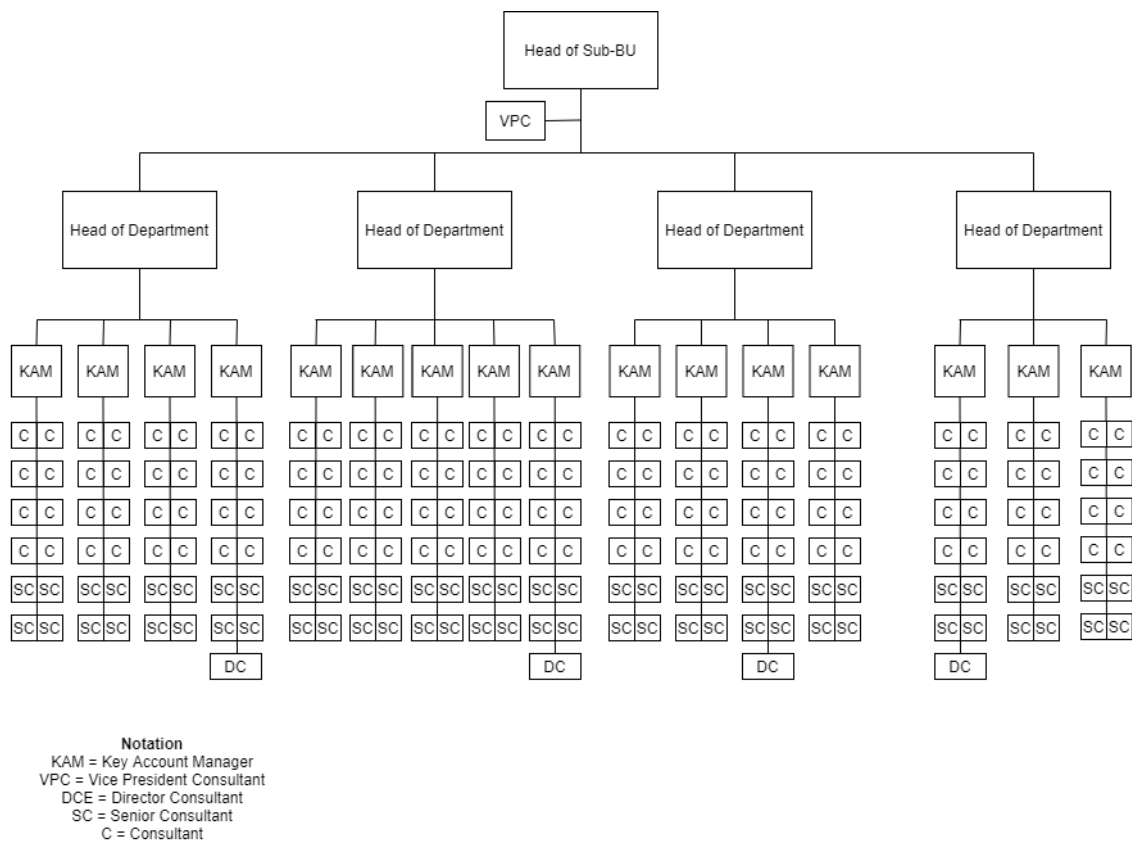


Figure 29: Organization chart of the case company's sub-BU in which the empirical study was made

The employees of the organization chart in Figure 28 can be divided into management and experts. The management of the Sub-BU consists of the Head of the Sub-BU, department heads and key account managers (KAM). The experts of the Sub-BU consist of different levels of consultants (senior, director and vice president). Experts have no managerial responsibility. The Sub-BU consists of four departments that each have their own central government customers, that are shared among the KAM's of the departments. KAM's represent the lowest managerial level with customer and revenue responsibilities. KAMs each run a team consisting of consultants, senior consultants and a possible director consultant. Consultants are for example software developers, agile consultants, service designers, software architects, service managers and project managers.

The case company does not have a separate sales function and therefore KAM's have the direct sales responsibility, but the director consultants, heads of departments and vice president consultants also help in sales by providing managerial support, resources, reviews and experience. In addition, the sales is seen as everybody's work in the case company. Quoting and managing the bidding process are responsibilities of managers but consultants, senior consultants and director consultants also participate. The bidding process is very strict as it is defined by an internal stage-gate framework that states the reviews and approvals needed for a quote to go further.

The case company has had a stable and strong position among the central government IT-service providers positioning itself in the top five largest private IT-service providers for many years in a row (Tutkihankintoja.fi 2021). The case company has been in the IT-service market of Finland for a long time and could be described as a traditional player in the market among a couple of other larger competitors. However, in recent years many new companies have entered the market with a major market share growth resulting in a disruptive situation as more and more competitors are in the market fighting for the government's IT-service procurements.

Governmental customers usually ask for consultants to do IT-system maintenance and development sometimes combined with third-party software. Instead of procuring systems, the governmental customers usually procure the consultants to build the system. The quotes are evaluated by price and quality and the skills and experience level of the consultants usually cover most of the quality points. Additionally, the buyer can assess the quality with interviews and different deliverables such as descriptions of operation.

The objectiveness of the tendering can be questioned when there is a lot of weight in qualitative evaluation criteria that can be interpreted subjectively. Although the customer is obligated to publish their evaluation criteria in the RFQ, with interviews and descriptions of operation, the buyer can interpret and score the deliverables as they want to. Thus, the governmental customer can publish such an RFQ that they have a lot of power over which supplier gets awarded. RFQ's with higher weight for the price the evaluation of quotes is more objective as prices cannot be interpreted subjectively.

One focus area of the case company has been early influence of the customer. It is believed that the company that gets to influence the customer's service specification and contractual items to their benefit usually stands a good chance of getting awarded.

5.2 Data gathering

The interviews were held in April and May 2021. Theme interview was used as the data collection method with the target to collect the primary data for the empirical research of the thesis. The themes for the interview were chosen to match the goal of the research and the research questions. A set of preliminary questions were formed for each theme, but the asked questions depended on the course of the conversation, the knowledge, the experience and the position of the interviewee. In addition, the schedule had an effect on the interviews as one hour was booked for each interview, and in some interviews more time would have been needed to cover all the themes in an in-depth manner. Appendix A shows the structure of the interview. The amount of prepared questions is large and the intention was not to ask all the questions in a single interview due to the time limit of the interview and the different perspectives of the interviewees to influencing work.

In a dialogic interview, the interviewee and interviewer engage in a more of an open discussion to get all out of the interviewee (Saunders et al. 2019, p. 439). Dialogical interview was seen as better option in opposite to asking a list of questions. Thus, the interviews highlighted the view of the interviewee on influencing work; interviewees had different perceptions and perspectives on influencing work, which meant that a predetermined "one size fits all" question structure would have not suited for all interviewees. Furthermore, having a dialog meant that there was a chance to challenge the interviewee and question his/her thoughts.

The sampling technique used in the second round was snowball sampling in which the interviewees are chosen based on the recommendations of others (Valli & Aallos 2018, pp. 30-31). Concretely it meant that, a few initial interviewee recommendations were

given by management and after each interview, the interviewee was asked whether he/she had recommendations of who to interview on the topic. There was some additional guidelines in choosing the interviewees; first, the staff of the central government Sub-BU was the main sampling population and second, the intention was to interview people in versatile positions in every level of the Sub-BU. The two additional criteria limited interviewing every suggested interviewee. One exception was made to the first criteria as the director of public affairs, who does not belong to the central government Sub-BU, was interviewed due to his extensive experience and expertise in influencing the public customers. Table 4 presents the interviewees and their job descriptions in the order interviewed.

Table 4: Interviewees of the empirical study

#	Title	Job description
1	Key Account Manager	Leads a team of consultants and senior consultants and has a customer responsibility with sales goals. Very recently started in the Case Company
2	Consultant	Cloud technology expert with two years of experience in the Case Company. Has a strong background in IT consulting from competitors
3	Head of Department	Leading four KAM's and has a sales responsibility of governmental customers
4	Director of Public Affairs	Maintains affairs with public interest groups of the case company
5	Vice President Consultant	Consulting public customers with complying with the Act on Information Management in Public Administration and develops the internal offering
6	Key Account Manager	Very experienced KAM with a team of consultants and senior consultants.
7	Key Account Manager	Leads a team and has a customer responsibility with sales goals. Very recently started in the Case Company

8	Key Account Manager	Very experienced KAM with a team of consultants and senior consultants.
9	Head of Sub-BU	Recently appointed as the head of the Sub-BU. 20+ years in IT-industry
10	Director Consultant	Very experienced sales-oriented advisor for the KAM's in the same department

Underlying Figure 30 illustrates the interviewees in the organization chart. Figure 30 also shows the placement of the author in the organization chart. The underlying figure also shows a couple of clusters of interviewees, which can be explained by the limited co-operation between the departments. Interviewees naturally recommended interviewing people have worked with. The recommendations of the interviewees are marked with arrows.

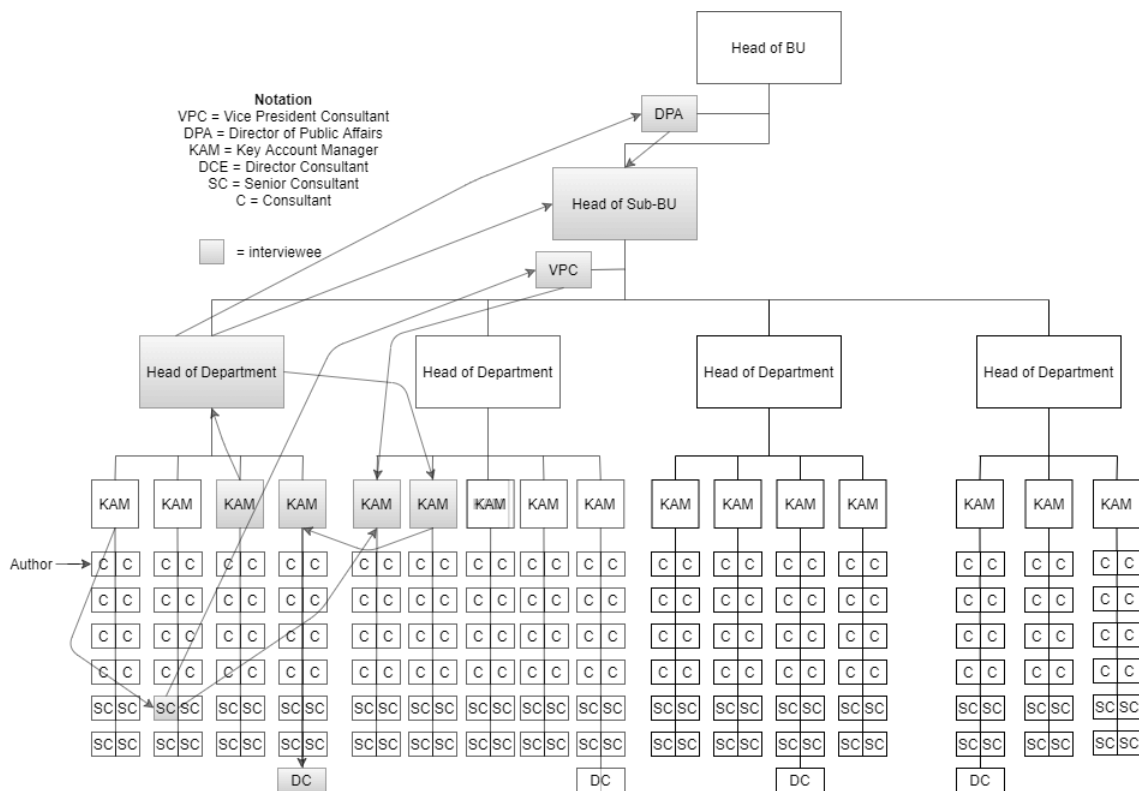


Figure 30: Interviewees in organization chart

At the beginning of each interview, the permission to record the interview was requested and it was stated that all data will be anonymized so interviewees felt safe to provide sensitive data. In addition, an introduction was made since many of the interviewees were unfamiliar. Making a solid first expression with the unfamiliar interviewees was important due to awaking credibility (Saunders et al. 2019, p. 456).

After each interview, the recordings were re-listened and the notes were finalized. The notes were then sent to the interviewee for approval and the interviewee had a chance to comment on the notes and tell whether there was something that could not be used as data for the thesis. After all the notes were approved the notes were printed and the analysis of the material begun.

5.3 Perception of influencing

The first substance question in each interview was that how would the interviewee define sales-related influencing. The answers varied a lot; some provided a general and broad definition of sales-related influencing whereas some provided a very industry and context-specific answer. According to some of the interviewees the scope of influencing regarded the upcoming RFQ. Influencing was also regarded as pre-sales work.

“(Influencing is) so called pre-sales work before publishing the RFQ” – Key Account Manager (6. interviewee)

“(Influencing refers to) an intention to change the customer’s thoughts to a favourable direction for us (the case company). The goal is that the tender invites favour our strengths and not our weaknesses” – Head of the Department (3. interviewee)

The scope of the definitions varied. Some interviews regarded influencing as an action that aims to change the upcoming RFQ to a direction that is favourable for the case company and some saw that influencing is used also to create demand and improve the image. Influencing in the pre-tender stage was also seen as a way to conduct actively improve the chances of getting awarded instead of passively waiting for customer’s RFQ’s.

“(Influencing is) the opposite to reactive sales where the supplier waits for customer’s purchase impulse. We want to influence the tender invites and also create demand and raise the customer’s awareness of us (the case company)” – Head of the Sub-BU (9. interviewee)

Influencing was also seen as an activity in which the customer is advised of what can be achieved with current technologies keeping in mind also the customer’s customer that, in the context of public procurement, are the citizens.

“We (the case company) have to consult the decision-makers of the public sector of what is possible and sensible to implement in digitalization with current

technologies from the customer's and citizens' point of view" – Director of Public Affairs (4. interviewee)

In addition to advising the customer of current technologies, one consultant who was interviewed also saw a connection of technology foresight and influencing; by having the foresight of the future the path of the customer to the future can be influenced.

"The objective (of influencing) is to change the perception of customer, group of people or organization of something ... if we can foresight the future, we can try to delicately steer the customer into a direction that is favourable for us (the case company) and also for them (the customer)" – Consultant (2. interviewee)

Influencing a customer is not commanding but advising the customer to act in a way that first and foremost is beneficial for them and also is beneficial for the supplier. As the interviewed Head of Department concluded, usually there are multiple paths to reach the same goal and the objective of the supplier is to influence the customer to choose the path that is the most favourable.

5.4 Benefits of influencing

After the question of influencing definition the interviewees were asked of sales-related benefits of influencing. In addition, the interviewees were asked to give real-life examples of successful influencing. The interviewees' answers on sales-related benefits of influencing are presented in Table 5.

Table 5: Interviewees' answers on sales-related benefits of influencing

<i>Benefit / Interviewee</i>	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	Sum
<i>Favourable RFQ</i>	x	x	x	x	x	x	x	x	x	x	10
<i>Skipping the race</i>			x				x				2
<i>Creation of demand</i>	x	x					x		x	x	5

<i>Anticipation</i>		x	x	x	x		x		5
<i>Improving image</i>		x	x	x		x	x	x	7
<i>Getting to know the customer</i>	x	x	x		x		x		5

First, favourable RFQ -benefit was mentioned by every interviewee when asked of the sales-related benefits of influencing. A favourable RFQ was also mentioned in many definitions of influencing. The benefit of influencing the RFQ can be manifested in many forms. One concrete benefit is influencing the evaluation criteria, which consists of mandatory and scoring criteria. The mandatory criteria have to be passed in order for the quote to pass so one objective is to convince the customer not to put such mandatory criteria to the RFQ that the supplier could not pass. One typical example in IT-service RFQ's of this are certificates such as cloud certificates or similar. Some consultants might otherwise pass the mandatory criteria and get good scores, but they do not have the certificate and such scenarios are unwanted for suppliers. One unfilled mandatory criterion leads to disqualification.

“We (the case company) can try to influence the customer not to put any rare certification combinations as mandatory criteria” – Key Account Manager (8. interviewee)

Sometimes the objective can be to influence the customer to write such evaluation criteria to the RFQ the rivalry cannot fulfill. Multiple interviewees mentioned that the qualitative criteria of the RFQ give the public buyer the chance to favour some supplier over the others.

“We (the case company) try to influence the customer not put any specific and rare combinations in the RFQ. On the other hand, we can try to achieve a situation in which the RFQ suits our (the case company's) resources perfectly and the rivalry might not be able to bid” – Consultant (2. interviewee)

However, usually it is also the supplier's advantage that several suppliers quote resulting in healthy competition. Suppliers still might successfully influence the evaluation criteria in a way that the criteria do not exclude any rivalry out, but the criteria are more

favourable to some supplier than to another. It is common that at the renewal of a contract the public buyer favours the well-performed previous supplier in the RFQ by writing such evaluation criteria that well matches with the previous supplier. Thus, the supplier has influenced the customer by performing well and making the customer want to continue the co-operation. However, a renewal of the contract is just an example of a situation. The basis for successful influencing is to make the customer want to work with you.

“Our consultants had proven their competency during the previous contract and at the renewal of the contract the governmental customer wrote the qualitative criteria of the experts in such a way that those matched very well with our consultants that had worked with the customer during the previous contract.” – Key Account Manager (6. interviewee)

The price-quality ratio is also an item that is influenced; the supplier who has a high-quality quote to match the RFQ usually wants a higher weight for the quality so that no low-priced competitors get awarded. Awarding the high-quality quote can also be seen as the benefit of the buyer.

Influencing the content of the RFQ also relates to influencing the contractual items such as the damages of the supplier. The maximum damages can be specified to the RFQ as unlimited which means that the damages are proportioned to the revenue of the corporation of the supplier. In the case company, the unlimited damages in RFQ result in an immediate decision not to offer since the financial risks are overwhelming due to the large and global revenue of the parent of the case company. Hence, one important objective of influencing work is to justify to the customer not to put unlimited damages to the RFQ.

“We need to tell the customer not to put unlimited damages to the RFQ in case they want us to quote” – Key Account Manager (8. interviewee)

One interviewee also told an example in which the account management of the case company tried to influence how a larger procurement entity is split into smaller pieces and RFQ's. It was known that the case company's offering would not match all the parts of the procurement entity so the motivation for influencing was that the customer would split the entity in a way that as many procurements as possible would match the case company's offering. Failed to do so, it could have been possible that the entity would have been split in a way that the case company would have not had a strong position in any of the RFQ's.

Second, skipping the race -benefit refers to achieving a situation in which there is no need to race the tender. Such procurement procedures as innovation partnership, direct procurement and small procurements require no racing of the procurement. However, a large set of legislative matters have to be considered by the buyer before achieving an innovation partnership or a direct procurement. Frame agreements and existing contracts can be utilized to facilitate procurements so that they will not have to be raced. The suppliers can influence the buyer to interpret the procurement to be included in an existing frame agreement in order to avoid the race. One interviewee told of a frame agreement to which three suppliers were chosen. The frame agreement was supposed to work in a way that procurements were first offered to the first supplier and in case they were not able to take the order the procurement would then be offered to the second supplier. The case company was in third place but they managed to influence the governmental customer to surpass the two other suppliers and offer projects straight to the customer.

Third, creation of demand -benefit refers to a situation in which the public buyer starts the procurement process from the supplier's initiative. Instead of waiting for the RFQ, the suppliers can actively search for the customer's pain points, difficulties and areas of improvement in order to find those items that match with their offering and possibly lead to a procurement.

"We (the case company) had a bad customer relationship with a governmental customer. Staff changes happened in both parties and the rebuild of the relationship began. Our (the case company's) experts worked closely with the customer in the customer's premises and noticed a set of very outdated legacy IT-systems. The due diligence resulted in a very large procurement which we (the case company) won" – Head of the Sub-BU (9. interviewee)

However, in B2G it is not certain that the creation of demand will realize as sales for the company that awoke the demand since in case of an open public procurement another company can get awarded. Thus, the supplier-led demand creation should be considered as an opportunity for the whole industry and not just for the supplier who had the primary role in creating the demand.

"(B2G) Influencing work should be regarded as a mean to create demand for the whole (IT-service) industry and not just for us (the case company)" – Director of Public Affairs (4. interviewee)

Fourth, anticipation -benefit is linked to the benefit of getting to know the customer and especially its future procurements. Anticipation relates to the anticipation of future resource needs needed to fulfill the demand of the customer. Resource needs in the context of the case company mean consultants, intellectual property and all sorts of resources needed to fulfill the demand.

“To my experience, management does not like surprises and via influencing we (the case company) get to anticipate longer into the horizon what the customer wants” – Vice President Consultant (5. interviewee)

Consultants are the main resources in IT-service business and especially experienced consultants are a scarce resource. Thus, recruiting new consultants is crucial in the business of the case company and since experienced consultants are scarce resources the recruitment takes time. Successful anticipation prepares the supplier to answer to the RFQ.

Fifth, improving image -benefit refers to improving the image among current customers and raising awareness among new customers. Some customers might not be familiar with the case company and its offering and competencies. Thus, interacting with customers in the pre-tender stage by presenting relevant and successful references and demonstrating the value the case company could provide to the customer can help in improving the image in the eyes of the customer, which can result in receiving more RFQ's and invitations to market and technical dialogues. The consultant (2. interviewee) told an example of a governmental customer who wanted to purchase a paying solution and invited the case company to a market dialogue to present their paying solutions. The case company had no paying solutions in their offering, but two competent consultants were sent to the market dialogue to discuss the future of paying in general. Although the case company could not participate in the RFQ, the meeting resulted in another meeting with the top management of the governmental customer. Thus, although no direct sales-related benefits stemmed from the influencing the customer was impressed of the expertise of the consultants and wanted to hear more.

Sixth, getting to know the customer -benefit refers to getting to know the customer on an individual- and organizational-level. Individual-level relationship is formed with customer's staff.

“It is good to know the people behind the procurement” – Vice President Consultant (5. interviewee)

In addition, getting to know the customer on an organizational-level is an opportunity to learn of the customer's operations, strategy, vision and roadmap of future procurements, which help in advising and consulting the customer. The organizational-level relationship is also a benefit that realizes in the long-term.

When asked of the importance of influencing work every interviewee considered influencing work to be important and beneficial. However, the real-life case examples of the direct sales-related benefits of influencing work were rare among the interviewees although the interviewees quite well responded to the benefits of influencing work in general. As one interviewee commented to the lack of real-life examples of directly sales-related influencing work benefits, it is hard to distinguish ones impact from the rivalry and the customer's own behaviour.

5.5 Prerequisites for influencing

The interview results of prerequisites for influencing work will be discussed in this section. The prerequisites for influencing work refer to individual skills, buyer-supplier relationship and knowledge that enable the influencing work in B2G environment in the pre-tender stage. Table 6 presents the opinions of the interviewees regarding prerequisites for influencing work in other of the interviewees. The right-most column presents the frequency of the prerequisites.

Table 6: Interviewees' answers on prerequisites of influencing

<i>Prerequisite</i>	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	<i>Sum</i>
<i>Knowing the customer's business</i>	x			x	x	x		x	x	x	7
<i>Active CRM</i>			x		x	x		x		x	5
<i>Trust-based individual-level customer relationship</i>		x		x	x		x	x	x	x	7

<i>Knowing the key contacts</i>	x	x		x	x		x		5
<i>Successful history</i>		x	x				x	x	4
<i>Good reputation</i>				x	x				2
<i>Technical expertise</i>	x	x	x	x	x		x	x	7

First, knowing the customer's business –prerequisite was mentioned by seven out of ten interviewees making it the most frequently mentioned prerequisite among the interviewees. Knowing the customer's business refers to knowing the customer's strategy, mission, needs, customers, current suppliers, vision and, most importantly, procurement roadmap for the future. In addition, thorough knowledge and understanding of customer's everyday operations were seen as a crucial prerequisite especially for creating demand since the creation of demand requires the sales organization to notice problems or ineffective parts of the customer's processes, which is hard to do without a thorough knowledge of the customer's operations. The knowledge needed for influencing work goes beyond IT; interviewees emphasized the need for understanding the work of the customer's operators.

“Knowing the customer's strategy, vision and business are especially important in larger cases of influencing. In smaller cases of influencing a dotted understanding is enough” – Head of the Sub-BU (9. interviewee)

The head of the sub-BU told one example of a governmental customer with whom the buyer-supplier relationship was in a bad condition but as the customer's and the case company's staff changed the rebuilding of the relationship began resulting in a frame agreement. Consultants of the case company got to know the customer's operations in-depth via thorough non-paid pre-sales consulting and billable consulting orders the consultants noticed that the IT-technology was very outdated. The customer then decided to act based on the recommendations of the case company and publicly raced the tender which the case company won. During the time of the frame agreements, the case company's consultants worked with the customer's staff in the customer's premises, which led to a thorough understanding of the customer's operations and issues. The head of the sub-BU claimed that the thorough understanding of the customer's

business and operations enabled the influencing work. However, among the interviewees, the importance of knowing the customer's business was regarded to depend on the situation and the goal of influence; for smaller areas of influence in-depth knowledge of customer's business is not that essential.

Second, active CRM -prerequisite was mentioned by 5 interviewees. The active care of the customer relationship means that the customer account directors actively stay in contact with the customer and have a thrive and hunger for sales and for developing the account.

"Influencing requires a genuine interest towards the customer. Your objective is to help the customer and you want to be part of the problem solving of the customer" – Key Account Manager (6. interviewee)

Active CRM can happen in many forms; interviewees mentioned such examples as presentations, lunches, phone calls, emails and even golf or other free time activity. The interviewees emphasized the continuity of active care; the account directors should stay close to the customer regularly. In addition to the continuity of the CRM the customer also has to feel that the representative of the sales organization is motivated.

"The customer is more likely to listen to an excited and motivated presentator" – Director Consultant (10. interviewee)

The interviewees emphasized the importance of actively listening to the customer and asking questions. The customer needs to feel that they are listened to and the opposite side is genuinely interested of what they are saying. Active listening enables the conversations and sales leads to stem from the actual needs of the customer in opposite to pushing the offering of the sales organization to the customer without a recognized need.

"If you do that (push own offering without a need) in the first meeting you probably will not get a new meeting with the customer" – Key Account Manager (6. interviewee)

Third, trust-based individual-level customer relationship -prerequisite was also seen as an important prerequisite for influencing work. According to many of the interviewees, establishing a personal relationship with the customer enabled gaining trust. Trust alone was mentioned by five out of ten interviewees. According to the interviewees, establishing a trustful individual-level relationship with the customer requires friendship characteristics which can be obtained by discussing non-work-related matters especially at the beginning of the meetings.

“Discussing non-work-related matters in the meetings relaxes the atmosphere and the customer might tell something valuable” – Key Account Manager (8. interviewee)

Thus, not all meetings should be directly work-related; taking the customer for a lunch or a round of golf can create an atmosphere where the public customer can tell things that he/she normally might not. The individual-level customer relationship was also considered to be more important than the organizational-level. The customer relationship was regarded to be personified.

“When he (Director of Public Affairs) calls to a customer, it is not the case company who calls but him (Director of Public Affairs) as an individual” – Consultant (2. interviewee)

Fourth, knowing the key contacts -prerequisite refers to knowing the customer's people who can have an impact on the area of influencing. Knowing the customer on an individual-level is important, but one has to know the right people to make the right impact in the customer's organization. According to the interviewees, the right people to know depend on the situation; in some cases, it can refer to the Chief Information Officer (CIO) of the customer, head of the customer organization, customer's experts or the procurement. A general comment from the interviewees was that it is good to know the customer's top management. However, in larger customer organizations a smaller procurement might not be at all visible to the top management so the key contacts needed for influencing would reside lower in the organization. The Head of the Sub-BU and the Director of Public affairs also emphasized that, as an IT-service supplier, the key contacts of customer's IT are not enough but the staff of the case company should also have contacts in the business management of the public customer to have a larger impact.

“We have to target the customer with two swords; one for the IT-management and one for the business management” – Head of the Sub-BU (9. interviewee)

The concept of key contacts also varies between different roles; several interviewees said that the employees working in the customer interface should all have corresponding key contacts in the customer's organization. The top management of the case company should have key contacts in the top management of the public customer and the consultants of the case company should have key contacts among the experts of the public customer and so on. Figure 31 illustrates an example of the key contacts of the case company with a customer. However, the key contacts are not always from the same organizational level.

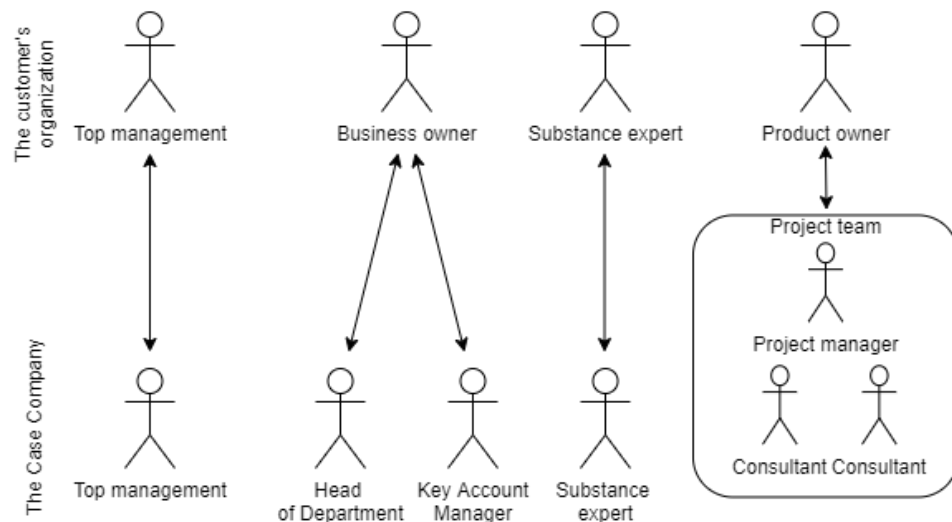


Figure 31: Example of key contacts between the case company and a governmental customer

Fifth, successful history -prerequisite refers to the performance of the past and ongoing trades between a public customer and a supplier such as the case company. Although the individual-level customer relationship was seen as a prerequisite more important than organizational-level customer relationship the successful history between the organizations can have an effect on influencing a public customer.

“A good relationship between the organizations helps (in influencing), but the individual-level relationship is more important” – Consultant (2. interviewee)

A satisfied customer is likely to be willing to continue co-operation in the future and is more likely to listen to the recommendations of the supplier. An ongoing trade also enables the supplier to influence the customer from inside. The word of an IT consultant who has worked for the same customer for years can have more impact than the word of KAM.

“There are no better influencers than the competent project team currently working for the customer” – Consultant (2. interviewee)

Sixth, good reputation is a similar prerequisite to successful history. A good reputation creates credibility for influencing work from the customer's point of view. A good reputation can be formed with marketing activities such as references and results of customer satisfaction queries or the customer might have heard about the high-quality operations of the supplier from other customers of the supplier. As one experienced KAM said in the interviews:

"The positive appraisals of existing governmental customers of ours (the case company's) are the best praises we (the case company) get" – Key Account Manager (6. interviewee)

Seventh, technical expertise is a prerequisite needed from the influencers. The aforementioned real-life example of the governmental customer who was convinced by the case company to renew their information systems works as a good example of the importance of technical expertise in influencing work; without technological understanding, the customer is hardly convinced to follow your recommendations. The interviewees told that consultants specialized in the area of expertise are also present in the meetings when there is a need to talk about technical matters that exceed the knowledge of the owner of the key account. In a setup like that, the role of the account owner was regarded as an enabler by the interviewees; the account owner has the key contacts to enable the meeting. However, according to the interviewees, the discussion usually begins without the consultants involved so the key account manager should possess general knowledge of the case company's offering and IT-technologies. Technical expertise creates credibility and it is important to know more about certain technology than the customer does.

"We (The Case Company) have to be able to teach the customer" – Key Account Manager (1. interviewee)

However, the interviewees stated that without an organizational-level customer relationship (referring to past and/or ongoing business between the buyer and the supplier) it is hard to make a larger impact on the customer although there can exist individual-level contacts from previous employees for example. Keeping in mind that competitors also influence or at least try to influence the customers to their benefit and usually the governmental customer already has one or several suppliers working for them and they might have no want to change the suppliers. Thus, the formation of the organizational-level customer relationship is important prior to influencing.

The interviewees' opinion was that there is no precise way to form a customer relationship, but an active approach is needed to get the first meetings with the customer and

listening the customer was seen as important by many interviewees. As the interaction reveals a lead of a business opportunity a small project, such as a proof of concept, can help in demonstrating the competence of the supplier and lead to further business opportunities.

5.6 How to influence a public customer in the pre-tender stage to improve sales

This section focuses on how the influencing work is actually conducted and, furthermore, how the influencing work should be conducted ideally in B2G setting. The section discusses such items as the process of influencing, targets of influencing, supplier's roles in influencing and the environment and setup of influencing.

First, process of influencing discusses the timing of influencing. When the interviewees were asked when the influencing work should ideally begin in relation to the publication of the RFQ a very general the first reaction was that it depends on the situation and the objective and pursued benefit of influencing. If the objective is to convince the customer not to put unlimited damages to the RFQ the situation is very different to the situation where the objective is to create demand. The customer's procurement process and their limitations set frames to the timing of the influencing work As the interviewees' own perception of influencing work varied so did their opinions of the ideal timing to begin influencing work.

Creation of demand is a suitable example to demonstrate the timing of influencing work. From the customer's perspective, the demand is fulfilled with a procurement that has to be funded. Thus, the funding process of the public customer sets timeframes to the influencing work. Two interviewed key account managers stated that the governmental authorities need a year before the RFQ to get extra funding to their procurement budgets. The creation of demand is a very special situation since it is initiated by the supplier and not by the customer. In creating demand the dimension of time before publishing the RFQ is hard to apply since the customer has not begun the procurement process and the supplier's objective is to trigger the process. In creation of demand a more suitable dimension is their satisfaction with the current state.

"We have to influence the customer while they still are satisfied to the current state" – Key Account Manager (1. interviewee)

In order to create demand, the supplier has to convince the customer who is satisfied with the current state or not worried enough to start the procurement to see the faults in

the current state and convince the customer to see their solution is worth procuring in order to initiate the customer's procurement process.

Figure 32 visualizes the demand creation influencing process which consists of such sub-processes as convincing process, funding process and procurement process.

Then the question is that how much time does it take to convince the customer to start the funding process. The head of the sub-BU's opinion was that it takes between two and two and a half years of time from the start influencing the RFQ in larger demand creation. Thus, the convincing takes approximately one or one and a half years of time, keeping in mind the time needed for the customer to get the funding. However, if the procurement fits the current budget of the customer the process of demand creation can be shorter. In addition, the procurement might not have to be openly raced, which further shortens the process.

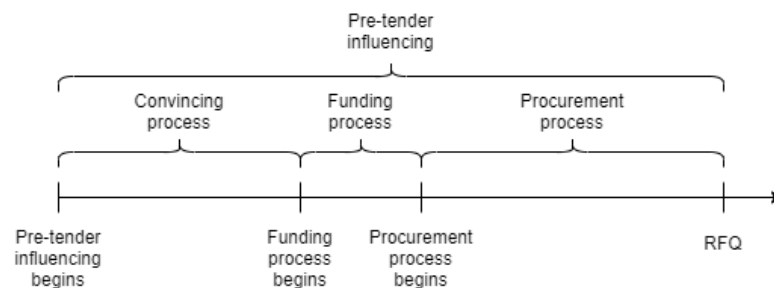


Figure 32: Processes of the pre-tender stage in demand creation

Nevertheless, it is common that the demand has been initiated by someone else and the customer has begun the procurement process. According to the interviewees, the minimum time before the publication of the RFQ to start the determined influencing varied between half a year and one year. The ideal timing to start the influencing was one and a half or two years before the procurement.

“The timing of the influencing depends on the size of the procurement and the customer relationship. With some customers, we have continuous communication and some customer are much colder” – Director Public Affairs (4. interviewee)

The influence of the size of the procurement on the timing can be explained with the customer's operations; a larger strategic procurement is visible much earlier than for example a renewal of a small maintenance contract. Without a future procurement in sight, the content of the RFQ cannot be influenced. When the customer has visibility to the future procurement the influencing should begin as early as possible. Interviewees' opinion was that the power of influence decreases as time goes by and the specification of the RFQ starts to freeze.

According to the interviewees, influencing should partially be a continuous activity. The supplier should advise the customer all the time and not just emerge when they hear of an interesting future procurement. Thus, it is relatively hard to state an absolute starting point for the influencing as the objectives of sales-related influencing vary and the customer's actions play a large role.

The interviewees were also asked of the time of formal influencing which includes such buyer-led supplier involvement activities as a market dialogue and technical dialogue. In general, the interviewees' opinion that the power of influence is very limited during formal influencing since especially in technical dialogues the agenda of the customer is predetermined and many public customers want strictly to follow it.

"If we begin the influencing in official dialogues we are usually too late to make an impact" – Head of Department (3. interviewee)

Although the influencing opportunities were seen as limited during the formal influencing the interviewees claimed that by participating in the official dialogues the supplier can meet the customer, present their competencies and experts, receive information of the upcoming RFQ and in a close customer relationship even get the chance to influence the content of the RFQ. Especially the market dialogue was regarded to be a useful event since there is a chance to present solutions to the customer's problems and needs.

Second, target of influencing discusses to whom influencing is targeted. A general consensus among the interviewees was that the influencing is targeted to all stakeholder groups and to all hierarchy levels of the customer who have an impact on the future procurement or on the customer's operations and investments.

"We have to influence on every level of the customer's organization. One loud opponent of ours (the case company's) can have a large impact" – Head of Department (3. interviewee)

The possible stakeholders of the customer mentioned in the interviews include top management (CIO, CFO and managing director), funders, their customers, people responsible for the budget, experts and project managers. However, it is not realistic that all possible stakeholders would be influenced in all situations. Similarly to the question of when to begin, the question of whom to target depends on for example the size of procurement and the objective of influencing. If the objective is to convince the customer to conduct a large-scale procurement the stakeholder environment is quite vast as the top management commitment and funding are needed.

“Target of influencing depends on the case; smaller procurement are not visible to the top management” – Director Consultant (10. interviewee)

Targeting the top management and people responsible for funding and budgeting probably still is not enough since the managers also rely on their subordinates and experts creating a decision-making network that should be targeted as an entity in influencing work. Nevertheless, the interviewed consultant (2. interviewee) stated that in larger cases of influencing the customer’s top management should be targeted as they have the long-term planning responsibility.

The target of influencing goes hand in hand with the prerequisite of key contacts which should be formed prior to the influencing according to the vice president consultant (10. interviewee) who was interviewed. If the key contacts are already formed in tactical, expert and top management levels the decision-making network can be targeted based on the situation.

With governmental customers such as ministries, the politics are also involved in the stakeholder environment at some level, but in addition to the director of public affairs (4. interviewee), no other interviewee mentioned politics or politicians in the interviews as targets for influencing. The centralized procurement unit, Hansel, was also a topic in the interviews but they were seen as a reliable procurement facilitator so no interviewee said that they would have to be considered in influencing or sales in general during the pre-tender stage.

Third, supplier’s roles in influencing discusses the roles of the individuals in the supplier’s organization. Two distinctive roles emerged in the interviews: an expert and a person who has arranged the meeting and owns the key contacts. The latter one was called in many different names by the interviewees, but the used name of the role is an enabler. Enablers possess the key contacts and have the power to arrange meetings with the customer. Enablers in the case company’s context are usually key account managers, higher management or just employees of the case company who have the needed connections from the customer’s organization. Enablers do influencing work themselves as well, but when the discussion moves to in-depth matters usually an expert is brought to the conversation to provide their substance expertise which creates credibility.

“When he (the expert) starts to talk about the substance, I shut my mouth and let him (the expert) handle the technical matters” – Key Account Manager (7. interviewee)

The first meetings are usually held by enablers. In addition to the role of the door opener the head of the sub-BU stated that enablers should constantly have a sales-oriented approach and a willingness to create value for the customer. One person can also have both the role of an enabler and an expert. A technically competent key account manager or very customer-oriented consultant can have the power to arrange the meeting and the competency to discuss the technical side of things.

Fourth, influencing setup and environment discusses the events where influencing is conducted. Influencing work can manifest in many ways. Interviewees mentioned the following influencing events: one-on-one meetings, lunches, presentations, public speaks, blog writings, rounds of golf, project-related meetings, phone calls, emails and steering groups. There is no one environment or setup that could be generalized as a perfect influencing environment. The most suitable environment depends on the influencer's and the customer's preferences and the amount of participants.

"I prefer the influencing to happen in a one-on-one setting with the customer. There are some experts that I know that have the charisma to influence a whole hall of listeners, but they are in rare" – Vice President Consultant (5. interviewee)

In sales presentations, a typical setup was that the enabler and the expert represented the case company and the enabler's key contact and customer's corresponding expert represented the customer's organization. Influencing can also take place in public events where an expert gives a speech to the customers of some topic related to his/her vertical of expertise, which may lead to further discussions. Blog writings work in a similar way. Influencing work also happens in regular communication with the customer via email exchanges and phone calls. The better and the more friendship-like the individual-level customer relationship is the more informal the communication can be.

6. ANALYSIS & DISCUSSION

6.1 Starting point for the analysis

This section discusses the objectives of the empirical study in relation to what was known on the basis of the literature review. Figure 33 describes the main questions and areas of unknown the empirical research tries to answer and fulfill.

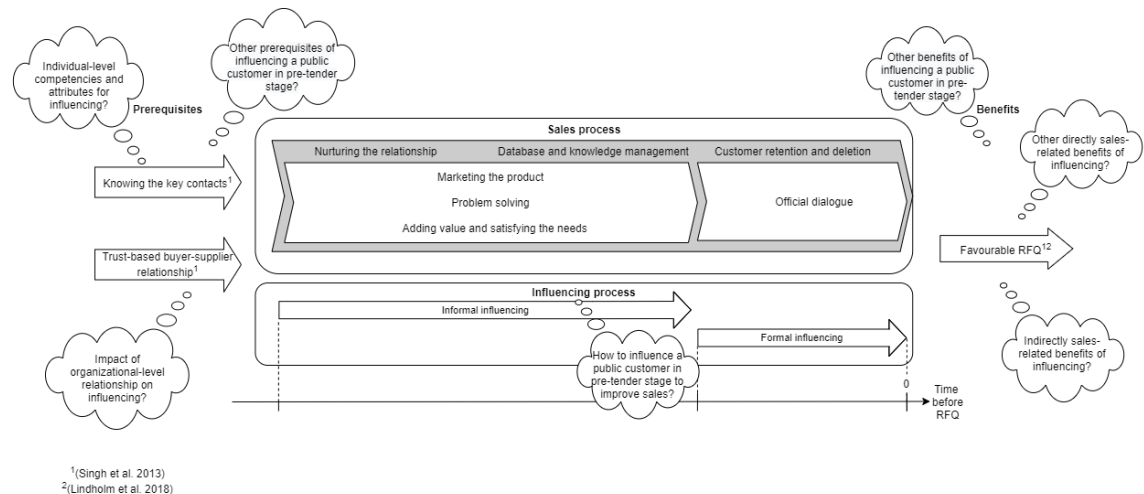


Figure 33: Starting point for the analysis

Singh et al. (2013) and Lindholm et al. (2018) both recognized the supplier's intention to influence the content of the RFQ to improve chances of getting awarded. Singh's et al. (2013) point of view was that the supplier who gets most of their specification to the tender stand the best chance of getting awarded. In the study of Lindholm et al. (2018), the supplier tried to influence the evaluation criteria of the RFQ to better match their product. However, a hypothesis was that influencing a public customer in the pre-tender stage can result in a set of versatile benefits not limited to just influencing the content of the RFQ. The following analysis will also provide a detailed discussion of what features of the RFQ are the suppliers trying to influence and how the features affect the competitive landscape of the tendering. In addition, the following analysis will present the different directly and indirectly sales-related benefits of influencing that emerged from the interviews and complement the potential benefits of influencing a public customer in the pre-tender stage. The benefits of the supplier form the motivation for active influencing in the pre-tender stage in opposite to passively waiting for customer's RFQ's and order impulses.

Singh et al. (2013) concluded that the supplier has the best chances of getting their specification to the RFQ is to have a long-term and trust-based relationship with the

public customer. Furthermore, they emphasized the importance of targeting the customer's decision-makers in effective influencing. However, the author's hypothesis is that the individual skills, competencies and attributes of the influencer form prerequisites for successful influencing. In addition, the effect of individual- and organizational-level customer relationships will be discussed in-depth. The analysis will provide insights of the importance of both levels of customer relationship in influencing.

To address the main research question the following analysis will discuss how a public customer should be influenced in the pre-tender stage to improve sales. The existing sales literature has mostly focused on B2B sales and sales process. Holma's et al. (2020) study of ESI in the pre-tender stage provided data for the process of buyer-led supplier involvement in the pre-tender stage which is referred to as formal influencing. However, the assumption is that influencing a public customer begins before formal influencing. The following analysis will discuss how the influencing process should be conducted before the beginning of the public procurement process and during it.

6.2 Results of the study

The results of the study will be presented in this section. The main findings of the empirical study are discussed in regard to the literature review. The topics that will be covered are levels of influencing, benefits and prerequisites of influencing and influencing a public customer in the pre-tender stage.

Originally the influencing process was split into two components of influencing: informal and influencing. Based on the results of the empirical study a new split into three levels of influencing is presented: strategic, tactical and formal. The original informal influencing is split into strategic and tactical influencing. The main characteristics and differences of strategic and tactical influencing are presented in Table 7.

Table 7: Characteristics of tactical and strategic influencing

	<i>Tactical</i>	<i>Strategic</i>
<i>Temporal dimension</i>	Periodic and RFQ-related	Continuous
<i>Focus</i>	Sales	Advising and consulting the customer
<i>Targeted to</i>	People have influence over the upcoming RFQ	People with responsible for long-term planning

<i>Setup</i>	Customer meetings	Blog writings, public speaks, customer meetings
<i>Benefits</i>	Favourable RFQ	Demand creation, gaining advisory role, influencing customer's long-term road map

First, temporal dimension makes a difference between strategic and tactical influencing. Strategic influencing is a continuous activity whereas tactical influencing is related to the upcoming RFQ and is thus a periodic activity with starting and ending points. Second, focus divides strategic and tactical influencing in regard to the directness of the focus in sales. In strategic influencing the focus is in advising and consulting the customer in their long-term planning with an indirect sales focus. Tactical influencing focuses on creating such circumstances to the upcoming RFQ in order to maximize the chances of getting awarded.

Third, target of influencing naturally differs between the strategic and tactical influencing. Since in strategic influencing the focus is on advising the customer in long-term planning the top management should be targeted since they are responsible for the strategy planning. In tactical influencing, the people who work with the procurement should be targeted. Fourth, setup refers to the events where the influencing is conducted. Both levels of influencing can be conducted in normal customer meetings, but strategic influencing can also be practiced in setups that are targeted to a wider audience such as blog writings and public speaks. Fifth, benefits refers to the pursued benefits of the two levels of influencing. While strategic influencing aims in creating new sales opportunities and influencing the customer's long-term procurement road map, tactical influencing aims in achieving a favourable RFQ.

The characteristics of strategic influencing have a lot in common with such sales approaches as consultative and inbound selling. In consultative selling, the focus is not on selling a product but on selling value, solving customer's problems and helping the customer to achieve its strategic goals (Hanan 2004, p. 23; Moncrief & Mashall 2005; Töytäri et al. 2011). Although strategic influencing was not directly as linked to sales as consultative selling, the idea is still very similar; no products as such are tried to be sold to the customer but the focus is on the long-term future of the customer, value creation and solving the customer's problems. Strategic influencing also has similarities with inbound selling since inbound selling also aims in making the customer want to work with one, which is done by advising the customer and presenting a luring supplier image (Tyre & Hockenberry 2018, p. 136, 152). Such setups for strategic influencing as public

speaks and blog writings try to create an image of a supplier with whom the customer wants to partner with.

Tactical and also formal influencing match well with the supplier's role in the studies of Singh et al. (2013) and Lindholm et al. (2018). In the studies, the suppliers tried to influence the specification of the RFQ to their advantage. However, although the motive for tactical and formal influencing is similar, they still differ in terms of time and power of influence. Tactical influencing is conducted prior to formal influencing and the results of the empirical study indicate that the supplier has a bigger power of influence prior to formal influencing. Tactical and formal influencing also have a connection with the supplier roles in service specification by Selviaridis et al. (2013) and Axelsson and Wynstra (2002) according to whom the supplier's role in service specification depended on two variables: buyer perceived uncertainty and supplier's buyer-specific knowledge. The supplier's ideal situation would be to have extensive buyer-specific knowledge and an uncertain customer resulting in an information asymmetry to the supplier's benefit as the buyer lets the trusted supplier have a major role in service specification. The implication for the supplier's tactical influencing is then to seek opportunities where there is an information asymmetry with a close customer and take advantage of those situations by influencing the RFQ's specification. Another implication of the Selviaridis et al. (2013) study for tactical influencing is that there is a possibility to influence the RFQ specification with newer customers and the service specification is an opportunity for the supplier to prove themselves to the customer.

The first research subquestion was the following: *What kind of benefits does B2G influencing result in?* The benefits of influencing work recognized in literature were discussed in Chapter 4 and indirectly also in Chapter 3. Literature did not recognize any other benefits for influencing in B2G environment than influencing the specification of the RFQ to the supplier's favour (Singh et al. 2013; Lindholm et al. 2018). Thus, the findings of this study regarding the benefits of influencing the public customer fulfill a gap in current B2G sales literature. Figure 34 presents the sales-related benefits of influencing work in the B2G context. White background marks the benefits from the empirical study, grey background marks the benefits from the literature and gradient grey marks the benefits stemmed from both empirical study and literature.

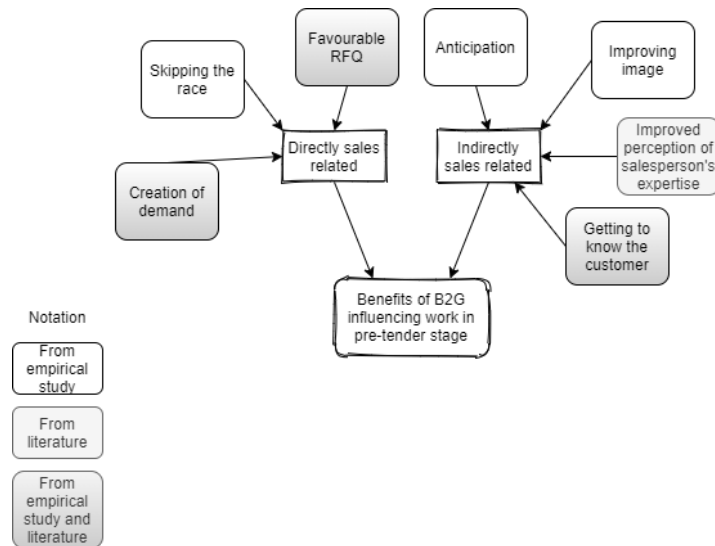


Figure 34: Sales related benefits of influencing work from the empirical study and literature

First directly sales-related benefit is influencing the content of the RFQ in a way the chances of winning are as high as possible. This benefit was also recognized by Singh's et al. (2013) and Lindholm et al. (2018) although their focus was just in influencing awarding criteria of the RFQ. The benefits stemmed from the empirical study regarding the RFQ were much more versatile than just influencing the award criteria (mandatory and scoring criteria) of the RFQ. Other RFQ-related benefits are influencing the price-quality ratio, contractual items and target of the procurement in a favourable way to the supplier. In summary, the motive for influencing the RFQ is to maximize the conditions that favour yourself and minimize the conditions that are unfavourable. In addition, the intention can sometimes be to influence the RFQ so that it is very difficult for the rivalry to quote. The reason why influencing for example contractual items were not mentioned in the literature can be partly explained with the characteristics of the B2G environment; in public procurement, the RFQ usually included the contract draft which is then approved by the supplier when they submit their quote. Thus, influencing the contractual items is essential in the pre-tender stage in the B2G environment since the supplier's power of influence is almost non-existing in negotiations.

Second directly sales-related benefit from the empirical research is the benefit of skipping the race entirely. Public procurement literature discusses the regulatory items regarding procurement procedures in which no open race is needed, but from the supplier's perspective, the opportunity of skipping the open races has not been discussed in the literature. However, the buyer should not be influenced by the supplier to skip open races. Only two out of ten interviewees mentioned skipping the race as a benefit for influencing and neither had any examples of a situation in which the supplier has

convinced the buyer not to race the tender. However, the tendering stage demands resources from the public buyer so sometimes the public buyer might be interested in skipping the race. Further research would be needed to study the supplier's power of influence on skipping the race.

Third directly sales-related benefit of influencing is creation of demand, which is one of the core motivations for doing sales in general. In the evolved sales process by Moncrief and Marshall (2005) the demand was created and sales was closed finally by solving the customer's problem with a value-adding solution. The study of Moncrief and Marshall (2005) was done in the B2B context. In the B2G context, the sales organization can create demand, but there is no guarantee that the supplier who awoke the demand gets awarded. In the B2G context, the connection of successful sales work and getting orders is not that straightforward as it can be in the B2B context (Wang & Bunn 2004). Yet, all the interviewees saw a sales-related incentive to influence the public customers, which complements the finding of Josephson et al. (2019); the net benefits of B2G markets will not realize without a proper emphasis. Supplier-led demand creation is an interesting item in B2G sales and further research would be needed to study the actual process and effectiveness of the influencing work in the area of demand creation.

Fourth benefit of influencing work is anticipation, which is an indirectly sales-related benefit of influencing. The sales literature emphasizes the need to listen to the customer in order to understand the customer's context, problems and needs (Moncrief & Marshall 2005; Lyly-Yrjänäinen et al. 2018, pp. 61-62). The understanding then enables the salesperson to communicate the value proposition in the customer's context (Lyly-Yrjänäinen et al. 2018, p. 62). However, the understanding of customer's business and future plans can be valuable in itself since it allows the sales organization to anticipate the future demand of the customer. The importance of anticipation can depend on the industry and the anticipated demand. In IT-service industry, in which the empirical study's case company operates, the importance of anticipation was regarded as relatively high since the service needs of the customers can be quite versatile. For a standard product supplier, the anticipation advantage might not be that useful. However, the anticipation benefit complements the existing sales and CRM literature as it can be achieved even without sales.

Fifth benefit of influencing is improving own image as a supplier, which is an indirectly sales-related benefit of influencing. The benefit of improving supplier image is based on the idea that a supplier perceived as competent may get more RFQ and dialogue invitations for example and be more effective as an influencer compared to a supplier with

a worse brand image. In addition to the supplier image, the consultative tasks included in influencing positively correlate with the perception of the salesperson's expertise and relationship loyalty (Newell et al. 2011), which can be regarded as the sixth influencing benefit.

Seventh benefit of influencing is getting to know the customer on an individual level, which is an indirectly sales-related benefit of influencing. According to the interviewees, an individual-level customer relationship helps in building trust, which is one buyer-supplier relationship factor contributing to the relationship quality (Rauyruen & Miller 2007). ESI literature also recognizes improved buyer-supplier relationship as one of the benefits of early co-operation in NPD and in service specification (McIvor & Humphreys 2004; Selviaridis et al. 2013).

In general, the benefits of influencing work from the interviews are quite new to the literature, which is explained by the scarcity of B2G sales and sales-related influencing literature. Influencing the RFQ was the only benefit that was mentioned in both empirical study and literature. Still, the benefits mentioned in the interviews had relations to sales, buyer-supplier relationship and ESI theories.

The second research sub-question was the following: *What kind of prerequisites are there for B2G influencing?* The matter was not directly discussed in the literature review, but many of the prerequisites stemmed from the empirical study relate to a buyer-supplier relationship either on an individual- or organizational-level and individual-level skills. Underlying Figure 35 presents the prerequisites for influencing work from the empirical study and the literature. Rounded rectangles are prerequisites that have been split into three categories in sketched rectangles. The background colour marks the source for the prerequisites.

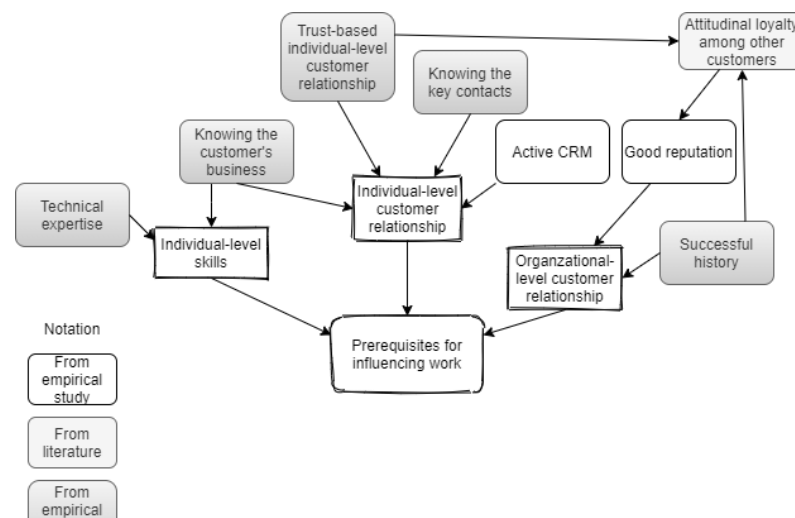


Figure 35: Prerequisites of influencing work from the empirical study and literature

First prerequisite for influencing is knowing the customer's business, which relates to knowing the customer's strategy and operations on a detailed level. The importance of knowing customer's business has been recognized in theory as well. According to Bendapudi and Leone (2002), the supplier's key contact needs to know the customer's business as well as the customer in order to really add value to the customer and anticipate their needs. The anticipation of customer's needs is especially for demand creation and larger cases of influencing. Customer knowledge is needed to properly advise and consult the customer that are the tasks of a consultative salesperson (Töytäri et al. 2011). Selviaridis's et al. (2013) study also recognized that supplier's buyer-specific experience influences the extent of supplier's involvement in service specification together with buyer's perceived uncertainty. The importance of detailed customer knowledge can however depend on the industry; IT-services provided by the case company of the empirical study are usually at the very core of customers' operations so identifying sales opportunities requires detailed customer information. A supplier selling products without configuration might not need such extensive customer information to do sales.

Second prerequisite for influencing is active CRM which refers to regularly staying in contact and meeting with the customer. Irregular and infrequent CRM can send a message to the customer that they are unworthy of the supplier's time. Although customer relationship development demands more than activeness and thrive for sales and serving the customer, the activeness in CRM combined with transactions can lead to a deeper customer relationship (Jap & Ganesan 2000; Palmatier et al. 2013). The active and persistent CRM is a key prerequisite for influencing since it signals to the customer that the supplier is interested in them, which can increase their interest in the supplier.

Third prerequisite for influencing is having a trust-based individual-level customer relationship. The desired individual-level customer relationship according to the interviewees had friendship characteristics and was based on mutual trust. Out of the four factors contributing to the quality of the buyer-supplier relationship by Rauyruen and Miller (2007), only trust was mentioned by the interviewees. According to the interviewees, mutual trust enables a situation where the customer would tell useful and sensitive information. In addition, trust also makes the customer listen to the recommendations of the supplier. Selviaridis et al. (2013) stated that trust mitigates buyer's perceived risk of relying on supplier's suggestions. The study of Rauyruen and Miller (2007) however concluded that individual-level trust does not have any effect on customer loyalty and that organizational-level trust influences only attitudinal loyalty. Both findings of the

study by Rauyruen and Miller (2007) are in conflict with findings of the empirical study since according to the interviewees the individual-level trust is a key component in influencing work and sales in general and that the sales happens between individuals, not between organizations. Interviewees regarded organizational-level relationship merely as a supporting item for influencing although it was recognized that very poor experiences between the organizations can inflame the relationship also in individual-level. The research of Bendapudi and Leone (2002) presented results in line with the empirical study of this thesis; their conclusion was that the customer appreciates a trustworthy supplier key contact with whom there is a professional friendship. Awaking trust is not a straightforward process, but Drollinger's and Comer's (2013) study found out that active and emphatic listening is a significant factor in establishing trust. Thus, active and emphatic listening not just enables the salesperson to gain knowledge about the customer but also helps in creating trust.

Fourth prerequisite for influencing is knowing the key contacts of the customer to whom the influencing is targeted for the desired effect. Targeting decision-makers and influencers of the customer have been recognized as important for sales in the literature (Moncrief & Marshall 2005; Singh et al. 2013). The management of the customer can be regarded as decision-makers and the substance experts of the customer can have a role of an influencer as they can have an influence on the management (decision-makers). The most common roles for targets of influencing according to the interviewees were customer's management and substance experts so the results of the empirical study very well support the existing theory. The high importance of having key contacts in both substance and business management of the customer builds on top of the current sales literature regarding key contacts. Based on the interviews in the ideal situation, the employees working in customer interface in different hierarchy levels of the organization would have corresponding key contacts in the customer organization. Although Moncrief and Marshall (2005) and Kotler et al. (2016, p. 270) claimed that nowadays especially larger organizations approach multiple key contacts of the customer which is partly similar to the aforementioned ideal situation, and the interviews gave interesting data of who the multiple contacts could be in B2G context.

Fifth prerequisite for influencing is successful history referring to the past and ongoing projects between the supplier and the public customer. According to Rauyruen and Miller (2007) and Lam et al. (2004) two factors, satisfaction and perceived quality of service, influence customer's purchase intentions with the supplier and both factors also affect the attitudinal loyalty of the customer implicating a large significance of success-

ful history in sales in general and also in influencing work. The literature and the interviews show similar results; a satisfied customer is likely to be willing to continue the cooperation and thus may want to make the conditions suitable for the supplier regarding future RFQs. An ongoing project or service also creates an extra layer for influencing as there is an existing and active communication path in place. Interviewees regarded the influencing power of the current project team as very significant especially if the customer is satisfied with their output. An interesting topic for further research would be to study the impact of the current project team to the pre-tender stage sales operations.

Sixth prerequisite for influencing is good reputation which is hearing from others about the successful history that they have had with the supplier. Attitudinal loyalty means recommending a supplier to others and it is relational to trust, commitment, satisfaction and perception of service quality (Rauyruen & Miller 2007). So in order to improve the reputation, the supplier has to awake attitudinal loyalty among its current customers by gaining trust, commitment and by providing satisfactory and high-quality services and deliverables.

Seventh prerequisite for influencing is technical expertise, which refers to the individual-level skills of the influencer. The expert of the substance naturally has a deep understanding of the vertical but it is also important that the salesperson has at least the basic knowledge of the vertical. Salesperson's technical expertise has been recognized as an important characteristic in literature as well. According to Bendapudi and Leone (2002), customers value that the supplier's key contact has technical competencies. Consultative selling corresponds with the perception of a salesperson's technical expertise (Newell et al. 2011). Many interviewees told that influencing meetings were held in an arrangement of an enabler (usually a salesperson) and an expert. The idea of the arrangement is that the enabler possesses the key contacts to arrange the meeting, but the expert usually has the role of a presenter. The dynamics of the arrangement would need further studies to investigate the role and competencies of the salesperson.

Many of the prerequisites mentioned in the interviews can be linked to existing sales and buyer-supplier relationship theories. The existing theory also added to the prerequisite of good reputation by providing a connection between factors creating attitudinal loyalty and good reputation. The addition further strengthens the conclusion that the supplier has to keep its customers satisfied to be able to influence them. The salespeople also need to possess technical expertise within the domain, a thorough understanding of the customer's business and social skills to build trust-based relationships with the key contacts. Having an organization behind you with a good reputation and a successful history help influencing, but the individual-level makes the difference. However,

it is good to bear in mind that not all prerequisites have to be fulfilled in order to do influencing work.

The main research question was the following: *How should the public customer be influenced in the pre-tender stage to improve sales?* Since the sales-oriented influencing especially in B2G environment is new to existing theory many of the findings of the empirical research are hard to link to current literature. Thus, the linkages to theory come mainly from B2B sales literature. The following paragraphs discuss such items as the process of influencing, targets of influencing, supplier's roles in influencing and the environment and setup of influencing.

The first item is the process of influencing, which raises the question of when should the influencing begin in relation to the publication of the RFQ. A general consensus among the interviewees was that the earlier the influencing begins the better, which is supported by literature; supplier's influence on design is the highest in the beginning of the NPD process (Trent 2007, p. 223). Although Trent's (2007) context was in NPD in B2B environment the same disciplines can be thought to apply in B2G influencing; the specification of the RFQ freeze as the public procurement process proceeds implicating a higher power of influence during the early stages of the public procurement process. Thus, the tactical influencing should begin simultaneously with the public customer's public procurement process. The existing sales and ESI theory then supports tactical influencing which focuses on influencing the already visible customer demand and the customer's way of fulfilling it. Formal influencing follows tactical influencing

Supplier-led demand creation creates a special scenario since the customer has not recognized their need and the supplier's target is to influence the customer to recognize the need and initiate the procurement process. This is a situation that is new to existing ESI literature that focuses on buyer-led supplier involvement in NPD or service specification. Thus, ESI literature does not support the case of demand creation. A large share of sales literature however focuses on demand creation. The literature review did not provide any lead times for sales initiation to close, which can be explained by the case-by-case characteristic of the demand creation situation.

The second item is the target of influencing. The question matches well with the prerequisite of knowing the key contacts. The empirical study implicated that in an ideal situation the influencing is targeted to a wide range of stakeholders involved in the procurement or people who have influence over people involved in the procurement. Hänti et al. (2016, p. 10) also emphasized that sales belongs to everyone working in the customer interface. Although targeting customer's decision-makers and influencers

(Moncrief & Marshall 2005; Singh et al. 2013) forms a good baseline for influencing the empirical study brought concreteness of who decision-makers and influencers are in B2G context. The targets for influencing in public customer's organization are the people in different levels of hierarchy working in business/operations and substance management. Substance management refers to the customer's personnel responsible for the substance related to the product or services of the supplier. In the empirical study, the case company supplied IT-services so the IT management of the customer was an important group to influence, but in general, substance management depends on the supplier's field of industry.

Influencing the centralized procurement unit was not mentioned in the interviews. Holma's et al (2020) research studied the triad stakeholder environment in ESI in the pre-tender stage including the supplier, internal customer and centralized procurement unit and a hypothesis was made in literature review that the existence of a centralized procurement unit, such as Hansel, would make a difference in terms of influencing. However, not a single interviewee mentioned Hansel without asking specifically implicating that the centralized procurement unit might not have to be considered in influencing. Thus, the triad stakeholder environment by Holma et al. (2020) was not supported by the empirical study, which can be explained by the fact that this study was made from supplier's and sales point of view. Underlying Figure 36 presents the new triad stakeholder environment in the pre-tender stage influencing based on the empiri-

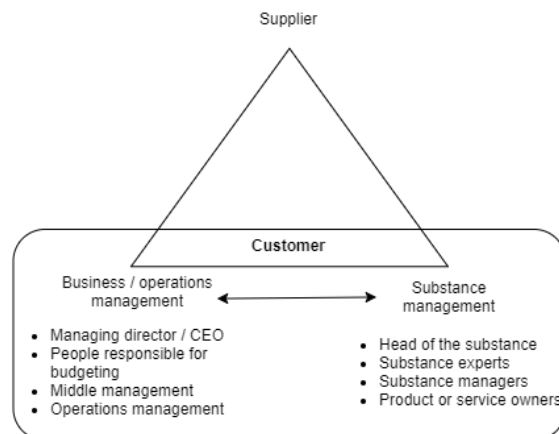


Figure 36: Triad stakeholder environment in pre-tender stage influencing

cal study.

The third item is the roles of influencing in the sales organization. In sales literature, the terms salesperson or key account manager are used to describe sales personnel. The empirical study revealed that the influencing was done by enablers and experts. Enablers in the case company were key account managers, sales-oriented consultants, top

management or just employees with needed key contacts and the enabler had the power to arrange the meetings with needed customer's key contacts. The experts were specialized in the specific vertical of knowledge. This sort of division of roles was not visible in sales literature, which can be partly explained with the special characteristics of the case company and the sample of interviewees. A technically skillful salesperson or key account manager or equivalent can handle both roles, enabler and expert, simultaneously. The case company also were in the industry of versatile technological and complicated products and services so it is clear that no enablers were the expert of it all and thus experts of the vertical were needed.

The fourth item is the setup and environment for influencing. In literature, the sales presentations and meetings are usually held for multiple individuals in the customer's buying center (Moncrief & Marshall 2005; Lyly-Yrjänäinen et al. 2018, pp. 61-62). The references do not reveal whether the presentations are held to multiple individuals in the same event or separately in smaller settings. The results of the empirical study show that influencing happens in many different occasions and setups ranging from one-on-one lunches to public speaks and blog posts. Important is that the customer is as eager to listen to the influencer's recommendations as possible. The prerequisites of influencing create a good foundation for influencing to succeed, but discretion is needed nevertheless; the influencer has to sense when the time and place is right. Another variable in defining the best possible setup for influencing the public customer is the matter of discussion. For example, recommending not to put unlimited damages to the RFQ does not need the presence of the customer's top management.

6.3 Framework of influencing a public customer

A framework of influencing a public customer was made to summarize and visualize how a public customer should be influencing in the pre-tender stage to improve sales. Underlying Figure 37 presents the framework. The processes of public procurement and B2G sales form the baseline for the framework. The framework changed quite drastically compared to the original framework in Figure 28 that was made based on the literature. The change can be explained by the scarcity of influencing and B2G literature from sales organization's or supplier's point of view. The empirical research provided a lot of information new to the literature.

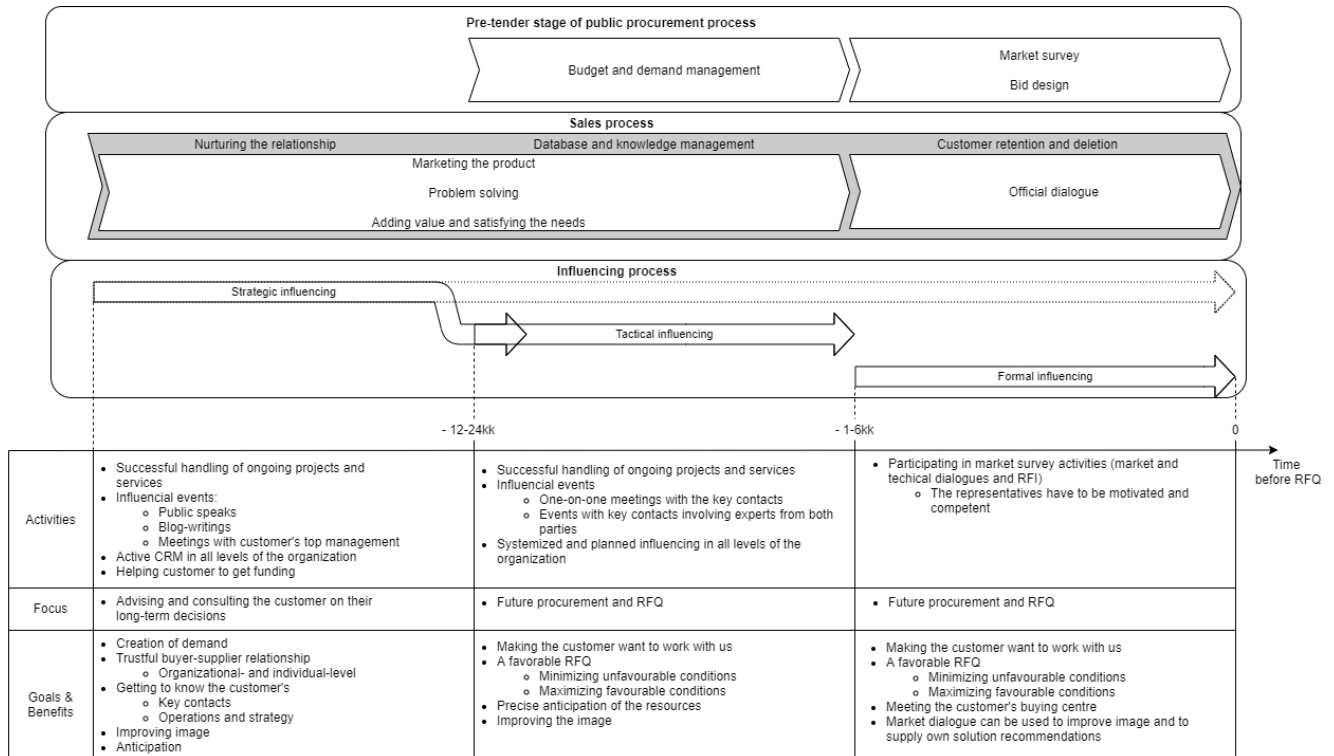


Figure 37: Framework of influencing a public customer in pre-tender stage

Public procurement, B2G sales and influencing processes are presented in the underlying Figure 37 in relation to each other. As influencing is a pre-sales operation the B2G sales and influencing processes are interconnected and interdependent. The influencing process can be regarded as an integral part of the B2G sales process. Visualizing the influencing process independently emphasizes the different components of influencing that are strategic, tactical and formal influencing. Strategic influencing is a continuous process, which transforms into tactical influencing as the procurement process of the customer begins. Tactical influencing ends as the customer begins its buyer-led ESI events such as market and technical dialogues. These buyer-led events belong to formal influencing.

Strategic influencing is a continuous process that focuses on creating and modifying the customer's demand with a long-term focus. In an ideal situation, strategic influencing would precede every procurement process and the customer would want to buy a solution the supplier has recommended. Concretely the strategic influencing takes place in different events. Sometimes the customer can be influenced by a public speaker and further meetings can follow. Regardless of what the event is when the focus is on long-term consulting and advising regarding future trends the top management has to be targeted successfully to make an influence. Especially on topics that affect the whole organization and are large-scale procurements. The supplier can also

proactively help the customer to get the funding for the proposed procurement. For example, during the time of the interviews European Union was sharing money from the COVID-19 recovery package to its member countries and a large part of that money was allocated to digitalization; the environment was perfect for suppliers to help governmental customers to apply for funding. Although strategic influencing aims to create demand the benefit does not always realize. However, professional advising and consulting done for free can improve the image and the supplier also gets to know the customer better. During strategic influencing the supplier has time to get to know the customer's business and key contacts.

As the public procurement process of the customer begins the focus changes to tactical influencing in which the focus is on the upcoming RFQ. There is no clear nor concrete difference between strategic and tactical influencing in terms of influencing activities but there is a difference in the focus and desired goals; tactical influencing focuses on the future RFQ, which is not yet visible during strategic influencing. Ideally, the customer would continue listening to supplier's ideas regarding the future procurement and the customer would want to work with that supplier, which would then show as a favourable RFQ. However, the ideal situation is not always the reality, but the supplier still benefits from the influencing work for example by gaining valuable information of the future procurement that can be utilized in anticipating resource needs.

Closer to publishing the RFQ the customer can conduct a market survey in which they can involve suppliers. The time of buyer-led buyer-supplier interaction is called formal influencing in this thesis. Formal influencing was not seen as very powerful by the interviewees although two interviewees emphasized that a successful technical dialogue for example can be beneficial. The dialogues also reveal the people in the customer's buying center.

6.4 Limitations of the study

Although the research was made with care, the results of the study are in need of critical reviewing still. The limitations of the study are related to the framework, benefits of influencing and overall generalizability of the results.

The framework for influencing a public customer was made almost purely on the basis of the empirical study since the whole concept of influencing a public customer was relatively new to the literature. Thus, implementing the preliminary framework was based on public procurement and B2G sales processes. The empirical study provided a large

part of the data in the final framework (Figure 37) and since there were no corresponding studies in the literature the assessment of the framework was difficult. In addition, the final framework of customer influencing has not been tested or proven during the research. In addition, the split to strategic and tactical influencing is partly artificial. Although there were clear differences among the interviewees in how influencing was perceived the categorization to strategic and tactical influencing was mostly the result of the author's own interpretation.

Another limitation concerns the benefits of influencing work. The interviewees had a very limited amount of real-life examples regarding the benefits of influencing and they also stated that as multiple suppliers and stakeholders interact with the customer it is very hard to distinguish your own share of the influencing. Thus, the benefits of influencing are mostly theoretic than direct consequences of influencing work.

Although the objective of the research was to form results that apply in B2G sales cross-industrially the industry specifics of the empirical study could have had an effect on the generalizability of the results. Another bias can be the case company's characteristics and the personnel who were interviewed. If the empirical research had been conducted in a different industry the results could have been different. Overall, the lack of literature within the field of B2G sales and the pre-tender influencing made the critical analysis of the results difficult since no corresponding studies were found.

7. CONCLUSIONS

B2G markets present a substantial sales opportunity for private suppliers; public procurement alone represents twelve percentage of gross domestic product (OECD 2021). Despite this, literature has mostly focused on public procurement from the public buyer’s perspective in which the private supplier’s or sales organization’s role is to help the public buyer in the procurement (Holma et al. 2020) instead of doing active and even proactive sales to their benefit. Singh et al. (2013) and Lindholm et al. (2019) recognized that suppliers pursue their own benefit by engaging with the public buyer in the pre-tender stage in order to change the specification of the RFQ. The studies implicate that suppliers interact with the public buyer to gain competitive advantage and not just to help the public buyer in the procurement as Holma et al. (2020) and Selviaridis et al. (2013) implicated.

To further investigate the supplier’s intention to influence the public buyer to their benefit, the goal of the study was to answer to following research questions: 1) How should the private supplier influence the governmental customer in the pre-tender stage to improve sales 2) What kind of benefits does B2G influencing in the pre-tender stage result in? 3) What kind of prerequisites are there for B2G influencing in the pre-tender stage? An abductive study was conducted to answer the research questions. First, a thorough literature review was made to study public procurement characteristics, B2G sales and ESI in the pre-tender stage. Second, ten employees of a large IT-service provider working for governmental customer accounts were interviewed in the empirical study. Figure 38 presents the main findings of the research.

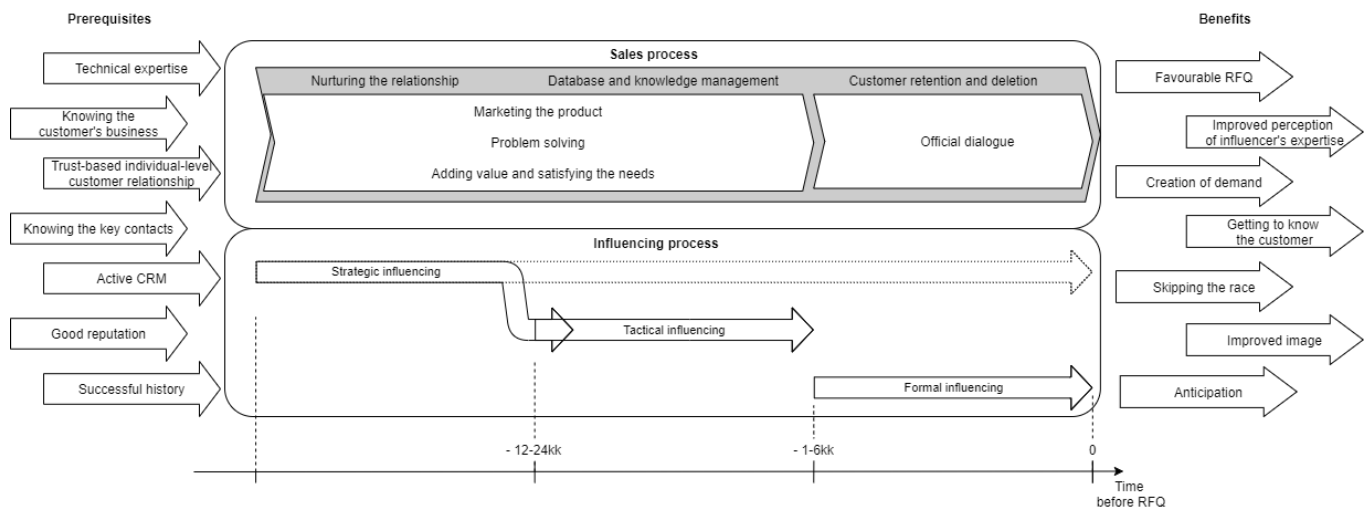


Figure 38: Main findings of the research

The benefits of influencing the public customer in the pre-tender stage can result in directly and indirectly sales-related benefits. Directly sales-related benefits are a favourable RFQ, creation of demand and skipping the race which refers to influencing the customer to choose a procurement procedure that demands no public tendering. However, identifying the supplier's own share of influence for customer's behaviour can be hard to detect. Thus, even though the influencing might not result in added revenue the supplier can benefit from influencing by improving the customer's perception of the influencer's expertise, getting to know the customer and improving their image. The results complement the findings of Singh et al. (2013) and Lindholm et al. (2019) by broadening the set of benefits that can be achieved by influencing a public customer. The results also enhance the importance of influencing the RFQ specification.

Prerequisites for influencing in the B2G context were studied to find out the groundwork that has to be made in order to get in an influential position with a public customer. The findings related to the individual- and organizational-level customer relationships and individual-level skills of the influencer. The individual-level customer relationship has the largest impact of the prerequisites of influencing work; the influencer has to establish trust-based professional friendships with the customer's key contacts, have a thorough understanding of the customer's business and actively manage the customer relationship. The findings complement the findings of Singh et al. (2013) who implicated that a trust-based buyer-supplier relationship has to be established in order for the customer to listen to the supplier's recommendations. In addition, the importance of the individual-level technical expertise complement the findings of Bendabudi and Leone (2002) who suggested that customers value a technically competent key-contact. The organizational-level customer relationship had merely a supporting role; influencing happens in an individual-level, although a good reputation as a supplier and a successful history with the customer bring credibility. In addition to the customer relationship management, the influencer also needs also technical expertise. However, the owner of the key contact does not have to be an expert of the vertical of expertise. Two distinctive roles in influencing were detected: an enabler and an expert. An enabler (e.g. key account manager or a salesperson) is the owner of the key contact who has the power to arrange the meeting with the customer's key contacts. An expert is specialized in a specific vertical of knowledge. One person can have both roles.

Based on the empirical study and the literature review, influencing was split into three components: strategic, tactical and formal influencing. Strategic influencing refers to advising and consulting the customer continuously with an indirect sales motivation, although at best the strategic influencing can result in awaking the procurement need of

the customer. Tactical influencing focuses on influencing the tender to maximize the probability of getting awarded. Formal influencing refers to supplier-led events such as market and technical dialogue preceding the tender stage. The power of the supplier's influence decreases as the tender stage approaches.

Influencing is should be the whole organization's task from top management to the operating project team working for the customer and in an ideal situation, each level of organization would have corresponding key contacts in the customer's organization. Thus, the needed influencers and decision-makers of the customer can be influenced according to the goal of the situation.

Passively waiting for customer's RFQ's demands fewer efforts from the supplier in the pre-tender stage compared to actively influencing the customer's procurement actions and even if the supplier succeeds to create demand the tender usually is openly raced and there is a chance that one of the rivalries gets awarded. Nevertheless, if the supplier succeeds in creating a feeling to the customer that they would like to work with them, the efforts of influencing are likely to pay off in the long-term.

This research extends the current literature of public procurement by studying the supplier's aspect as an active sales organization. The research shows suppliers as active sales organizations rather than waiters of public buyer's order impulses. On the contrary, the results implicate that B2G sales in the pre-tender stage can be very similar to B2B sales; suppliers try to create demand and the CRM is emphasized at an individual- and organizational-level.

The research also contributes to the literature of ESI in service specification in the pre-tender stage. Selviaridis et al. (2013) and Holma et al. (2020) studied ESI in the pre-tender stage from the buyer's point of view and presented the activities in market surveys as the first points of ESI in the public procurement process. This research suggests that suppliers engage with public customers continuously and prior to the market survey activity. Suppliers also have their own motivations for engaging with the customer in a very early stage or even before the beginning of the public procurement process. Singh et al. (2013) found out that suppliers try to influence the content of the RFQ to maximize their chances of getting awarded. However, the empirical study concluded that the pursued benefits are much more versatile, which makes one question whether the principles of public procurement are actually strictly applied. Another implication might be that even with public procurement regulation the decision-makers of the public buyer favor some supplier(s) over the others.

In addition, the sub-objective of forming a B2G sales process was fulfilled by combining current literature of public procurement, B2B sales, buyer-supplier relationship management and modern sales approaches. The B2G sales process should be applicable cross-industrially.

The research has possibilities for future research. The limitations of the study could be tested and validated via academic research. An interesting topic for academic research would be studying the functionality of the framework of influencing the public customer in the pre-tender stage. As mentioned, the current literature has focused on public procurement and public buyer's point of view leaving room for research for studying the supplier's role as a sales organization in the pre-tender stage before and after the beginning of the public buyer's procurement process. An academic case study of how suppliers in different industries interact with the public customer and influence the public customer in the pre-tender stage would bring academically valid insights of the sales process in the pre-tender stage and also what kind of benefits the suppliers actually achieve as they try to influence the public customer to their benefit.

Overall B2G sales in the pre-tender stage is an area of literature that is in need of academic research; although the B2G sales shares many of the same characteristics as B2B sales the regulation and legislation of public procurement affect the sales and CRM in B2G environment even in the pre-tender stage. Thus, academic research would be needed to study the very basic components of B2B sales in a B2G environment.

REFERENCES

- 2016/1397. Public Procurement and Concession Contracts Act. Finlex. Available at: <https://www.finlex.fi/fi/laki/ajantasa/2016/20161397>
- 2014/24/EU. Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0024>
- Alvarez, S., & Rubio, A. (2015). Carbon footprint in green public procurement: A case study in the services sector. *Journal of Cleaner Production*, 93, 159-166.
- Arrowsmith, S., Linarelli, J., & Wallace, D. (2000). Regulation public procurement - national and international perspectives. Springer Netherlands.
- Axelsson, B., & Wynstra, F. (2002). Buying business services. Chichester: John Wiley.
- Bade, D. L., & Johnson, T. E. (2015). Export/import procedures and documentation. New York: American Management Association.
- Becker, J., Niemann, M., & Halsbenning, S. (2019). Contribution to growth: European public procurement : Delivering economic benefits for citizens and businesses. Brussels: European Parliament.
- Bendapudi, N., & Leone, R. P. (2002). Managing business-to-business customer relationships following key contact employee turnover in a vendor firm. *Journal of Marketing*, 66(2), 83-101.
- Bidault, F., Despres, C., & Butler, C. (1998). The drivers of cooperation between buyers and suppliers for product innovation. *Research Policy*, 26(7), 719-732.
- Bonaccorsi, A., & Lipparini, A. (1994). Strategic partnerships in new product development: An Italian case study. *The Journal of Product Innovation Management*, 11(2), 134-145.
- Brown, S. L., & Eisenhardt, K. M. (1995). Product development: Past research, present findings, and future directions. *The Academy of Management Review*, 20(2), 343-378.
- Callender, G., & Matthews, D. (2004). The role of immanence in the future of public procurement. *International Public Procurement Conference Proceedings*, 3, 227-251.
- Cathcart, J. (2007). Introduction to relationship selling reaching the top one percent of your field. Boston, Mass: Acanthus Publishing.

- Cova, B., & Hoskins, S. (1997). A twin-track networking approach to project marketing. *European Management Journal*, 15(5), 546-556.
- Czepiel, J. A. (1990). Service encounters and service relationships: Implications for research. *Journal of Business Research*, 20(1), 13-21.
- Darr, W. (2020). Fundamental issues of procurement management.
- Dimitri, N. (2013). "Best value for money" in procurement. *Journal of Public Procurement*, 13(2), 149–175
- Drollinger, T., & Comer, L.,B. (2013). Salesperson's listening ability as an antecedent to relationship selling. *The Journal of Business & Industrial Marketing*, 28(1), 50-59.
- Dubinsky, A. J. (1980). A factor analytic study of the personal selling process. *The Journal of Personal Selling & Sales Management*, 1(1), 26-33.
- Durugbo, C. M. (2020). After-sales services and aftermarket support: A systematic review, theory and future research directions. *International Journal of Production Research*, 58(6), 1857-1892.
- Edquist, C., Hommen, L., & Tsipouri, L. (2000). Public technology procurement and innovation (Vol. 16). Springer US.
- Erridge, A., & Greer, J. (2002). Partnerships and public procurement: Building social capital through supply relations. *Public Administration*, 80(3), 503-522.
- European commission. (2021a). International public procurement. Available at: https://ec.europa.eu/growth/single-market/public-procurement/international_en (Accessed: 22.02.2021)
- European commission. (2021b). Open data. Available at: <https://ec.europa.eu/digital-single-market/en/european-legislation-reuse-public-sector-information> (Accessed: 20.02.2021)
- Fleming, Q. W. (2019). Project procurement management: Contracting, subcontracting, teaming Project Management Institute.
- Giunipero, L. C., & Percy, D. H. (2000). World-Class purchasing skills: An empirical investigation. *The Journal of Supply Chain Management*, 36(3), 4-13.
- Gwinner, K. P., Gremler, D. D., & Bitner, M. J. (1998). Relational benefits in services industries: The customer's perspective. *Journal of the Academy of Marketing Science*, 26(2), 101-114.
- Hanan, M. (1995). Consultative selling. AMACOM.

- Hanan, M. (2004). *Consultative selling: The hanan formula for high-margin sales at high levels* (7th ed.). AMACOM.
- Handfield, R. B., Ragatz, G. L., Petersen, K. J., & Monczka, R. M. (1999). Involving suppliers in new product development. *California Management Review*, 42(1), 59-82.
- Heikkinen, M. T., Mainela, T., Still, J., & Tähtinen, J. (2007). Roles for managing in mobile service development nets. *Industrial Marketing Management*, 36(7), 909-925.
- Holma, A., Vesalainen, J., Söderman, A., & Sammalmaa, J. (2020). Service specification in pre-tender phase of public procurement - A triadic model of meaningful involvement. *Journal of Purchasing and Supply Management*, 26(1), 1-18
- Hänti, S., Kairisto-Mertanen, L., & Kock, H. (2016). *Oivaltava myyntityö : Asiakkaana organisaatio* (1st ed.). Helsinki: Edita.
- Hölttä, V., Eisto, T., & Mahlamäki, K. (2009). Benefits for cast product development through early supplier involvement. *IEEE*.
- Iloranta, K., & Pajunen-Muhonen, H. (2015). *Hankintojen johtaminen : Ostamisesta toimittajamarkkinoiden hallintaan* (4th ed.). Helsinki: Tietosanoma.
- Inks, S. A., Avila, R. A., & Talbert, G. (2019). The evolution of the sales process: Relationship selling versus "the challenger sale". *Journal of Global Scholars of Marketing Science*, 29(1), 88-98.
- Jap, S. D., & Ganesan, S. (2000). Control mechanisms and the relationship life cycle: Implications for safeguarding specific investments and developing commitment. *Journal of Marketing Research*, 37(2), 227-245.
- Jobber, D., & Lancaster, G. (2015). *Selling and sales management*. Harlow: Pearson.
- Jolson, M. A. (1997). Broadening the scope of relationship selling. *The Journal of Personal Selling & Sales Management*, 17(4), 75-88.
- Josephson, B. W., Lee, J., Mariadoss, B. J., & Johnson, J. L. (2019). Uncle sam rising: Performance implications of business-to-government relationships. *Journal of Marketing*, 83(1), 51-72.
- Järvinen, J., & Taiminen, H. (2016). Harnessing marketing automation for B2B content marketing. *Industrial Marketing Management*, 54, 164-175.
- Keränen, O. (2017). Roles for developing public-private partnerships in centralized public procurement. *Industrial Marketing Management*, 62, 199-210.

- Kiiver, P., & Kodym, J. (2015). Price-quality ratios in value-for-money awards. *Journal of Public Procurement*, 15(3), 275–290
- Kontio, A., Kronström, S., Kumlin, A., & Mäki, L. (2017). *Julkiset hankinnat : Käsikirja*. Helsinki: Edita.
- Kotler, P., Keller, K. L., Goodman, M., Hansen, T., & Brady, M. (2016). *Marketing management (3rd ed.)*. Harlow, England: Pearson.
- Lam, S. Y., Shankar, V., Erramilli, M. K., & Murthy, B. (2004). Customer value, satisfaction, loyalty, and switching costs: An illustration from a business-to-business service context. *Journal of the Academy of Marketing Science*, 32(3), 293-311.
- Leigh, T. W., & Marshall, G. W. (2001). Research priorities in sales strategy and performance. *The Journal of Personal Selling & Sales Management*, 21(2), 83-93.
- Lindholm, A., Korhonen, T., Laine, T., & Suomala, P. (2019). Engaging the economic facts and valuations underlying VfM in public procurement. *Public Money & Management*, 39(3), 216–223
- Loader, K. (2007). The challenge of competitive procurement: Value for money versus small business support. *Public Money & Management*, 27(5), 307-314.
- Long, A. (1994). Resolving disputes while preserving relationships. *National Contract Management Journal*, 25(2), 43-50.
- Lyly-Yrjänäinen, J., Mahlamäki, T., Rintamäki, T., Saarijärvi, H., & Tiitola, V. (2018). *Sales in technology-driven industries*. Helsinki: Teknologiatieto Teknova Oy.
- Mamavi, O., Nagati, H., Pache, G., & Wehrle, F. T. (2015). How does performance history impact supplier selection in public sector? *Industrial Management + Data Systems*, 115(1), 107-128.
- Marcos Cuevas, J. (2018). The transformation of professional selling: Implications for leading the modern sales organization. *Industrial Marketing Management*, 69, 198-208.
- Marshall, G. W., Goebel, D. J., & Moncrief, W. C. (2003). Hiring for success at the buyer–seller interface. *Journal of Business Research*, 56(4), 247-255.
- McDonald, M., & Woodburn, D. (2007). *Key account management : The definitive guide (2nd ed.)*. Oxford: Butterworth-Heinemann.
- McIvor, R., & Humphreys, P. (2004). Early supplier involvement in the design process: Lessons from the electronics industry. *Omega (Oxford)*, 32(3), 179-199.

- McKevitt, D., & Davis, P. (2015). How to interact, when and with whom? SMEs and public procurement. *Public Money & Management*, 35(1), 79-86.
- Moncrief, W. C., & Marshall, G. W. (2005). The evolution of the seven steps of selling. *Industrial Marketing Management*, 34(1), 13-22.
- Newell, S. J., Belonax, J. J., McCardle, M. W., & Plank, R. E. (2011). The effect of personal relationship and consultative task behaviors on buyer perceptions of salesperson trust, expertise, and loyalty. *Journal of Marketing Theory and Practice*, 19(3), 307-316.
- Nieminen, S. (2016). *Hyvä hankinta - parempi bisnes*. Helsinki: Talentum Pro.
- OECD (2021). Public procurement. Available at: <http://www.oecd.org/gov/public-procurement/> (Accessed at: 10.03.2021)
- Palmatier, R. W., Dant, R. P., & Grewal, D. (2007). A comparative longitudinal analysis of theoretical perspectives of interorganizational relationship performance. *Journal of Marketing*, 71(4), 172-194.
- Palmatier, R. W., Houston, M. B., Dant, R. P., & Grewal, D. (2013). Relationship velocity: Toward A theory of relationship dynamics. *Journal of Marketing*, 77(1), 13-30.
- Parker, D. B., Zsidisin, G. A., & Ragatz, G. L. (2008). Timing and extent of supplier integration in new product development: A contingency approach. *Journal of Supply Chain Management*, 44(1), 71-83.
- Patrucco, A. S., Luzzini, D., & Ronchi, S. (2017). Research perspectives on public procurement: Content analysis of 14 years of publications in the journal of public procurement. *Journal of Public Procurement*, 17(2), 229-269.
- Patrutiu-Baltes, L. (2016). Inbound marketing-the most important digital marketing strategy. *Bulletin of the Transilvania University of Braşov. Series V, Economic Science*, 9(58)(2), 61-68.
- Pekkala, E., & Pohjonen, M. (2015). *Hankintojen kilpailuttaminen ja sopimusehdot* (6th ed.). Helsinki: Tietosanoma.
- Peppers, D., & Rogers, M. (2011). *Managing customer relationships : A strategic framework*. Hoboken, N.J.: Wiley.
- Petersen, K. J., Handfield, R. B., & Ragatz, G. L. (2005). Supplier integration into new product development: Coordinating product, process and supply chain design. *Journal of Operations Management*, 23(3), 371-388.

- Purchase, S., Goh, T., & Dooley, K. (2009). Supplier perceived value: Differences between business-to-business and business-to-government relationships. *Journal of Purchasing and Supply Management*, 15(1), 3-11.
- Rauyruen, P., & Miller, K. E. (2007). Relationship quality as a predictor of B2B customer loyalty. *Journal of Business Research*, 60(1), 21-31.
- Reichheld, F. (2001). *Loyalty rules!: How today's leaders build lasting relationships*. Harvard Business School Press.
- Robinson, P., Faris, C., & Wind, Y. (1967) *Industrial buying and creative marketing*. Marketing Science Institute. Boston: Allyn & Bacon.
- Russo, I., Confente, I., Gligor, D. M., & Autry, C. W. (2016). To be or not to be (loyal): Is there a recipe for customer loyalty in the B2B context? *Journal of Business Research*, 69(2), 888-896.
- Saunders, M., Lewis, P., & Thornhill, A. (2016). *Research methods for business students*. New York: Pearson Education.
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2019). *Research methods for business students*. Harlow, England: Pearson Education.
- Selviaridis, K., Spring, M., & Araujo, L. (2013). Provider involvement in business service definition: A typology. *Industrial Marketing Management*, 42(8), 1398-1410. doi:10.1016/j.indmarman.2013.07.019
- Singh, A. K., Nayak, M., & Seshadri, D. V. R. (2013). Marketing "Value" to price-sensitive customers during the tendering process. *Vikalpa*, 38(4), 49-68.
- Suddaby, R. (2006). From the editors: What grounded theory is not. *Academy of Management Journal*, 49(4), 633-642.
- Töytäri, P., Brashear Alejandro, T., Parvinen, P., Ollila, I., & Rosendahl, N. (2011). Bridging the theory to application gap in value-based selling. *The Journal of Business & Industrial Marketing*, 26(7), 493-502.
- Trent, R. (2007). *Strategic supply management : Creating the next source of competitive advantage*. Ft. Lauderdale, FL: J. Ross Publishing.
- Tutkihankintoja.fi (2021). Tutki hankintoja. Available at: <https://tutkihankintoja.fi>. (Accessed: 24.05.2021)
- Tyre, D., & Hockenberry, T. (2018). *Inbound organization*. Newark: John Wiley & Sons, Incorporated.

- Uenk, N., & Telgen, J. (2019). Managing challenges in social care service triads – exploring public procurement practices of dutch municipalities. *Journal of Purchasing and Supply Management*, 25(1), 5-17.
- Uyarra, E. (2010). Opportunities for innovation through local government procurement. Report no.PLG/51, NESTA, London,
- Uyarra, E., Edler, J., Garcia-Estevez, J., Georghiou, L., & Yeow, J. (2014). Barriers to innovation through public procurement: A supplier perspective. *Technovation*, 34(10), 631-645.
- Uyarra, E., & Flanagan, K. (2010). Understanding the innovation impacts of public procurement. *European Planning Studies*, 18(1), 123-143.
- Valli, R., & Aarnos, E. (2018). Ikkunoita tutkimusmetodeihin. 1, metodin valinta ja aineistonkeruu : Virikkeitä aloittelevalle tutkijalle (5th ed.). Jyväskylä: PS-kustannus.
- Valtiovarainministeriö (2021). Hankkeet ja säädösvalmistelut. Available at: <https://vm.fi/hankkeet> (Accessed at: 12.03.2021)
- Wang, S., & Bunn, M. D. (2004). Government/business relationships: Insights into contract implementation. *Journal of Public Procurement*, 4(1), 84-115.
- Webster, F. E., & Keller, K. L. (2004). A roadmap for branding in industrial markets. *The Journal of Brand Management*, 11(5), 388-402.
- Webster, F. E., & Wind, Y. (1972). A general model for understanding organizational buying behavior. *Journal of Marketing*, 36(2), 12-19.
- Van Weele, A. J. (2018). *Purchasing and supply chain management*. Australia: Cengage.
- Wengler, S. (2006). *Key account management in business-to-business markets an assessment of its economic value* (1st ed.). Wiesbaden: Deutscher Universitätsverlag.
- Wengler, S., Ehret, M., & Saab, S. (2006). Implementation of key account management: Who, why, and how? *Industrial Marketing Management*, 35(1), 103-112.
- WILLIAMS, R., & SMELLIE, R. (1985). Public purchasing: An administrative cinderella. *Public Administration* (London), 63(1), 23-39.
- Wynstra, F., van Weele, A., & Weggemann, M. (2001). Managing supplier involvement in product development: Three critical issues. *European Management Journal*, 19(2), 157-167.

Yin, R. K. (2014). *Case study research : Design and methods* (5th ed.). Los Angeles: SAGE.

APPENDIX A: INTERVIEW QUESTIONS

Theme	Question
Customer influencing in general	How would you define customer influencing from sales organization's point of view?
	Do you regard customer influencing important?
	Name a customer and a case from public sector in which the customer has been influenced. How was the customer influenced and what kind of benefits resulted from influencing the customer?
	What kind of benefits can be achieved by influencing the public customer from sales organization's point of view?
	What kind of benefits can be achieved by influencing the customer from buyer organization's point of view?
Prerequisites for influencing the customer	What kind of prerequisites are there for influencing the customer?
	How do you create a new customer relationship?
	Between who does the customer relationship form?
	How do you maintain and develop an existing customer relationship?
Informal influencing	When should the influencing work begin in relation to the publication of the RFQ or in relation to the public customer's procurement process?
	What is the influencing work in practice?
	Who conducts the influencing work in our organization?
	What kind of roles are there in influencing work?
	To whom is the influencing work targeted to in buyer organization?

	How does the existence of a centralized procurement unit affect influencing work?
	What kind of characteristics does it bring to influencing work that central government bodies such as ministries are run by politicians?
	What is emphasized in informal influencing?
Formal influencing	What is emphasized in formal influencing?
	How does formal influencing differ from informal influencing?
	Is there influencing work outside official dialogues as RFI is on?
Boundaries of influencing work	What kind of organizational barriers or obstacles are there to influencing work?
	What kind of external barriers or obstacles are there to influencing work?
	What other barriers or obstacles are there to influencing work?
Developing influencing work	How could influencing work be developed in the Case Company?